



Annual Report 2016/17

# Draft Annual Report 2016/17

## CONTENTS

Content .....	2
Contents –Figures.....	6
Contents – Tables.....	7
Contents –LIST OF ABBREVIATIONS.....	10
INTRODUCTION.....	11
CHAPTER 1: Mayors forward and executive summary .....	12
Componant A: Forward of the Executive Mayor .....	12
COMPONENT B: EXECUTIVE SUMMARY .....	14
1.1. MUNICIPAL MANAGER’S OVERVIEW .....	14
1.2. MUNICIPAL OVERVIEW .....	17
1.2.1 VISION AND MISSION STATEMENT .....	17
1.2.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	18
1.2.2.1 MUNICIPAL FUNCTIONS .....	19
1.2.2.2 DEMOGRAPHICAL OVERVIEW.....	21
1.2.2.3 POPULATION.....	23
1.2.2.3.1 GENDER POPULATION DISTRIBUTION .....	23
1.2.2.3.2 AGE GROUPS .....	24
1.2.2.3.3 EDUCATION LEVELS.....	25
1.2.2.4 SOCIO ECONOMIC OVERVIEW .....	25
1.2.2.4.1 EMPLOYMENT RATE.....	26
1.2.2.4.2 UNEMPLOYMENT RATE .....	26
1.2.2.5 ENVIRONMENT.....	27
1.2.3 BASIC SERVICES DELIVERY OVERVIEW .....	29
1.2.3.3 BASIC SERVICE DELIVERY HIGHLIGHTS DURING THE YEAR UNDER REVIEW	29
1.2.3.4 BASIC SERVICE DELIVERY CHALLENGES .....	30
1.2.3.5 HOUSEHOLDS ACCESS TO BASIC SERVICES .....	31
1.2.3.6 PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD .....	31
1.2.4 FINANCIAL HEALTH OVERVIEW .....	32
1.2.4.3 OPERATING RATIOS.....	32
1.2.4.4 CAPITAL EXPENDITURE .....	32

# Draft Annual Report 2016/17

1.2.5	ORGANISATIONAL DEVELOPMENT OVERVIEW .....	32
1.2.6	STATUTORY ANNUAL REPORT PROCESS.....	33
1.2.7	MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS .....	34
1.3	AUDITOR GENERAL REPORT (Annexure: original document) .....	36
CHAPTER 2 – GOVERNANCE .....		37
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE .....		37
2.1	POLITICAL GOVERNANCE .....	38
2.1.1	COUNCILLORS.....	38
2.1.2	MAYOR AND MAYORAL COMMITTEE:.....	39
2.1.3	OVERSIGHT STRUCTURES.....	39
2.1.3.1	MPAC – MUNICIPAL PUBLIC ACCOUNTS COMMITTEE .....	39
2.1.3.2	SECTION 32 COMMITTEE:.....	40
2.1.3.3	PERFORMANCE AUDIT COMMITTEE .....	41
2.1.3.4	RESPONSIBILITIES OF THE AUDIT COMMITTEE .....	41
2.1.3.5	RISK COMMITTEE .....	41
2.2	ADMINISTRATIVE GOVERNANCE STRUCTURE .....	42
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....		42
2.3	INTERGOVERNMENTAL RELATIONS .....	43
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION .....		45
2.4	COMMUNICATION, PARTICIPATION AND FORUMS .....	45
2.4.1	WARD COMMITTEES.....	45
2.4.2	PUBLIC ENGAGEMENTS:.....	48
2.4.3	IDP PARTICIPATION AND ALIGNMENT .....	49
2.4.4	IDP PERFORMANCE ASSESSMENT.....	49
COMPONENT D: CORPORATE GOVERNANCE .....		51
2.5	OVERVIEW OF CORPORATE GOVERNANCE .....	51
2.5.1	ANTI-CORRUPTION AND FRAUD .....	51
2.5.2	SUPPLY CHAIN MANAGEMENT .....	52
2.5.2.1	BID COMMITTEE MEETINGS.....	52
2.5.2.2	AWARDS MADE BY THE BID ADJUDICATION COMMITTEE.....	52
2.5.2.3	DEVIATIONS MADE DURING THE YEAR UNDER REVIEW .....	53

# Draft Annual Report 2016/17

2.5.3 BY-LAWS.....	53
2.5.4 2.5.4 WEBSITES .....	53
CHAPTER 3 – Basic Service Delivery Performance Information – Part I .....	55
COMPONENT A: BASIC SERVICES: .....	55
3.1. WATER PROVISION.....	55
3.2 WASTE WATER (SANITATION) PROVISION.....	58
3.3 ELECTRICITY .....	59
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING) .....	60
3.5 HOUSING.....	69
3.6 ROADS.....	71
COMPONENT C: PLANNING AND DEVELOPMENT.....	72
3.7 PLANNING.....	72
3.8 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES).....	74
COMPONENT D: COMMUNITY & SOCIAL SERVICES .....	77
3.9 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) .....	77
3.9 CEMETORIES.....	78
COMPONENT E: ENVIRONMENTAL PROTECTION .....	79
COMPONENT F: SAFETY AND SECURITY.....	83
3.10 OTHER (DISASTER MANAGEMENT, TRAFFIC, FIRE SERVICES) .....	83
3.11 TRAFFIC .....	85
COMPONENT G: SPORT AND RECREATION .....	86
3.12 SPORT AND RECREATION.....	86
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES .....	86
3.13 EXECUTIVE AND COUNCIL .....	86
3.14 FINANCIAL SERVICES .....	86
3.15 HUMAN RESOURCE SERVICES.....	88
CHAPTER 4 -ORGANISATIONAL DEVELOPMENT PERFORMANCE .....	89
(PERFORMANCE REPORT PART II) .....	89
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL .....	89

# Draft Annual Report 2016/17

4.1 EMPLOYEE TOTALS AND VACANCY RATE .....	89
4.1.1 EMPLOYEE TOTALS .....	89
4.1 VACANCIES RATE .....	90
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE .....	90
4.2 POLICIES.....	91
4.3 INJURIES, SICKNESS AND SUSPENSIONS .....	92
4.4 PERFORMANCE-REWARDS.....	93
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE .....	93
4.5 SKILLS DEVELOPMENT AND TRAINING .....	93
CHAPTER 5 – FINANCIAL PERFORMANCE.....	95
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE .....	95
5.1 STATEMENTS OF FINANCIAL PERFORMANCE .....	96
5.1 PERFORMANCE AGAINST BUDGETS .....	98
5.2 GRANTS.....	98
5.3 ASSET MANAGEMENT.....	100
5.4 REPAIR AND MAINTENANCE .....	102
5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS .....	102
5.5.1 LIQUITY RATIO .....	102
5.5.2 NATIONAL FINANCIAL VIABILITY INDICATORS .....	102
5.6 Municipal Infrastructure Grant (MIG)* Expenditure 2016/17 on Service backlogs .....	103
5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW.....	104
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS .....	105
5.8 CASH FLOW.....	105
5.9 BORROWING AND INVESTMENTS.....	106
COMPONENT D: OTHER FINANCIAL MATTERS.....	107
5.10 GRAP COMPLIANCE .....	107
CHAPTER 6 –: AUDITOR GENERAL AUDIT FINDINGS .....	108
VOLUME I: TOP LAYER: PERFORMANCE INFORMATION (SEC 46) .....	109
Detailed Annual Performance Report .....	111
KPA 1: To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens .....	111
KPA 2: To provide adequate Services and improve our Public relation .....	116

# Draft Annual Report 2016/17

KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks.....	116
KPA 4: To facilitate Economic Growth and Social and Community development .....	117
KPA 5: To promote efficient and effective Governance with high levels of stakeholder participation .....	118
KPA 6: To provide an efficient workforce by aligning our institutional arrangements to our overall strategy .....	126
KPA 7: To strive towards a financially sustainable municipality.....	129
APPENDICES .....	143
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE .....	143
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES .....	144
APPENDIX C – FUNCTIONS OF MUNICIPALITY / ENTITY .....	145
APPENDIX D – WARD REPORTING .....	146
APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE .....	147
APPENDIX F – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS .....	148
APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS .....	149
APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE .....	150
APPENDIX H (I): REVENUE COLLECTION PERFORMANCE BY VOTE .....	150
APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE .....	151
APPENDIX I – PRESEDENTIAL OUTCOME FOR LOCAL GOVERNMENT .....	152
VOLUME II: ANNUAL FINANCIAL STATEMENTS .....	153

## Contents –Figures

Figure 1: Community Survey and MERO 2016.....	21
Figure 2: Gender distribution per ward – stats sa 2011 .....	23
Figure 3: Economic indicators - sa9 .....	24
Figure 4: Education levels as per mero 2016 and 2017 .....	25
Figure 5: Employment trends - Quantec Research, 2017 (mero) .....	26
Figure 6: unemployment rates 2011-2016 - mero 2017 .....	27
Figure 7: location of the proposed swartberg dam .....	57
Figure 8: LAndfill sites - as per sdf.....	64
<i>Figure 9 – Top Structure</i> .....	88
Figure 10: Municipal Long Term Vision Illustration .....	110

## Contents – Tables

<i>Table 1: Department and Functions.....</i>	<i>20</i>
<i>Table 2: Table 3: Population distribution levels - Census 2011.....</i>	<i>23</i>
<i>Table 4: Gender distribution - Stats sa 2011.....</i>	<i>23</i>
<i>Table 5: Economic Indicators SA9 .....</i>	<i>24</i>
<i>Table 6: Education levels - mero 2016 -2017.....</i>	<i>25</i>
<i>Table 7: Unemployment rates – statssa 2011 / mero 2016.....</i>	<i>27</i>
<i>Table 8: Bio Profile of the Kannaland Municipal area - Source: South African National.....</i>	<i>28</i>
<i>Table 9: service delivery highlights 2016/17.....</i>	<i>29</i>
<i>Table 10: Basic service delivery challenges .....</i>	<i>30</i>
<i>Table 11 - Proportion of Households with minimum level of Basic services.....</i>	<i>31</i>
<i>Table 12 - Provision of Free Basic Services per month per household - Electricity .....</i>	<i>31</i>
<i>Table 13: PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - WATER.....</i>	<i>31</i>
<i>Table 14: PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - SANITATION .....</i>	<i>31</i>
<i>Table 15: PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - REFUSE REMOVAL .....</i>	<i>32</i>
<i>Table 16 – Financial Overview: 2016/17.....</i>	<i>32</i>
<i>Table 17: TOTAL CAPITAL EXPENDITURE .....</i>	<i>32</i>
<i>Table 18 - Statutory Reporting Timeframes.....</i>	<i>34</i>
<i>Table 19: institutional transormation .....</i>	<i>35</i>
<i>Table 20: highlights on good governance .....</i>	<i>37</i>
<i>Table 21: Mayoral Committee .....</i>	<i>39</i>
<i>Table 22: MPAC.....</i>	<i>40</i>
<i>Table 23: Audit and Performance Committee.....</i>	<i>41</i>
<i>Table 24 - Risk Committee .....</i>	<i>42</i>
<i>Table 25:Inter-Governmental Structures (IGR) .....</i>	<i>44</i>



# Draft Annual Report 2016/17

<i>Table 26: Ward 1 – Committee .....</i>	<i>46</i>
<i>Table 27: Ward 2 - Committee.....</i>	<i>47</i>
<i>Table 28: Ward 3 - Committee.....</i>	<i>47</i>
<i>Table 29: Ward 4 - Committee.....</i>	<i>48</i>
<i>Table 30: Public engagements .....</i>	<i>49</i>
<i>Table 31 - IDP Participation and Alignment Criteria .....</i>	<i>49</i>
<i>Table 32: Bid Committee meetings held.....</i>	<i>52</i>
<i>Table 33: Awards granted .....</i>	<i>52</i>
<i>Table 34: Total Deviations and impact.....</i>	<i>53</i>
<i>Table 35: ICT ASSESSMENT .....</i>	<i>53</i>
<i>Table 36 - Municipal Website: Content and Currency of Material .....</i>	<i>54</i>
<i>Table 37: Access to water.....</i>	<i>55</i>
<i>Table 38 - Total Use of Water by Section .....</i>	<i>58</i>
<i>Table 39: EMPLOYEES WATER SERVICES.....</i>	<i>58</i>
<i>Table 40 - Sanitation Service Delivery Levels .....</i>	<i>59</i>
<i>Table 41: Employee per sanitation services.....</i>	<i>59</i>
<i>Table 42 - Electricity Service Delivery Levels.....</i>	<i>60</i>
<i>Table 43: Service Rendered – Source: Integrated Waste Management Strategy.....</i>	<i>68</i>
<i>Table 44: Housing Pipeline and Pre-feasibility Report – De Kock Associates – including municipal database information as at .....</i>	<i>71</i>
<i>Table 46 - Job creation through EPWP projects.....</i>	<i>76</i>
<i>Table 47: Kannaland Library Services.....</i>	<i>77</i>
<i>Table 48: Hazards / Vulnerability Assessments.....</i>	<i>84</i>
<i>Table 49: Sport fields.....</i>	<i>86</i>
<i>Table 50 - Debt Recovery – 2016/17.....</i>	<i>87</i>
<i>Table 51 - Financial Performance Year 2016/17: Financial Services.....</i>	<i>87</i>

# Draft Annual Report 2016/17

<i>Table 52 – EMPLOYEE TOTALS</i> .....	89
Table 53: VACANCY RATE.....	90
<i>Table 54 - HR Policies and Plans</i> .....	92
<i>Table 55 - Number and Cost of Injuries on Duty</i> .....	92
<i>Table 56 - Skills Matrix</i> .....	93
<i>Table 57 - Financial Competency Development - Progress Report</i> .....	94
<i>Table 58 - Budgeted Financial Performance</i> .....	97
<i>Table 59 – Grant Performance</i> .....	99
<i>Table 60 - Repair and Maintenance Expenditure –2016/17</i> .....	102
<i>Table 61 - Municipal Infrastructure Grant Expenditure</i> .....	103
<i>Table 62 - Service Backlogs as municipal data</i> .....	104
<i>Table 63 Cash Flow Outcomes – 2016/17</i> .....	106
Table 64: KPA 1 .....	116
Table 65: KPA 4 .....	117
Table 66: KPA 5 .....	125
Table 67: KPA 6 .....	128
Table 68: KPA 7 .....	142
Table 69 – Revenue collection by vote .....	150
Table 70 – Revenue collection by source.....	151

## Contents –LIST OF ABBREVIATIONS

<b>AGSA</b>	Auditor-General of South Africa
<b>ASGISA</b>	Accelerated and Shared Growth Initiative for South Africa
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CFO</b>	Chief Financial Officer
<b>DPLG</b>	Executive Manager of Provincial and Local Government
<b>DWAF</b>	Executive Manager of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practices
<b>GDS</b>	Growth and Development Summit
<b>GRAP</b>	Generally Recognised Accounting Practices
<b>GDP</b>	Gross Domestic Product
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IGR</b>	Intergovernmental Relations
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>KKANNALAND LM</b>	Kannaland Local Municipality
<b>LED</b>	Local Economic Development
<b>MAYCO</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>MTECH</b>	Medium Term Expenditure Committee
<b>NGO</b>	Non-governmental organisation
<b>NSDP</b>	National Spatial Development Perspective
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PMU</b>	Performance Management Unit
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Association
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SMME</b>	Small Medium Macro Enterprise

## INTRODUCTION

### ABOUT THE 2016/17 ANNUAL REPORT

This report offers an overview of the operations, financial, non-financial activities and performance of Kannaland Municipality for the 2016/17 financial year. The annual report is prepared in terms of Section 127(3) and process has been trailed as per section 127 (3) (a-c) stipulated in the Municipal Finance Management Act (MFMA).

The Annual Report consist of five chapters with a broad overview as follows:

- Chapter 1: An overview of the Municipality's social and demographic profile and key highlights regarding Finance, Performance and Service Delivery.
- Chapter 2: Provides details about the governmental workings of the municipality addressing the key aspects of good governance.
- Chapter 3: Highlights the Municipality's performance for the year, focussing on the service delivery and the Pre-determined objectives of the Council.
- Chapter 4: Provides insight into the Human Resources and organisational management areas of the Municipality, focussing on organisational structure and legislation.
- Chapter 5: An overview of the Municipality's financial performance, reflecting on the Municipality's financial position, assets, cash flow and intergovernmental grants received by the Municipality.
- Chapter 6: An overview of the audit key findings per the Auditor-General
  
- Volume I: TOP Layer Performance Information – Section 46
- Volume II: Annual Financial Statements

## CHAPTER 1: Mayors forward and executive summary

### Componant A: Forward of the Executive Mayor

I am pleased to present Kannaland Municipality's Integrated Annual Report, covering the period 1 July 2016 to 30 June 2017. The report provides a measure of our progress in line with the municipality's IDP, as well as our Provincial Growth and Development Strategy.

The format and content of the Annual Report is largely prescribed by Section 46 of the Local Government: Municipal Systems Act (No: 32 of 2000) and Sections 121 and 127 (2) of the Local Government: Municipal Finance Management Act (No: 56 of 2003). The above legislation compels the Municipality to prepare an Annual Report for each financial year, and as Kannaland Municipality we have done as such in our endeavours to ensure that we fulfil our constitutional obligation. Since being elected to Council on 16 August 2016, we have made major policy developments starting from reviewing our IDP, which we will ensure is aligned with the NDP and the Provincial Growth and Development Strategy. This report will show how we are working in collaboration with provincial and national government departments in the provision of services to our communities. The central message of our work remains that we are single-minded and willing to forge ahead with building a better municipality, while confirming that the Kannaland we live in today is better than the one we lived in before 1994. In the spirit of cooperative governance, we built strong relationships with national and provincial departments to ensure that there is synergy and cohesion in service delivery.

We collaborated with sister municipalities in the Eden District in particular, as well as other municipalities across the province in order to share best practice and expertise so that the mandate to create a better life was accelerated. In the year passing we have paid a particular attention to improving public participation and communication. We have segmented our stakeholders and established various platforms for engagements with all relevant stakeholders from Traditional Leaders, Business Leaders, Religious leaders, Hawkers, Professionals, opinion makers and the general public. We have established various forums to provide regular feed back to our stakeholders on all activities of Kannaland municipality. By so doing we are constantly finding innovative ways to fulfil our constitutional mandate as it relates to transparency and accountability. We have become increasingly accountable in our reporting, and we enhanced transparency in respect of our budgetary, monitoring and oversight processes.

As we endeavour to change this municipality, we will have to revise our organizational structure to ensure that it is responsive to the new imperatives of sustainability and efficiency. I would like to take this opportunity to acknowledge efforts of the Municipality's leadership and administration in positively advancing the City's strategic and transformative agenda during the year; and to

# Draft Annual Report 2016/17

---

thank them for their perseverance and readiness in boldly implementing the objectives of the GDS in the context of a changing and increasingly unpredictable development paradigm

## **Looking ahead**

The Kannaland Municipality holds the hopes and aspirations of its entire people. Our vision of a promising future has a finite end-goal, of a liveable, sustainable and resilient Kannaland. Notwithstanding our notable achievements, we recognise the magnitude of our task in addressing the enduring concerns of inequality as well as transforming the economic landscape of Kannaland. We are responding to these challenges through proactive and creative interventions to continually enhance the quality of our service delivery.

The 2016/17 Integrated Annual Report carries the theme “Committing to a promising future of a Kannaland that is resilient, sustainable and liveable”. Kannaland has a clear roadmap for delivery – in the immediate, medium, and long term – and this Annual Report provides a snapshot of our achievements during the 2016/17 financial year. It also outlines our commitments for the coming financial year. The Report addresses issues that are material and provides a fair representation of the integrated performance of Kannaland Municipality for the period 1 July 2016 to 30 June 2017.

M BARRY

EXECUTIVE MAYOR

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

During the 2016/2017 financial year, Kannaland Municipality instituted a strong governance framework to improve processes and systems in order to make a significant impact on the achievement of corporate governance and mitigate against identified risks. These include the Risk Management Policy and Framework and our Fraud and Anti-Corruption Strategy. The financials are showing good signs of improvement. In the 2016/2017 financial year, the municipality managed to collect 87.37%, a 2.3% improvement from the last financial year. Kannaland Municipality continued its commitment to supporting the indigent and poor households. This support increased the number of indigent households supported to over 2 200, accessing benefits to the value of over R 45 million.

The Council of Kannaland adopted in 2016/17 financial year, a comprehensive integrated development plan covering this term of local government. Critically the comprehensive IDP for Kannaland was embedded and informed by the following eight key development priorities:

- Poverty eradication, rural and economic development and job creation;
- Financial sustainability e.g. revenue enhancement, clean audit;
- Spatial development and the built environment;
- Eradication of bucket system, VIP toilets in Varkieskloof informal settlement
- Human Settlement;
- Environmental Management and Climate change;
- Social and community services.

This report will express itself to the strides that Kannaland Municipality has been taking in responding to the above in the year under review. Detailed in the body of this report are interventions that support a financially stable and sustainable municipality. In highlighting our achievements last year, I would like to recognise upfront the efforts made by not only the municipality, but also that of our partners in this process, namely business, labour and civil society. We are mindful of the fact that as much as we have our eyes set on longer term goals and objectives, we also have to account for what it is that we have been able to deliver in the past year; as well as to ensure that we achieve particular predetermined outcomes and deliverables within the next financial year.

### STRATEGIC VISION AND PERFORMANCE

In addressing the triple challenges of unemployment, poverty and inequality, the municipality aims to strengthen its competitiveness, promote good governance and entrench governance oversight, obtain a clean audit, and focus on strategic risk management and mitigation. The

# Draft Annual Report 2016/17

---

municipality's performance is assessed against its annual strategic objectives, in order to ensure effective implementation of the Financial Recovery Plan (FRP).

The year 2016/17 commenced in very difficult circumstances, which saw the Municipal Manager resigning with immediate effect within the first week of office, promptly followed by the CFO a few weeks later. Key to the efforts to resuscitate the Municipality rests on proper planning and cohesion of all the efforts of employees, Council and the responsible sector departments. The municipality is experiencing service delivery performance challenges mainly due to inadequate revenue collection and huge financial commitments that were entered into in the past financial years.

To achieve a Clean Audit Status, the municipality aggressively implemented a programme to ensure fiscal discipline, which included optimisation of collections, decrease non-revenue water and energy, financial viability and sustainability. Across the municipality, planning is guided by the requirements of the NDP. The municipality contributes to a number of national outcomes including Outcome 9, a responsive, accountable, effective and efficient developmental local government system. This is expressed through the aggressive implementing of interventions targeted to the promotion of fiscal discipline and a clean and effective administration.

## **INTERVENTION IN TERMS OF SECTION 139**

The Provincial Government decided to intervene in Kannaland in terms of section 139(5) of the Constitution of the Republic of South Africa, 1996, read with sections 139(1) and 141 to 142 local Government Municipal Finance Management Act (56 of 2003). The decision to invoke section 139 was published in the Provincial Gazette. Council supported the Financial Recovery Plan (FRP) as part of the Provincial and National Governments' intervention strategy to place Kannaland on a sustainable footing, which will result in an effective and efficient organisation that is financially stable and provide services to the community on a sustainable basis.

The Municipality is not financially sustainable as clearly depicted by the financial health ratios. This is mainly due to significant financial commitments that were entered into that the Municipality cannot afford. The municipality entered into several contractual arrangements, which cannot be serviced through the revenue collections. The municipal liquidity position is not healthy and therefore critical financial obligations are not being honoured.

## **FINANCIAL RECOVERY PLAN**

The successful implementation of the financial recovery plan has certain risks associated with the outcome, which proposes significant changes, particularly with regard to service delivery functions, financial administration, budgeting, financial discipline and governance. There will be a need to regularly identify, monitor risks identified to ensure that as additional risks arise, timely mitigation strategies can be adopted and instituted. The risks that have been currently identified are:



# Draft Annual Report 2016/17

- The establishment of political stability within the Council.
- Non-implementation of Previous Plans.
- The finalisation of permanent appointment of section 56/7 employees and filling of other critical vacancies within the municipality.
- Labour relations aspects associated with the review of the organisational structure.
- Lack of credible financial data in order to complete credible budgets.
- The current delay in the implementation of mSCOA and whether legal timeframes can be adhered to.
- Support of the Supply Chain Management section to be prioritised to avoid the continued, unauthorised and irregular expenditure practices.
- The ability of the Municipality to fund some of the intervention programmes.
- The cash flow situation is hampering the recovery process in ensuring sustainability and the probability exists that the recovery could take 5 years for the Municipality to be sustainable.

Key components of the FRP are to:

- Review service delivery strategies and service levels. This includes seeking opportunities to service delivery partnerships and developing delivery plan and charter.
- Draft master plans in respect of all infrastructure related activities and update where current plans are found to be outdated.
- Review existing maintenance and replacement practices to reduce unit costs and ensure longer-term returns on existing infrastructure.
- Develop a service delivery strategy for rural areas and for decaying or underserved urban areas.
- Ensure sufficient infrastructure and bulk services capacity is available to create an environment conducive for development and economic growth.
- Focus on Town Planning and Spatial Development.

Ever increasingly, measures that are more robust have been put in place to ensure tighter financial management within Kannaland Municipality. Financial management systems were also reviewed in the year that was, with necessary incremental upgrading of systems having commenced and set to continue into the future. The liquidity position of the municipality is still of concern. Although total revenue increased by 4.83% compared to the previous year, the outstanding balance owed by debtors of more than R70 million due for more than 365 days is not acceptable, and steps have been taken to improve this situation.

The level of dysfunctionality of the municipality have meant that building control and planning functions had to be conducted on a shared services basis with other nearby municipalities. In this regard, we are thankful for the assistance provided by George municipality.

## **EMPLOYMENT CREATION**

The municipality has made enormous strides in creating work opportunities for unemployed and unskilled Kannaland residents this financial year, with a specific focus on the unemployed youth.

# Draft Annual Report 2016/17

The Expanded Public Works Programme (EPWP), MIG-funded projects and Community Works Programme (CWP) were the key vehicles used to address the challenges of unemployment and lack of economic opportunities in Kannaland. Through these targeted interventions, the municipality created short-term labour-intensive work opportunities and opportunities for small business development. The municipality hopes to sustain the good work done into the future in order to successfully deal with unemployment within our span of control.

## ONGOING FORENSIC INVESTIGATION

The ongoing forensic investigation into the affairs of Kannaland Municipality has already uncovered financial irregularities of almost R15 million.

## LOOKING AHEAD

While the municipality made great strides in meeting the performance targets set for the year under review, it is acknowledged that there are still significant opportunities to optimise the levels of performance towards the consolidation of the current term-of-office. In this regard, a turn-around plan that clearly outlines a set of concrete interventions and deliverables was developed.

Our message to the people of Kannaland is that we must be full of hope and use this opportunity to gather strength physically and mentally to propel ourselves further with much vigour, and we CAN.

Thank you,

---

REYNOLD STEVENS

Municipal Manager

## 1.2. MUNICIPAL OVERVIEW

### 1.2.1 VISION AND MISSION STATEMENT

Vision Statement:

The Place of Choice"

To create the ideal environment in which the people of Kannaland would like to live and work.

The environment influences one's choice – in this respect, the choice of a working place and residence. It is up to the leaders of this municipality to create that ideal environment that would not only make those already here to want to remain here, but also to retain and draw the highly skilled ones who would eventually make Kannaland and the municipality a great place.

You create such an environment by:

- caring for your youth and women;
- encouraging work ethos;
- ensuring sound financial practices,
- practising good governance;
- promoting community involvement in local governance;
- being courteous to visitors;
- spending less time plotting bad media publicity; and by
- stimulating the local economy.

## Mission Statement

- Encouraging self-reliance.
- Ensure co-ordination and collaboration of various stakeholders in the delivering of development in a sustainable manner.
- Promote a healthy and vibrant community with high moral standards.
- Unlock the development potential of the area, particularly tourism and indigenous knowledge and mobilizing investment.
- Ensure everyone will be active in the economy and utilize technology to the advantage of the municipality and attract and keep a highly skilled work force.

## 1.2.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

# Draft Annual Report 2016/17

The Kannaland Local Municipality is classified as a Category B municipality located in the Eden District Municipality and is responsible for basic service provision to the towns of Ladismith, Calitzdorp, Van Wyksdorp, Zoar and surrounding farming communities.

## 1.2.2.1 MUNICIPAL FUNCTIONS

The Municipality is structured in three directorates namely, Corporate Services (Administration and Community Services), Finance and Technical Services. The Technical Services department currently reports directly to the Municipal Manager.

The Municipality's administration comprises of the following departments and functions:

DEPARTMENT	FUNCTION (SECTION)
<b>Municipal Manager</b>	<ul style="list-style-type: none"><li>• Integrated development planning</li><li>• Corporate strategy</li><li>• Performance management</li><li>• Communications</li><li>• Inter-governmental relations</li><li>• International relations</li><li>• Local Economic Development and tourism</li><li>• Spatial Development Planning</li><li>• Internal Audit</li><li>• Risk Management</li><li>• Information Communication and Technology (ICT)</li></ul>
<b>Financial Services</b>	<ul style="list-style-type: none"><li>• Revenue management</li><li>• Expenditure management</li><li>• Budget preparation and management</li><li>• Preparation of financial statements</li><li>• Supply chain management</li><li>• Asset management (Maintain Asset Register)</li></ul>
<b>Corporate and Community Services</b>	<ul style="list-style-type: none"><li>• Community Services</li><li>• Libraries</li><li>• Cemeteries</li><li>• Sport, parks and recreation</li><li>• Community development</li><li>• Property Development</li><li>• Management and planning of heritage and environmental resources</li><li>• Solid waste management</li></ul>

# Draft Annual Report 2016/17

DEPARTMENT	FUNCTION (SECTION)
	<ul style="list-style-type: none"> <li>• Integrated Human Settlements (housing)</li> <li>• Land use management</li> <li>• Building Control and Town Planning</li> <li>• Public Safety and traffic services</li> <li>• Disaster management</li> <li>• Administration</li> <li>• Human Resources</li> <li>• Committee Secretariat</li> <li>• Legal Services</li> <li>• Policy formulation</li> <li>• Records Management</li> <li>• Knowledge management</li> <li>• Integrated Transport</li> </ul>
<b>Technical Services</b>	<ul style="list-style-type: none"> <li>• Engineering Services</li> <li>• Roads and storm water</li> <li>• Waste water services (Sanitation)</li> <li>• Water services</li> <li>• Electrical services</li> <li>• Fleet Management</li> <li>• Mechanical workshops (pumps and vehicle)</li> <li>• Project management: MIG,RBIG, ACIP and other infrastructure projects</li> </ul>

TABLE 1: DEPARTMENT AND FUNCTIONS

## 1.2.2.2 DEMOGRAPHICAL OVERVIEW

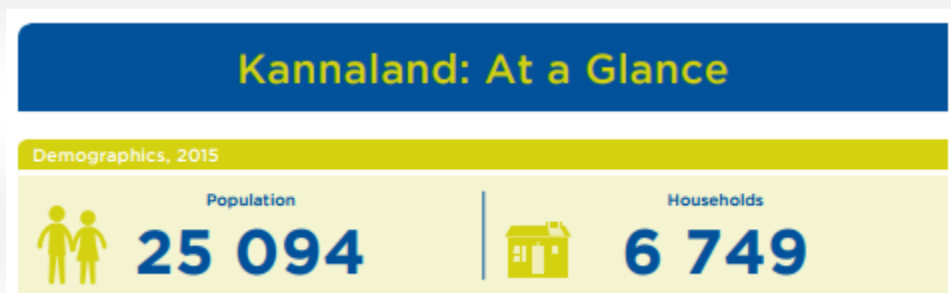
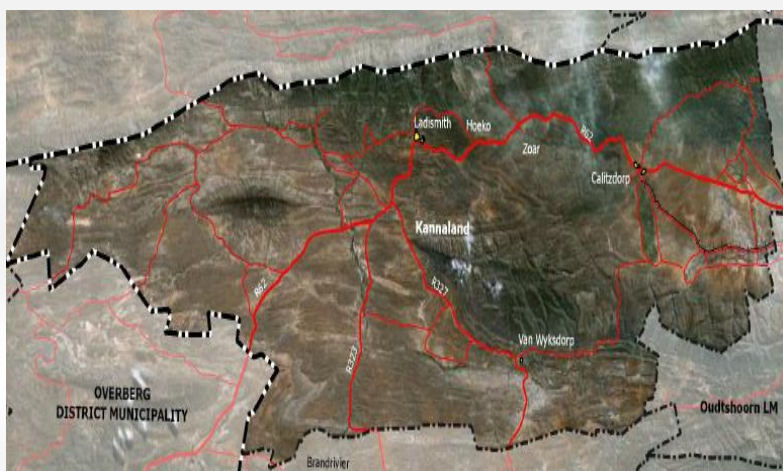


FIGURE 1: COMMUNITY SURVEY AND MERO 2016



Kannaland Local Municipality is a Category B Municipality situated in the Western Cape Province, 325 kilometres from Cape Town. The municipality covers an area of 4,758 square kilometres in the Little Karoo, stretching from the Swartberg in the north to the Langeberg in the south, and from the Anysberg in the west to the Gamkaberg in the east.

It is drained by the Groot River and the Gourits River. It borders on the Kannaland and Prince Albert municipalities to the north, the Oudtshoorn Municipality to the east, the Hessequa Municipality to the south and the Swellendam and Langeberg Municipalities to the west.



The largest town and also the location of the municipal headquarters is Ladismith. Ladismith is at the foot of the Swartberg Mountains, as is Zoar and Calitzdorp to the east. Vanwyksdorp (population 833) is further south in the valley of the Groot River.

The Kannaland Local Municipality is situated within the Eden District Municipality which lies in the Western Cape Province. The main urban areas within the Kannaland Municipality are:

**Ladismith:** The town is the main urban centre of the municipality. The town serves as an agricultural service centre for the surrounding agricultural areas. Ladismith Cheese and Parmalat, two dairy factories, are amongst the most prominent industries in the town. The town is located



# Draft Annual Report 2016/17

below the Swartberg Mountains in the central Northern parts of the Kannaland Municipality along the R62.

**Calitzdorp:** Calitzdorp is an agricultural service centre serving the needs of the surrounding agricultural areas. The town is known as the “Port wine capital” of South Africa. Tourism plays a significant role mainly due to the town’s location on R62 tourism route. The town is located in the central eastern parts of the municipality.



the



**Zoar:** Zoar, originally a mission station, is a dispersed rural settlement. The town is located between Ladismith and Calitzdorp on the R62. Large sections of land are proclaimed in terms of The Rural Areas Act (Act 9 of 1987) and have remained undeveloped. Amalienstein forms part of Zoar and was established as a Lutheran Mission Station. Development here

comprises of a restored church building, historical graveyard and farm buildings.



**Van Wyksdorp:** Van Wyksdorp is a small and isolated rural village situated along the R327 in the south of the Kannaland Municipality. The town is popular among residents for its rural character.



**Hoeko:** Hoeko is situated approximately 15km east of Ladismith and is a rural settlement. CJ Langenhoven, a famous South Africa writer, most famous for composing the South African Anthem “Die Stem”, was born here in 1873. The town has some tourism significance (i.e. a water monument) and is known for the production of apricots.

# Draft Annual Report 2016/17

## 1.2.2.3 POPULATION

The population of the Kannaland Municipal Area is 24 767 people according to the 2011 Census Data. According to the 2015 Provincial Socio-Economic analysis of the municipality has a population of 25, 094 people in 6, 749 households.

Below is the population distribution per town:

Ladismith	Rural	Zoar	Calitzdorp	VanWyksdorp	Total
7127	7864	4659	4284	833	24767

TABLE 2: TABLE 3: POPULATION DISTRIBUTION LEVELS - CENSUS 2011

The annual growth rate of the population between 2011 and 2015 was 4.9%. this positive growth rate indicates that more people are settling in the municipality, thus at a slow rate.

### 1.2.2.3.1 GENDER POPULATION DISTRIBUTION

Ward 1		Ward 2		Ward 3		Ward 4	
Female	Male	Female	Male	Female	Male	Female	Male
1758	1627	2267	2017	2448	2211	6300	6140

TABLE 4: GENDER DISTRIBUTION - STATS SA 2011

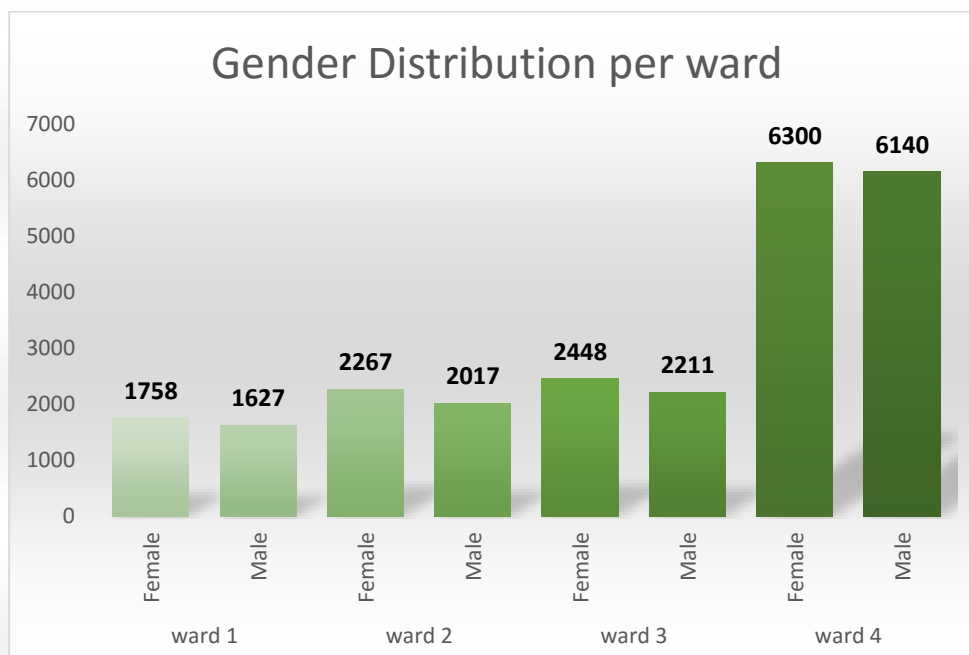


FIGURE 2: GENDER DISTRIBUTION PER WARD – STATS SA 2011



## 1.2.2.3.2 AGE GROUPS

The municipality has a relatively young population with the highest number of unemployment between the ages of 15-30 years. This remains a critical area of the municipality to focus on, particularly in partnership with its social partners (Government and NGO's) and in the context of its economic and social development programs.

Data sourced from sheet SA9		
Age	2015/16 (According Statssa 2011)	2016/17 (According Community Survey 2016)
Children Age: 0 - 14	7118	6652
Working Age: 15 - 65	15727	16402
Aged: >65	1922	2204

TABLE 5: ECONOMIC INDICATORS SA9

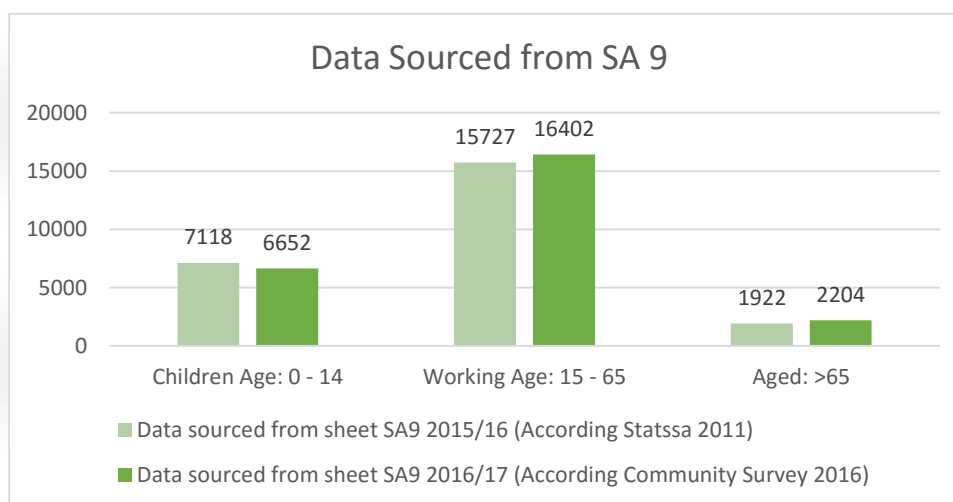


FIGURE 3: ECONOMIC INDICATORS - SA9

# Draft Annual Report 2016/17

## 1.2.2.3.3 EDUCATION LEVELS

Education remains one of the key issues to improve the local economy therefore it is used to mitigate most of the challenges faced in life. The knowledge that is attained through education helps open doors to a lot of opportunities for better prospects in career growth. Below is estimates according to the MERO 2016 and 2017 which shows the education levels of persons living in the Kannaland area:

Education levels of population		
KANNALAND		
Education levels	2016	2017
No schooling	710	2004
Some primary	3344	6879
Complete primary	1430	2183
Some secondary	641	8312
Grade 12	3383	3414
Higher	682	687

TABLE 6: EDUCATION LEVELS - MERO 2016 -2017

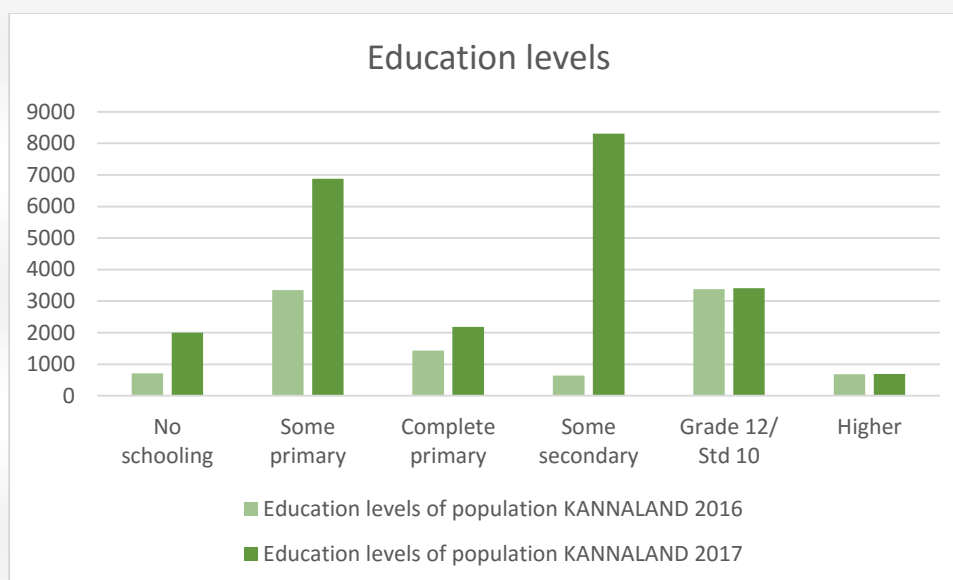


FIGURE 4: EDUCATION LEVELS AS PER MERO 2016 AND 2017

## 1.2.2.4 SOCIO ECONOMIC OVERVIEW

Kannaland comprised R828.07 million (or 2.8 per cent) of the District's total R29.65 billion GDPR as at the end of 2015. GDP growth averaged 3.6 per cent per annum over the period 2005 - 2015. This is marginally above the District average of 3.5 per cent per annum over this period. Average annual growth of 2.5 per cent per annum in the post-recessionary period is

# Draft Annual Report 2016/17

nevertheless below the long-term trend and District average of 2.6 per cent per annum over the period 2010 – 2015.

Kannaland employed 4.4 per cent (9 797 labourers) of the Eden District's labour force in 2015, and employment grew at a moderate pace, averaging 1.4 per cent per annum since 2005 (which was below the overall District employment growth rate of 2.0 per cent per annum over this period).

## 1.2.2.4.1 EMPLOYMENT RATE

The economic growth of the Kannaland municipal area has decreased since 2015 and has contracted by 1.0 per cent in 2016. This is due to the decline in the primary and secondary sectors while the general government sector also contracted in the period. Financial constraints in the Municipality resulting in poor infrastructure maintenance and development are contributing to the growth.

Below is the trend in employment growth within each economic sector in Kannaland:

Sector	Contribution to employment (%) 2015	Number of jobs 2015	Trend		Employment (net change)					
			2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016e
<b>Primary Sector</b>	29.5	2 882	-974	580	-115	120	107	-171	639	-46
Agriculture, forestry and fishing	29.5	2 882	-974	580	-115	120	107	-171	639	-46
Mining and quarrying	0.0	-	-	-	-	-	-	-	-	-
<b>Secondary Sector</b>	13.3	1 296	161	191	29	-1	54	50	59	8
Manufacturing	6.1	593	-127	-27	2	-38	22	-21	8	-19
Electricity, gas and water	0.3	34	11	5	-1	3	-	2	1	2
Construction	6.8	669	277	213	28	34	32	69	50	25
<b>Tertiary Sector</b>	57.3	5 603	2 254	883	172	210	293	251	289	-30
Wholesale and retail trade, catering and accommodation	21.5	2 103	825	83	79	90	71	84	91	-19
Transport, storage and communication	5.3	518	323	175	14	38	48	10	65	-33
Finance, insurance, real estate and business services	10.1	983	491	270	39	35	55	51	90	19
General government	7.3	711	105	28	23	3	-	30	-28	4
Community, social and personal services	13.2	1 288	510	327	17	44	119	76	71	-1
<b>Total Kannaland</b>	<b>100</b>	<b>9 781</b>	<b>1 441</b>	<b>1 986</b>	<b>86</b>	<b>329</b>	<b>454</b>	<b>130</b>	<b>987</b>	<b>-68</b>

FIGURE 5: EMPLOYMENT TRENDS - QUANTEC RESEARCH, 2017 (MERO)

## 1.2.2.4.2 UNEMPLOYMENT RATE

The economic sectors that contributed the most to Kannaland's economy were the finance, insurance, real estate and business services, the wholesale and retail trade, catering and the agriculture sectors.

# Draft Annual Report 2016/17

This reduction can be attributed to the severe drought which has a negative impact on Kannaland's economy considering the reliance on the agriculture since it is reliable on water

Insufficient water resources are affecting the operations of producers as factories cannot operate at optimal levels, which affects expansion opportunities which could economically unlock the potential for Kannaland to grow and contribute to the employment rate

The table below depicted the unemployment rates from 2011 - 2016

UNEMPLOYMENT RATES 2011 -2016						
MUNICIPALITY	2 011	2 012	2 013	2 014	2 015	2 016
Kannaland	9,4%	10,3%	10,3%	10,8%	11,2%	11,9%

TABLE 7: UNEMPLOYMENT RATES – STATSSA 2011 / MERO 2016

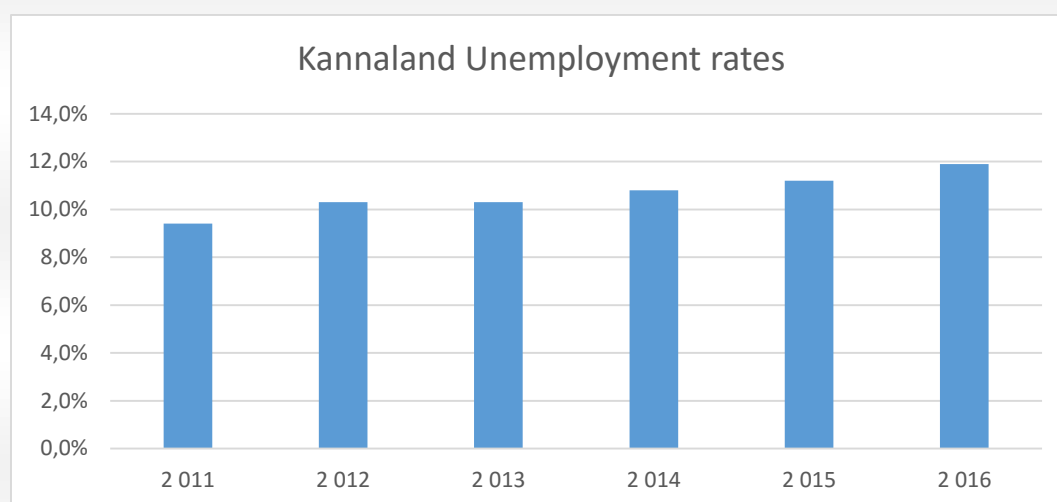


FIGURE 6: UNEMPLOYMENT RATES 2011-2016 - MERO 2017

## 1.2.2.5 ENVIRONMENT

The climate in Kannaland is known for its hot and dry summer days. The average annual rainfall is about 270 mm, with rainfall occurring throughout the year. The average midday temperatures range from 16.6°C in July to 29.6°C in January and the mercury does drop to 3.2°C during winter nights.

The municipal area is very popular amongst domestic and foreign tourists for its rural rustic Karoo scenery. Our unique offerings in the heart of the Klein Karoo, the local top class brandy and top class cheese industries, is an attractive tourist destination for local and foreign tourist who will and can enjoy trying new delicacies. An important role and function of the municipality is to balance the need for development with the need to reserve the fauna and flora which are an

# Draft Annual Report 2016/17

important leverage within the agriculture and tourism industry. The area is very popular amongst artists, cyclists and off-road enthusiasts who come here for untouched natural beauty.

The municipality has a difficult task to balance the interest in the natural environment with the need to promote development which will address the socio under development, infrastructural backlogs and the need to promote investment inflows to the area. The Spatial Development Framework (which is reflected in the IDP) will be one of the key strategic tools with which the municipality will balance these competing interests.

Kannaland area has been experiencing more regular flooding over the past few years. The following protected areas are located within the Municipality:

- Anysberg Nature Reserve (National);
- Rooiberg Nature Reserve (National);
- Groenfontein Nature Reserve (National);
- Groot Swartberg Nature Reserve (National);
- Vaalhoek Nature Reserve (National);
- Klein Swartberg MCA (Local); and,
- Rooiberg MCA (Local).

The bio-profile of the Kannaland Municipal area is as follows:

<b>Size of municipality</b>	<b>475 807.9ha</b>
Areas remaining natural	362 408.9ha (76.2%)
Areas where no natural habitat remains	113 396.1ha (23.8%)
Land-based protected areas (formal)	12 reserves covering 81 911.2ha (17.2%)
Biomes	Albany Thicket 42 932.9ha (8%) Fynbos 166 457.5ha (35%) Succulent Karoo 266 416.5ha (53%) Azonal Vegetation (3%)
Vegetation Types	17
<i>Critically endangered</i>	1 covering 3 740.9ha (0.8%)
<i>Endangered</i>	None
<i>Vulnerable</i>	3 covering 11 222.8ha (0%)
Water Management Areas	1
Wetlands	936 covering 983.9ha

TABLE 8: BIO PROFILE OF THE KANNALAND MUNICIPAL AREA - SOURCE: SOUTH AFRICAN NATIONAL

# Draft Annual Report 2016/17

## 1.2.3 BASIC SERVICES DELIVERY OVERVIEW

Government policy places specific emphasis on the provision of basic services, which entail the provision of electricity, water, sanitation and waste collection. Chapter 3 provides more detailed information on basic service delivery as well as all other functions rendered by the Municipality during 2016/17.

### 1.2.3.3 BASIC SERVICE DELIVERY HIGHLIGHTS DURING THE YEAR UNDER REVIEW

The table below gives an overview of the service delivery highlights:

SERVICE	HIGHLIGHT DESCRIPTION
WATER SECURITY AND PROVISION	Implementation of the water replacement programme by replacing 2300 faulty water meters.
	Providing water tanks to farm areas
	Installing water pipelines in informal areas in Ladismith
ELECTRICITY	Upgrade of the electricity substation of 20kva in Ladismith and Calitzdorp
	Electrification of informal areas in Ladismith
	Electrification of farm houses in the municipal area
ROADS	Upgrade of internal roads in Sakkies baai in Ladismith and Zoar
GOOD GOVERNANCE	Establishment of Ward committees
	Launching of the Thusong Centre in Ladismith
	Engagement with stakeholders internal and external on municipal affairs
	Establishing of a functional MPAC
	Establishment of a functional LLF
FINANCIAL VIABILITY	There was a huge reduction in the ESKOM account
	The payment rate of the municipality has been increased to an average of 89.51%.
HUMAN SETTLEMENT	Completion of 251 stop structures in Calitzdorp
	Completion of 44 houses in Zoar
DISASTER MANAGEMENT	Committee has been established
	Starterpacks was given to storm damage households

TABLE 9: SERVICE DELIVERY HIGHLIGHTS 2016/17

# Draft Annual Report 2016/17

## 1.2.3.4 BASIC SERVICE DELIVERY CHALLENGES

The municipality has identified service delivery challenges and implemented interventions to address these areas. They are shown in the table below:

Service Area	Challenge	Interventions to address
<b>Infrastructure: Water, roads, sanitation, electrical</b>	Inadequate funding (Grant and Own funding)	Infrastructure maintenance and upgrades are the most crucial issues in the municipality. Additional funding is needed to address infrastructure maintenance and upgrades.
	Roads - Grant funding not adequate to maintain upgraded roads.	Ongoing application for external funding from various sources.
	Electricity - Maintaining and managing electricity losses	Ongoing application for external funding from various sources.
	Water - Availability of water, especially in the summer months.	Fast Track of ACIP & RBIG funding request- WWTWs & Ladismith Swart Berg Dam is requested by the municipality and was raised at the Back to Basics, Water and Sanitation forums and as well IDP forums
<b>Human Settlement</b>	Challenges exist with regard to the capacity of bulk infrastructure services resulting in significant increases in housing waiting lists	A need remains whereby funding is necessary for infrastructure and establishment for new housing developments.  Appoint a surveyor to alleviate the risk of wrongful title deeds of owners.
	Great demand for low cost housing and GAP housing.	Ongoing liaison with the Department of Human Settlement to fund the implementation of the human settlement pipeline.

TABLE 10: BASIC SERVICE DELIVERY CHALLENGES

# Draft Annual Report 2016/17

## 1.2.3.5 HOUSEHOLDS ACCESS TO BASIC SERVICES

The below table indicate the portions of households with a minimum level of basic services.

Proportion of Households with minimum level of Basic services		
	2015/16	2016/17
Electricity service connections		2243
Water - available within 200 m from dwelling		4702
Sanitation - Households with at least VIP service		4266
Waste collection - kerbside collection once a week		4631

TABLE 11 - PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES

## 1.2.3.6 PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD ELECTRICITY:

Indigent Households				Non-indigent Households				Households in Eskom areas					
Nr house- holds	of	Units House- (kWh)	per hold	Value R'000	Nr house- holds	of	Units House- (kWh)	per hold	Value R'000	Nr house- holds	of	Units House- hold (kWh)	Value R'000
1488		50		64.50	2643		0		0	571		50	0

TABLE 12 - PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - ELECTRICITY

## WATER:

Indigent Households				Non-indigent Households					
Nr house-holds	of	Units house- hold (kl)	per	Value R'000	Nr house-holds	of	Units house- hold (kl)	per	Value R'000
2059		6		26.22	2643		0		0

TABLE 13: PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - WATER

## SANITATION

Indigent Households					Non-indigent Households				
Nr house- holds	of	Units house- month	hold	per per R'000	Nr house- holds	of	Units house- month	hold	per per R'000
2059		1		160.27	2207		0		0

TABLE 14: PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - SANITATION

## REFUSE REMOVAL

Indigent Households					Non-indigent Households				
Nr house- holds	of	Units house- month	per hold per	Value R'000	Nr house- holds	of	Units house- month	per hold per	Value R'000
2059		1		154.25	2572		0		0



# Draft Annual Report 2016/17

TABLE 15: PROVISION OF FREE BASIC SERVICES PER MONTH PER HOUSEHOLD - REFUSE REMOVAL

## 1.2.4 FINANCIAL HEALTH OVERVIEW

The table below indicates the Financial Overview for the 2016/17 financial year. Unaudited AFS

Financial Overview: 2016/17			
Details	Original budget R'000	Adjustment Budget R'000	Actual R'000
Income:			
Grants			
Taxes, Levies and tariffs			
Other			
Sub Total			
Less: Expenditure			
Net Total*			
* Note: surplus/(defecit)			T 1.4.2

TABLE 16 – FINANCIAL OVERVIEW: 2016/17

### 1.2.4.3 OPERATING RATIOS

The table below indicates the Operating Ratios for the 2016/17 financial year.

Operating Ratios	
Detail	%
Employee Cost	
Repairs & Maintenance	
Finance Charges & Impairment	

Table : OPERATING RATIOS

### 1.2.4.4 CAPITAL EXPENDITURE

The table below indicates the Total Capital Expenditure 2015/16 and 2016/17 financial years.

TOTAL CAPITAL EXPENDITURE		
DEATIL	2015/16	2016/17
Original Budget		
Adjustment Budget		
Total		

TABLE 17: TOTAL CAPITAL EXPENDITURE

## 1.2.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The municipality currently has 243 employees, of which 3 are Section 57 employees, 120 permanent and 122 contract employees and 1 intern. Kannaland Municipality is a rural

# Draft Annual Report 2016/17

municipality and has a diverse staff complement, which poses challenges for effective transformation of its equity profile across all skills and managerial levels. Priority is given to existing staff to accelerate transformation of Kannaland Municipality's racial profile especially at senior level. This is coupled with career development of women in senior levels.

The municipality embarked on a process where the organizational structure has been revised. The first draft was discussed in December 2016 with the Local Labor forum. The placement policy is in review process whereby officials will be evaluated and placed according the outcome.

It is the Municipality's aim to 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.

## 1.2.6 STATUTORY ANNUAL REPORT PROCESS.

The Municipal Finance Management Act (MFMA) requires that a municipality prepares an Annual Report for each financial year. The Annual Report is a measure of ensuring that there is regular, impartial feedback to stakeholders and that accountability and thereby transparency is strengthened.

Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out the performance of the municipality and its external service providers, providing a comparison between targets and performance in the previous financial year and improved measures taken. The annual performance report must form part of the annual report.

Since the new council has been elected, there was a concrete effort to ensure compliance with relevant or applicable legislation and moving towards a clean audit. Management and the administration are committed to ensuring financial sustainability in which will enable effective and efficient service delivery.

No.	Activity	Timeframes
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.	August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	Ongoing – every 10 <sup>th</sup> working day of each month
3	Finalise 4 <sup>th</sup> quarter Performance Report for previous financial year	August

# Draft Annual Report 2016/17

No.	Activity	Timeframes
4	Submit draft 2016/17 Annual Report to Auditor-General	December
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	January - March
6	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	December
7	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	August
9	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	August – December
10	Municipalities receive and start to address the Auditor General's comments	December
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Audited Annual Report is made public and representation is invited	Five days after approval of the Annual Report
13	Oversight Committee assesses Annual Report	March
14	Council adopts Oversight report	March
15	Oversight report is made public	Five days after approval of the Oversight Report
16	Oversight report is submitted to relevant provincial councils	Five days after approval of the reports
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April

TABLE 18 - STATUTORY REPORTING TIMEFRAMES

## 1.2.7 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT HIGHLIGHTS

CHALLENGES	ACTION TO ADDRESS
Implementation of the organizational structure	This process will ensure that new systems be introduced to better the effectiveness of service delivery and to ensure that employees are capacitated to perform what is expected of them

<b>Skills Development</b>	<p>The municipality is in process to equip employees with training through the LGSETA programme.</p> <p>Training according the minimum levels of competencies was in process amongst employees. This will commenced once the organizational structure implementation is finalised</p>
<b>Financial Restoration</b>	<p>Payment rate has been increase due the implementation of S139 (5) of the MFMA – financial recovery process.</p> <p>Improve cashflow management within the municipality with the support of Provincial treasure</p>

TABLE 19: INSTITUTIONAL TRANSFORMATION

## 1.3 AUDITOR GENERAL REPORT (Annexure: original document)

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT  
AND THE COUNCIL OF KANNALAND MUNICIPALITY**

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151(3) of the Constitution states that the council of a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation.

Political governance is the process of decision-making to formulate policy, whereas administrative governance is the system of policy implementation.

Kannaland Municipality strives towards achieving the following characteristics of efficient governance:

- Good Governance and Public Participation;
- Transparency;
- Responsiveness;
- Consensus orientation;
- Equity;
- Effectiveness and efficiency;
- Accountability; and
- Strategic vision.

Highlights of Good Governance within the municipality were:

Highlight	Description
Ward Committees	Ward Committees were been successfully established 01 April 2017
MPAC	MPAC were established February 2017
Appointment of Municipal Manager and CFO	Appointments have been made June 2017
Restructuring of the organisational structure	Approval of structure was done in June 2017
Intergovernmental relations	The partnerships with local government departments have been strengthened through ongoing engagements

TABLE 20: HIGHLIGHTS ON GOOD GOVERNANCE

## 2.1 POLITICAL GOVERNANCE

The political oversight role resides within the Municipal Council which was elected during the 2016 municipal elections. In terms of the Sections 79 and 80 of the Municipal Structure Act (Act 117 of 1998) Kannaland has established certain sub-committees to assist Council in carrying out its responsibilities and mandates.

### 2.1.1 COUNCILLORS

There are 7 Councillors which consist out of 4 ward councillors and 3 proportional councillors. Details can be obtained in Appendix A and B of the report.

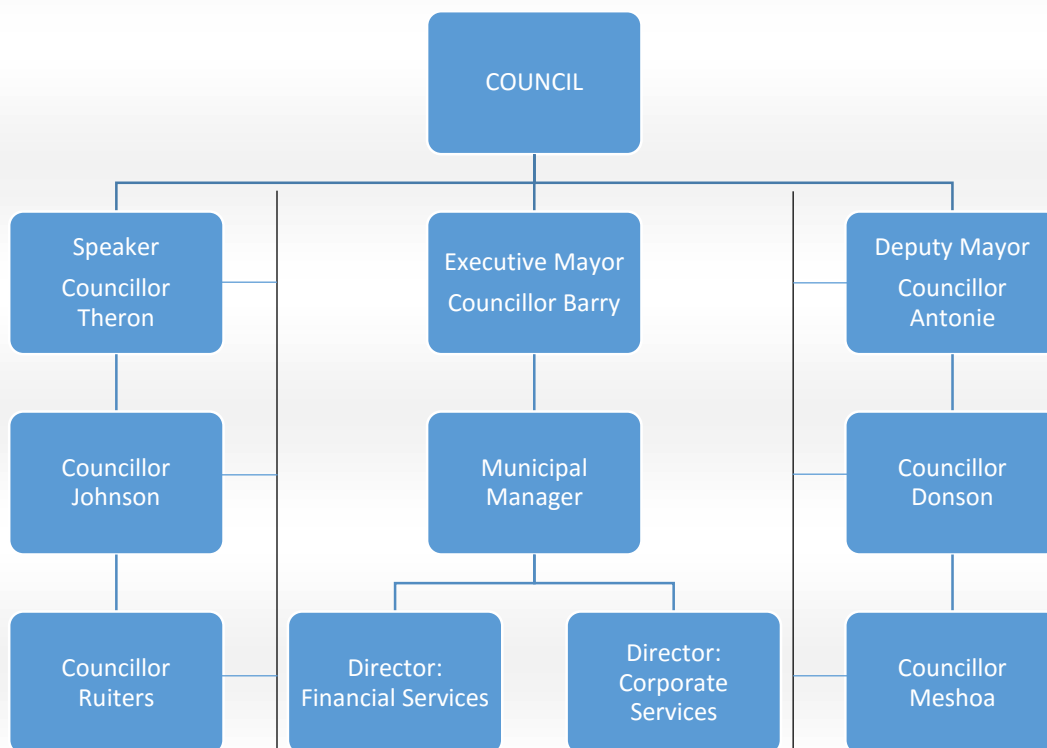


Figure : Councillors

# Draft Annual Report 2016/17

## 2.1.2 MAYOR AND MAYORAL COMMITTEE:

### POLITICAL DECISION-TAKING

The Executive Mayor of the Kannaland Municipality, Councillor Barry, is assisted by the Mayoral Committee, Executive Managers which are 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 she has an overarching strategic and political responsibility.

The key element of the executive model is that executive power is vested with the Executive Mayor, delegated by the Council, and as well as to the Senior Managers appointed by Council. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

Each member is responsible for a portfolio whilst remaining accountable to the Mayoral Committee and the Executive Mayor, in particular. The Mayoral Committee is made up of the following councillors:

Councillor	Capacity	Political Party	Ward/ PR
M Barry	Executive Mayor / Chairperson	ANC	Ward
P Antonie	Deputy Mayor / Member	ANC	PR
A Theron	Speaker / Member	DA	Ward

TABLE 21: MAYORAL COMMITTEE

## 2.1.3 OVERSIGHT STRUCTURES

### 2.1.3.1 MPAC – MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The committee was established in May 2015 (27<sup>th</sup> of May 2015) and replaces the Oversight Committee.

The Municipal Public Accounts Committee is a committee of municipal Council appointed as prescribed in section 79 of the Structures Act. This committee focuses mainly on compliance in accordance with the Local Government: Municipal Finance Management Act, 2003. The MPAC furthermore exercise oversight over the executive functionaries of Council and ensure good governance in the Municipality. The terms of reference of the MPAC are as follows:

- Investigate unforeseen and avoidable expenditure (Section 29 of MFMA)
- Investigate unauthorised, irregular or fruitless and wasteful expenditure (Section 32 of MFMA)



# Draft Annual Report 2016/17

- Review the quarterly report of the Mayor on the implementation of the budget and the state of affairs of the municipality – SDBIP (Section 52 (d) of MFMA)
- Review monthly budget statements (Section 71 of MFMA)
- Review mid-year budget and performance assessment (Section 72 of MFMA)
- Ensure disclosure of Councillors, Directors and Officials. (Section 124 of MFMA)
- Review of Financial Statements before the submission to the Auditor General (AG) (Section 126 of MFMA)
- Review and give recommendation on the Submission of Annual Report (Section 127 of MFMA)
- Present an oversight report on the Annual Report (Section 129 of MFMA)
- Ensure that issues raised by AG are addressed. (Section 131 of MFMA)
- Ensure the function of the Audit Committee (Section 166 of MFMA)
- Ensure that disciplinary action instituted against Councillors, the Municipal Manager and Senior Management is within the guidelines of the MFMA financial misconduct regulations. (MFMA)
- Review the IDP (Section 25 of MFMA)
- Annual Review of the IDP (Section 34 of MFMA)
- Review the performance management plan (Section 39 of MFMA)
- Monitor that the Annual Budget is aligned with the IDP (Regulation 6 of the LG: Municipal planning and performance regulations)
- Monitor that all declaration of interests forms are completed by Councillors and relevant municipal staff (Section 54 – read with item 7 of schedule 1)

Name	Position
Councillor P Antonie	Chairperson
Councillor J Johnson	Member

TABLE 22: MPAC

## 2.1.3.2 SECTION 32 COMMITTEE:

The Section 32 Committee is responsible for investigating the following:

- Irregular expenditure;
- Unauthorized expenditure;
- Fruitless and wasteful expenditure.

The functions of the Section 32 Committee is similar to that of the MPAC/ Oversight Committee, as a result Council recommended and appointed the already established MPAC to perform functions of the Section 32 committee.

# Draft Annual Report 2016/17

## 2.1.3.3 PERFORMANCE AUDIT COMMITTEE

The process commenced of the appointment in the year under review but were not representatives of the the broader community. However a head hunt process has been done to make the committee more inclusive in December 2017.

Name	Position
Mr Conrad Hoffman	Chairperson of Audit Committee
Mr Johan Johannes	Member
Ms Hilda Duiker	Member
Mr Claude Ipser	Member

TABLE 23: AUDIT AND PERFORMANCE COMMITTEE

## 2.1.3.4 RESPONSIBILITIES OF THE AUDIT COMMITTEE

- Advising the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality on matters relating to:
  - internal financial control and internal audits;
  - risk management;
  - accounting policies;
  - the adequacy, reliability and accuracy of financial reporting and information;
  - performance management;
  - effective governance;
  - compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
  - performance evaluation; and
  - any other issues referred to it by the municipality or municipal entity;
- Overseeing internal controls, financial reporting and compliance with regulatory matters.
- Review the effectiveness of the council's system of internal control and risk management.
- Review the financial reporting and financial statements.
- Review the internal audit function.
- Review the performance management system and reports.
- Review compliance with policies, regulations and procedures in terms of prescribed guidelines and applicable laws. Internal audit reports are submitted to the audit committee on a quarterly basis for review, through formal meetings.
- Respond to council on any issues raised by the Auditor-General in the audit report.

## 2.1.3.5 RISK COMMITTEE

# Draft Annual Report 2016/17

Name	Position
Municipal Manager – R Stevens	Chairperson of Risk Committee
Executive Manager: Finance – B Strydom	Member
Executive Manager: Corporate Services – Wayne Robertson	Member
Henrico Constable	Member
Leon Blignault	Member
Gersdwin Breda	Risk Officer

TABLE 24 - RISK COMMITTEE

The Risk Management Committee is responsible for assisting the Accounting Officer in addressing oversight requirements of risk management and evaluating and monitoring the institution's performance with regard to risk management.

## 2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Accounting Officer of the Municipality. He is the Head of the Administration and is primarily responsible for service delivery and implementation of political priorities.

The Municipal Manager and Directors all meet the minimum qualification requirements and competency levels as required by the MFMA and have performance agreements in place that align to the Municipality's top layer SDBIP. The table below indicates the senior management administrative governance structure.

Below is the top structure of the municipality:

Name of Official	Designation	Performance agreement signed
Mr. Reynold Stevens	Municipal Manager	Signed
Mr. Barend Strydom	Chief Financial Officer	Signed
Mr. Hendrik Barnard	Executive Manager – Corporate Services	Signed

The financial recovery plan has also been completed and being implemented. The plan will be form part of the amendment of the SDBIP in February 2018.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

National Government has initiated the “Back to Basics” programme. The programme focuses on on service delivery challenges that are identified, prioritised and to be fast-tracked. This platform focus mostly on five pillars:



In addition to this, the municipality participates in structures coordinated by the Eden District Municipality, Provincial Government, National government and those of the South African Local Government Association.

The Kannaland Municipality also participates actively in the following IGR structures:

# Draft Annual Report 2016/17

INTER-GOVERNMENTAL STRUCTURES (IGR)		Outcomes
Premier's Coordinating Forum	Municipal Manager and Executive Mayor	Premier's Department responsible for agenda
Eden District Coordinating Forum	Executive Mayor & Speaker	Inter-municipal co-operation, shared services
Eden District Intergovernmental Forum	Municipal Manager, Executive Mayor and Speaker	Inter-municipal co-operation, shared services
Eden District Communication Forum	Manager Public Participation	Communication Topics
Eden District and Provincial IDP Forums	Executive Manager Corporate Services & IDP Manager	IDP related topics - planning
The Local Government MTECH process	Municipal Manager and Executive Managers	Provincial Local Government driven agenda
District Intergovernmental Technical Forum	Municipal Manager	District driven agenda
District Municipal Managers Forum	Municipal Manager	District driven agenda
SALGA Steering/Sub Committees	Municipal Manager, Executive Managers and Members of the Section 80 Chairpersons	All municipal support services
CFO Forum	Executive Manager: Financial Services as Chief Financial Officer	All financial related topics
MIG forum	Technical Services	Identified priorities / appraisals discussion
Eden District Local Economic Development Forum	Executive Manager Strategic Services & LED Manager	LED related topics
Water and Sanitation Forums	Technical Services / Municipal Manager / Mayor	Water and sanitation related concerns and solutions discussions
Provincial IDP Managers Forum	IDP Manager	IDP related topics
Provincial Speakers Forum	Speaker	Provincial Local Government driven agenda
MGRO	Accounting Officer	Provincial Local Government driven agenda
Minmay Forum	Accounting Officer – Technical Services	Provincial Local Government driven agenda
Minmay Tech Forum	Municipal Manager	Provincial Local Government driven agenda
PPCOM Forum	Municipal Manager and Communication Officer	Public Participation related topics

TABLE 25: INTER-GOVERNMENTAL STRUCTURES (IGR)

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4 COMMUNICATION, PARTICIPATION AND FORUMS

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

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

Kannaland Municipality has a robust public participation process that is captured in our Public participation policy, which was adopted in May 2017. The process that is directed by the policy enables vigorous and constructive engagements with all social stakeholders through their participation via ward committee meetings and community feedback sessions. This is of particular importance, given the geographical size and nature of the municipal area within which community needs varies from town to town.

The result of the municipal public participation processes are designed to allow Council and management to do better long term planning and deliver a more credible IDP and Budget.

The municipality has a credible ward committee system and all wards are functional.

#### 2.4.1 WARD COMMITTEES

Kannaland Municipality has four wards. The ward Committee establishment took place on the 1 April 2017. All four ward committee members were involved during the establishment. They are functional in the community and holding ward committee meetings on a regular basis.

The establishment of ward sub-committees is more effective in places where there are clearly defined geographic areas or localities and also well-organised sectoral structures. In case of geographic area representatives, the establishment of sub-committees assists representatives by advising them on issues affecting the community. In ensuring full spatial (that is geographic) or sector based representation, the 'problem' of the 10-member limitation is easily overcome by providing for ex-officio representation, that is, representatives of the community who are asked to join ward committee deliberations on particular issues.

# Draft Annual Report 2016/17



The ward committees in Kannaland are structured as follows:

## Ward 1 Ladismith: Nissenville, Towerkop

Name of representative	Capacity/ entity representing
	<b>Geographical Representatives – Block system</b>
Cllr Donson	Chairperson
Ms. Elizabeth Jacobs	Senior Citizens
Ms. Melanie Ayslie	Religion
Mr. Past. Hendrik Rademeyer	Culture
Mr J Ruiters	Community
Ms. Brumilda Januarie	Youth
Ms. H Van Eick	Individual
Mr. Dawid Rooi	Infrastructure
Ms. C Hendricks	Individual
Mr. J Cederas	GPF
Ms. G Dowries	Community

TABLE 26: WARD 1 – COMMITTEE

## Ward 2: Calitzdorp, Bergsig, Warmbad, and Kruisrivier, Gamka – East and West

Name of representative:	Capacity/ entity representing
	<b>Geographical Representatives – Block system</b>
Cllr Meshoa	Chairperson
Mr. A Baartman	Disability
Mrs. Sophia Roman	Women
Mr. M Pieterse	Health
Mr. Moos Arnoldus	Individual
Mrs. Emily Hess	Youth
Mr. G Uithaler	Infrastructure

# Draft Annual Report 2016/17

Name of representative:	Capacity/ entity representing
	<b>Geographical Representatives – Block system</b>
Ms. Q Valentyn	Religion
Ms. B Mcdillon	Individual
Mr. M Neebe	Tourism
Ms. F Quintini	Individual

TABLE 27: WARD 2 - COMMITTEE

## Ward 3 Zoar

Name of representative:	Capacity/ entity representing
Cllr Barry	Chairperson
Mr. Tsodinyane Jacob Nkokou	Agriculture
Ms. D Hardien	Woman
Ms. C Johannes	Education
Ms. M Willemse	GPF
Ms. E Booysen	Individual
Ms. R Hector	Culture
Ms. C Hess	Sport
Mr. A Reizenberg	Tourism
Ms. L De Jongh	Youth

TABLE 28: WARD 3 - COMMITTEE



# Draft Annual Report 2016/17

## Ward 4 Ladismith Town, Van Wyksdorp, Dankoord, Algerynskraal, Buffelsvlei, Hoeko

Name of representative:	Capacity/ entity representing
Cllr Theron	Chairperson
Mr. Jonathan Jantjies	Individual
Mr. I Januarie	Education
Ms. E La Grange	Community
Ms. M Herdien	Individual
Ms. N Lochner	Individual
Mr. E Nolte	Argiculture
Mr. E Adcock	Health
Ms. R Hendricks	Individual
Mr. P Van Der Heever	Infrastructure

TABLE 29: WARD 4 - COMMITTEE

### 2.4.2 PUBLIC ENGAGEMENTS:

The table below indicates the communication conducted with the stakeholders of all four wards

Nature of meeting	Date of events	Purpose	Target audience	Communication Mechanisms
Ward 1: Public Participation	Oct – Nov 2016 April 2017	Presentation of the 2016/17 IDP& Budget to the citizens of Ward 1	Residents of ward	Monthly Newsletters/IDP & Budget Report Back Meeting
Ward 2 Public Participation	Oct – Nov 2016 April 2017	Presentation of the 2016/17 IDP& Budget to the citizens of Ward 2	Residents of ward	Monthly Newsletters/IDP & Budget Report Back Meeting
Ward 3: Public Participation	Oct – Nov 2016 April 2017	Presentation of the 2016/17 IDP& Budget to the citizens of Ward 3	Residents of ward	Monthly Newsletters/IDP & Budget Report Back Meeting
Ward 4: Public Participation	Oct – Nov 2016	Presentation of the 2016/17 IDP& Budget to the citizens of Ward 4	Residents of ward	Monthly Newsletters/IDP & Budget Report Back Meeting

# Draft Annual Report 2016/17

Nature of meeting	Date of events	Purpose	Target audience	Communication Mechanisms
Ward Feedback Meetings in all four wards	Each quarter in all four wards	Feedback to communities IDP meeting- to get input from the community with IDP	Residents of wards	Monthly Newsletters/IDP & Budget Report Back Meeting
Stakeholder Municipal Engagements			Businesses, NGO's, Sectors, ward committee members, Faith Based Organisations ect.	Monthly Newsletters/IDP & Budget Report Back Meeting

TABLE 30: PUBLIC ENGAGEMENTS

## 2.4.3 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDPKPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

TABLE 31 - IDP PARTICIPATION AND ALIGNMENT CRITERIA

## 2.4.4 IDP PERFORMANCE ASSESSMENT

# Draft Annual Report 2016/17

---

Based on the assessment conducted by the MEC of Local Government the IDP has demonstrated the following strengths:

- The revised IDP clearly indicates how the municipal strategic focus areas align to the strategic programmes of Provincial and National Government as contained within the Provincial Strategic Plan (PSP) and the National Development Plan (NDP).
- The IDP shows increase awareness on the importance of sector planning within the Municipality. This is evident in the table included in the document that indicates the status-quo of sector plans within the Municipality.
- Kannaland Municipality formed part of the back to basics programme. The impact of this programme is evident in that the IDP reflects a strong sense of the Institutional and infrastructural challenges.

## **Areas of improvement**

Below are the areas to be improved by the municipality to strengthen the institutional capacity:

- The municipality is encouraged to Develop ward based/area plans which will provide needs and priorities per settlement.
- This can improve planning and implementation at a local level. It can also benefit communities in addressing specific local needs. The municipality has made a good start towards this by including detailed needs analysis for each of the wards.
- The performance management system is currently mainly developed in as far as it provides indicators and targets that relates to the operational performance of the municipality. It is recommended that the performance management system be further refined in order to provide key performance indicators and targets that relates to the specific capital projects including in the budget of the municipality.

# Draft Annual Report 2016/17

## COMPONENT D: CORPORATE GOVERNANCE

### 2.5 OVERVIEW OF CORPORATE GOVERNANCE

The council and management subscribe to the principles as captured in the various King reports. The King-report listed discipline, transparency, independence, accountability, responsibility, fairness and social responsibility as the seven primary characteristics of good governance. These traits have to be evident in municipal operations from the municipal council at the top to departmental staff at the bottom. These corporate governance principles have been critical traits in the council and management turn-around strategy.

#### 2.5.1 ANTI-CORRUPTION AND FRAUD

The oversight roles are managed by the Municipal Public Accounts Committee (MPAC) and Audit Committee. During the year under review a risk assessments were performed by internal audit and overseen by the audit committee.

A Fraud and Prevention Plan was approved by Council. Actionseminates from this plan includes the Municipal assessment which was conducted on 30 September 2016 whereby the recovery plan was esblished. Poetential fraud existed within the municipality which led to numerous forensic investigations conducted and currently awaits on the final report from the hawks.

The Hotline number is placed on the municipal website should any fraud is identified by stakeholder of Kannaland.

# Draft Annual Report 2016/17

## 2.5.2 SUPPLY CHAIN MANAGEMENT

The municipality has over the three years established a functional SCM unit which consists of the following and the meetings held during the year under review:

### 2.5.2.1 BID COMMITTEE MEETINGS

Specification Committee	Evaluation Committee	Bid Committee	Adjudication
1	1	1	

Table 32: Bid Committee meetings held

### 2.5.2.2 AWARDS MADE BY THE BID ADJUDICATION COMMITTEE

NUMBER OF BIDS	TYPE	Source
9	SEC 32	INEP
	1. Electrification of 100 Ervens: Ladismith 2. Bulk: Supply and Upgrade Ladismith 3. Bulk Supply	
	SEC 32	INEP
	1. Electrification of 100 Ervens Ladismith	
	2. Bulk Supply and Upgrade Ladimsith 3. Bulk Supply	
	SEC 32	On a invoice basis
	Ad Hoc Civil Works	
	SEC 32	MIG
	Provision of Professional Engineering Services	
	Professional Consulting Engineers	
	Debt Control Processes	
	Sec 32	MIG

TABLE 33: AWARDS GRANTED

# Draft Annual Report 2016/17

## 2.5.2.3 DEVIATIONS MADE DURING THE YEAR UNDER REVIEW

Number of deviations	Impact of deviations made
	Fast tracked service delivery. Serious cash flow constraints

TABLE 34: TOTAL DEVIATIONS AND IMPACT

## 2.5.3 BY-LAWS

Section 11 of the Municipal Systems Act gives a Municipal Council the executive and legislative authority to pass and implement by-laws and policies. A by-law is a legal document, which enable a local authority (municipality) to implement certain powers vested in it by our constitution. Kannaland Municipality has several by-laws which give effect to its constitutional obligations. Formal processes are followed to pass a by-law which includes a public participation process and the publishing of the by-law in the Government Gazette.

The implementation of the Kannaland standard by-law on land-use and planning was initiated in the 2016/17 financial year. The municipality started the process to revise all by-laws to identify potential intervention of new by-laws through the back-to-basics programme in conjunction with the legislative support task team of DPLG.

## 2.5.4 WEBSITES

The primary purpose of the Information Systems and Technology section is the provision of Information and Communication Technologies (ICT) services which will enable an efficient and effective administration. There was an ICT assessment done on current challenges as well to recommend possible solutions.

HIGHLIGHTS	CHALLENGES
• New Public Interactive Municipal Website;	• A disaster recovery system not in place
• Approved legislative documents:	• Obsolete hardware still present
• Reviewed ICT Policies;	• Offsite backups are not in place
• ICT Governance Framework;	• Budget constraints
• ICT SOP's.	• Need for electronic systems e.g Performance information and Collaborator
• Disaster Recovery Policy;	• Data Cleansing

TABLE 35: ICT ASSESSMENT

# Draft Annual Report 2016/17

## Section 75 in terms of the MFMA

The ICT department is working towards full compliance for section 75 of the MFMA.

<b>Municipal Website: Content and Currency of Material</b>	
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>
<b>Current annual and adjustments budgets and all budget-related documents</b>	YES
<b>All current budget-related policies</b>	YES
<b>The previous annual report</b>	YES
<b>The annual report</b>	YES
<b>All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act) and resulting scorecards</b>	YES
<b>All long-term borrowing contracts</b>	YES
<b>All supply chain management contracts above a prescribed value (give value) for Year</b>	YES
<b>An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4)</b>	YES
<b>Contracts agreed in Year to which subsection (1) of section 33 apply, subject to subsection (3) of that section</b>	YES
<b>All quarterly reports tabled in the council in terms of section 52 (d) during Year</b>	YES

TABLE 36 - MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL

## CHAPTER 3 – Basic Service Delivery Performance Information – Part I

### COMPONENT A: BASIC SERVICES:

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

#### 3.1. WATER PROVISION

The table below indicates the access to water from 2016/17 per financial year.

Water Service Delivery Levels		
Description	Households	
	2015/16	2016/17
	Actual No.	Actual No.
<b><u>Water: (above min level)</u></b>		
Piped water inside dwelling	4 779	4 702
Piped water inside yard (but not in dwelling)	0	0
Using public tap (within 200m from dwelling )	0	0
Other water supply (within 200m)		
<i>Minimum Service Level and Above sub-total</i>	4 779	4 702
<i>Minimum Service Level and Above Percentage</i>	1	1
<b><u>Water: (below min level)</u></b>		
Using public tap (more than 200m from dwelling)		
Other water supply (more than 200m from dwelling)	0	0
No water supply		
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level Percentage</i>	0	0
<b>Total number of households*</b>	<b>4 779</b>	<b>4 702</b>

TABLE 37: ACCESS TO WATER

#### Ladismith:

All households have access to basic water services which means that water is available within 200 meters from their dwellings/houses. All the houses in the urban areas of Kannaland Municipality are provided with individual water connections. Stand pipes are provided in the informal areas as a temporary emergency service.



# Draft Annual Report 2016/17

Due to budget constraints the municipality applied for funding support to ensure water security projects could be enabled. The following measures were put in place for the different support:

- Business plans have been submitted for approval for a new 3 mega-litre reservoir;
- Additional boreholes drilling and equipping. It must be noted that operating boreholes is expensive because of the associated electricity cost;
- Refurbishment of old piped networks.

During the year under review, the municipality faces a severe drought period which hampered service delivery hence we still try our utmost best to deliver the necessary services to our residents concerning for example the availability of water. Enforcement of water restrictions remain a challenge due to absence of a by-law.

Water was provided to farm areas e.g Warmbad, St Helena, Baviaanskraans, Kerkplaas, Dankoord and Voorbaat (indigents) by means of water tanks at no costs to enable them to make use of water.

In this desperate period 12 boreholes were switched on which pump 34liters per second which was transferred to the reservoirs in Ladismith. Numerous awareness campaigns (PG moet ples gee) with the support of Local Government has been conducted as well as water restrictions have been communicated to the water users. Water was provided in poor areas

Before the installation of faulty meters the losses were 22%. There were negotiations between engineers and contractor as well service provider to act on remedial actions. A direct contribution by Kent (The service provider) was made to the municipality to the cost incurred by R199 000.

The current water losses are 35% and below are the reasons and remedial actions to reduce the losses to the norm:

Reasons	Remedial actions
Faulty water meters	Implementation of a Meter replacement strategy by 65 completion – 700 outstanding meters to be replaced.
Leakages on pipelines, reservoirs	A credible meter audit needs to be conducted.
Unforeseen disaster circumstances	Replacement of aging infrastructure



The municipality plans to upgrade the water networks within the municipal area to secure water usage as well the storage thereof.

Below is a layout of where the Swartberg Dam will be located. The municipality re-submitted business plan to the Department of Water and Sanitation to unlock this catalytic project.



FIGURE 7: LOCATION OF THE PROPOSED SWARTBERG DAM

# Draft Annual Report 2016/17

The table below indicates the total use of water by sector in cubic meters from 2016/17 per financial year:

Total Use of Water by Sector (cubic meters)				
	Commercial	Industrial	Domestic	Unaccountable water losses
2016/17				
				T 3.1.2

TABLE 38 - TOTAL USE OF WATER BY SECTION

Below is the employee per water services section:

Job Level	Post	Employees	Vacancies	Vacancies %
0-3				
4-7				
8-12				
13-16				

TABLE 39: EMPLOYEES WATER SERVICES

No financial performance on water capital expenditure was incurred for the 2016/17 financial year.

## 3.2 WASTE WATER (SANITATION) PROVISION

### Sanitation:

The majority of households are connected to waterborne sanitation systems in the Kannaland area. The municipality is intending to replace all bucket systems with water bourne system, however funding needs to be sourced to implement this project. No major infrastructure projects has been executed due the lack of funding to support the projects.

Business plans has been submitted to Department of Water and Sanitation to address this challenge under the bucket eradication programme during the 2016/17 and 2017/18 financial year.

# Draft Annual Report 2016/17

Sanitation Service Delivery Levels		
Description	*Households	
	2015/16	2016/17
	Outcome	Outcome
	No.	No.
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	4 093	4 266
Flush toilet (with septic tank)	0	0
Chemical toilet	0	0
Pit toilet (ventilated)	90	0
Other toilet provisions (above min.service level)	0	0
<i>Minimum Service Level and Above sub-total</i>	4 183	4 266
<i>Minimum Service Level and Above Percentage</i>	100,0%	100,0%
<b>Sanitation/sewerage: (below minimum level)</b>		
Bucket toilet	0	0
Other toilet provisions (below min.service level)	0	0
No toilet provisions	0	0
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level Percentage</i>	0,0%	0,0%
<b>Total households</b>	<b>4 183</b>	<b>4 266</b>

TABLE 40 - SANITATION SERVICE DELIVERY LEVELS

Below is the employee per water services section:

Job Level	Post	Employees	Vacancies	Vacancies %
0-3				
4-7				
8-12				
13-16				

TABLE 41: EMPLOYEE PER SANITATION SERVICES

## 3.3 ELECTRICITY

Electricity is the main energy source of households. The Kannaland Municipality is responsible for the provision of electricity to Ladismith and Calitzdorp, whilst Zoar and Van Wyksdorp are supplied by ESKOM.

Kannaland infrastructure is outdated and in need of urgent upgrade. The municipality has over the past four years invested in new infrastructure to ensure secured electricity distribution to businesses and the community.

# Draft Annual Report 2016/17

With the funding allocated in the 2016/17 financial year, the Ladismith substation has been upgraded. The 251 top structures in Calitzdorp has been supplied with electricity as well the establishment of a transformer at the current Thusong Centre in Ladismith.

The current substation in Calitzdorp has an electricity usage capacity of 1.7 MVA and the availability of electricity is 1.2 MVA.

The table below indicates the service delivery levels for Electricity Services from 2011 to 2015 per financial year.

Electricity Service Delivery Levels		
Description	Households	
	2015/16	2016/17
	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>		
Electricity - Conventional		2243
Electricity - prepaid		2121
<i>Minimum Service Level and Above sub-total</i>		
<i>Minimum Service Level and Above Percentage</i>	100%	100%
<b><u>Energy: (below minimum level)</u></b>		
Electricity (< min.service level)		
Electricity - prepaid (< min. service level)		
Other energy sources		
<i>Below Minimum Service Level sub-total</i>		
<i>Below Minimum Service Level Percentage</i>		
<b>Total number of households</b>		

TABLE 42 - ELECTRICITY SERVICE DELIVERY LEVELS

## 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Kannaland Municipality operates three licensed landfill sites namely Ladismith, Calitzdorp and Zoar landfill sites.

Ladismith and Zoar landfill sites are licensed for the disposal of general waste, but limited to the disposal of waste as prescribed in the NEMA: Waste Act 59 of 2008 which indicates the Norms and Standards for disposal of waste to landfill.

Calitzdorp landfill site is licensed for closure, therefore only garden refuse and building rubble are prohibited at this site.

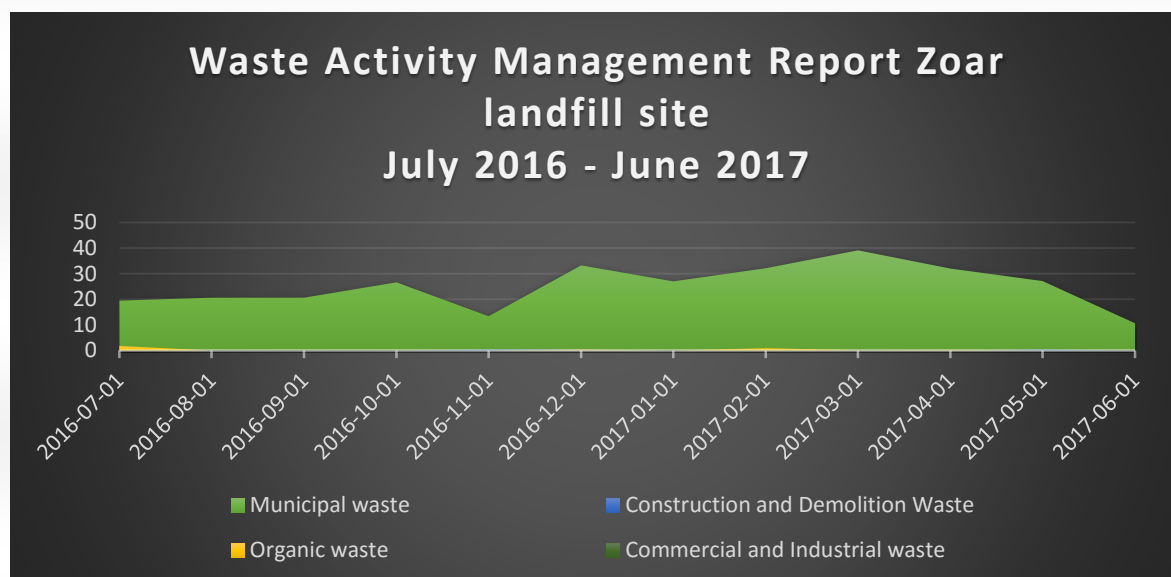
# Draft Annual Report 2016/17

Waste generated and removed in Calitzdorp are transported to the Zoar landfill site. Waste generated and removed in Vanwyksdorp are transported to Ladismith landfill site.

Waste removal services are rendered to all household in the residential areas of Kannaland Municipal Areas once per week. Households on farms do not receive any refuse removal services as farm owners are allowed to dispose their waste at Ladismith and Zoar landfill sites respectively.

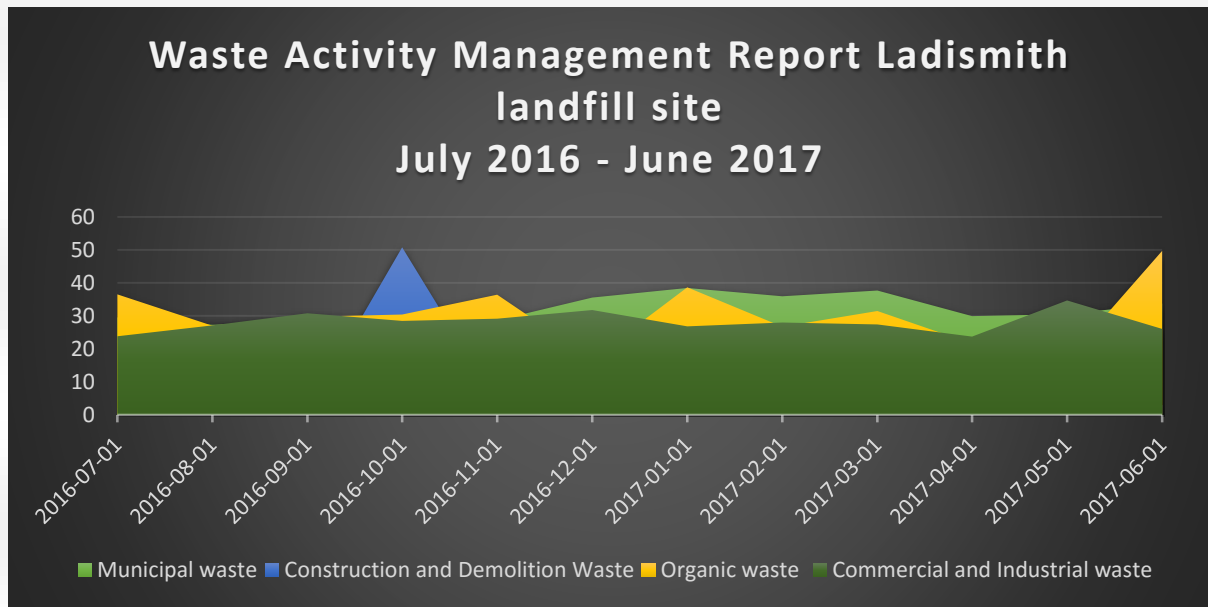
Street cleaning takes place daily within the towns of Ladismith, Calitzdorp, Vanwyksdorp and Zoar. Kannaland Municipality is currently not rendering any recycling services or initiating any recycling initiatives of its own, hence the Municipal Manager is promoting the initiation of a recycling initiative which will commence as soon as the necessary logistics are in place.

The illustration below indicates the waste activity management in the Kannaland area:





# Draft Annual Report 2016/17



## **ACHIEVEMENTS:**

- Kannaland Municipality has included all informal settlements into the waste removal cycles.
- Vanwyksdorp's waste removal service has also been improved from waste being removed once every two weeks to once per week
- Youth Jobs in Waste conducted the WAME Project at Towerkop Primary School during 2016
- Implementation of internal audits for Ladismith and Zoar landfill sites
- Application for variation of landfill site conditions were submitted



# Draft Annual Report 2016/17

- Tedcor Youth Jobs in Waste also capacitated communities with regards to waste separation at source

Awareness campaigns were also conducted in the communities with regards to waste minimisation and re-use by means of the clothing project where old clothes were collected and handed to under privileged communities

- Development of the Illegal dumping pamphlet
- Attending the Eden Waste Management Officers Forum Meetings as well as Western Cape Waste Management Officers Forum Meetings as set out in the IWMP
- Implementation of Waste Calculator Sheets at landfill sites
- Regular reporting of waste information on iPWIS
- Clean-up projects through the Youth Jobs in Waste Program
- Clearing of illegal dumpsites
- Compaction and coverage of waste at Ladismith and Zoar landfill sites





# Draft Annual Report 2016/17

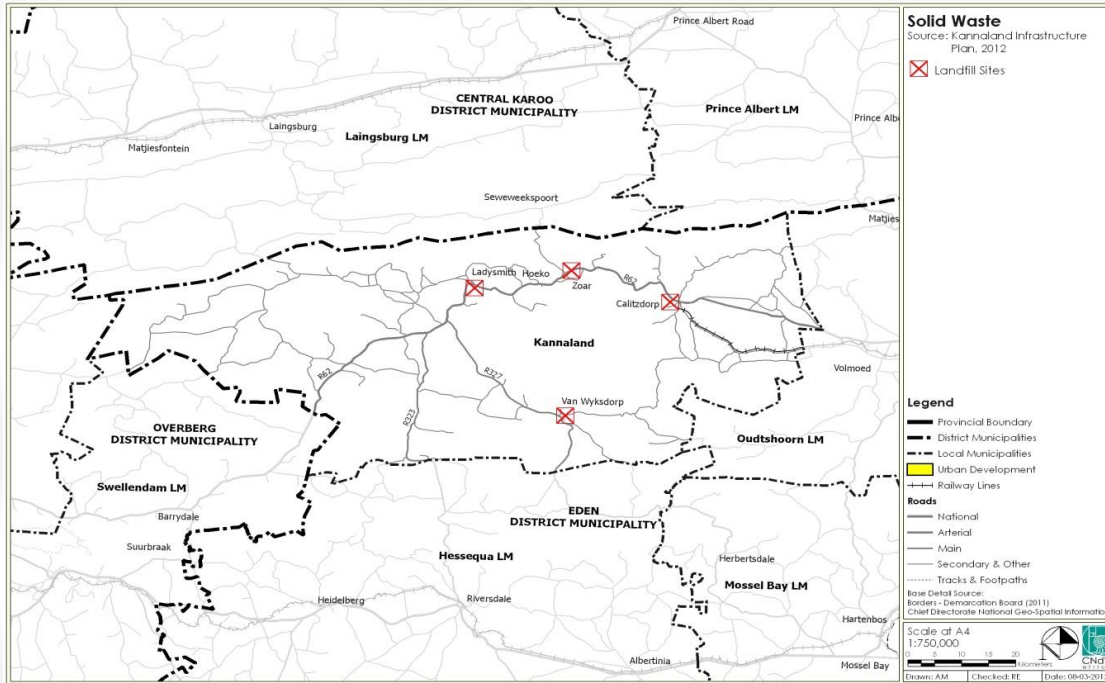


FIGURE 8: LANDFILL SITES - AS PER SDF

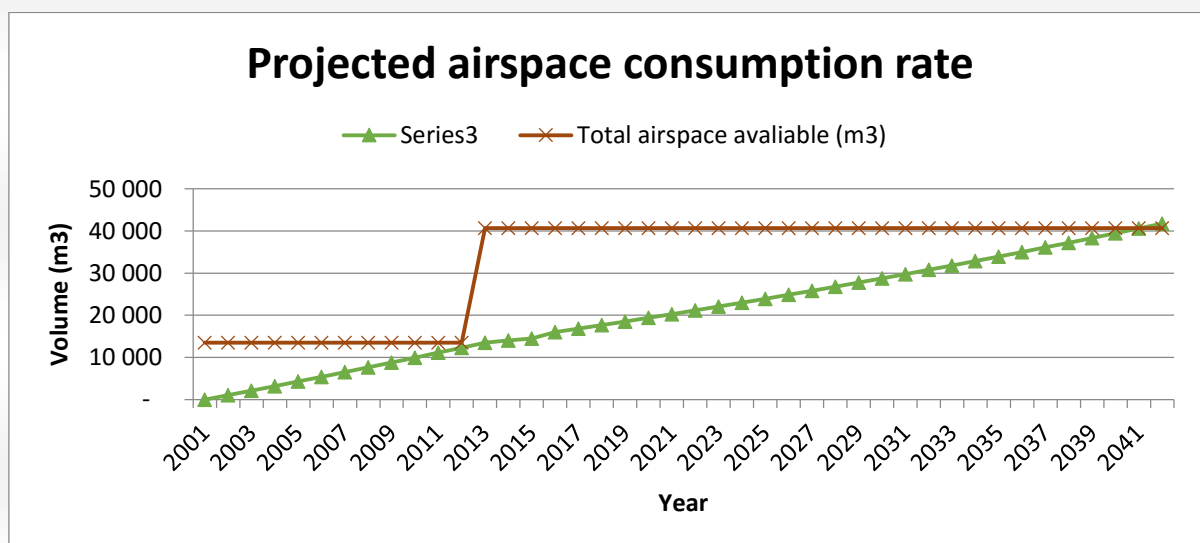
Below is data of the current landfill sites

<b>INPUTS</b>								
<b>Population stats</b>								
Town Population (2001)		3,188	Stats SA					
Town Population (2011)		4,284	Stats SA					
Annual growth rate		2.95%	Calculated growth rate					
<b>Income levels pm</b>			Taken from Geography by Individual monthly income for Person weighted				P:\Projects\112784 Enviro Small FY17	

# Draft Annual Report 2016/17

Socio economic (2011)	Percentage	People	Waste generation rate	Waste (kg/day)
No income	29.0%	1,352	0.5	676
Low (R0 - R6,400 pm)	60.2%	2,807	0.5	1,404
Medium (R6,401 - R102,400 pm)	2.0%	94	2.0	188
High (R102,401 - R XXX pm)	0.1%	3	3.5	11
Unspecified	8.6%	402		
N/A	0.0%	-		
Total	100.0%	4,658		2,278
Population is different				
Weighted average waste generation rate per capita				0.535
Calculated waste generation rate		2011		
kg/day	2,494			
tons/day	2			
tons/month	76			
tons/year	910			
Compaction assumptions				
Waste density (ton/m3)	0.9	Based on a very low level of compaction, some signs of machinery on site		
Cover material ratio	1:6	Based on the fact that hardly any cover material is being used		
Volume to design for:	Waste	Cover material	Total	
m3/day	3	0	3	
m3/month	85	14	99	
m3/year	1,011	169	1,180	
Modelling information		Taken from Civil 3D		
Total volume of airspace remaining (m3)	27,132	Based on the assumption that the 1st survey taken in 2013 is the NGL and the FLF is built on top of this		
Total area of rehabilitation (m2)	8,705	3d surface of model		
2013 survey (m3)	27,132	FLF minus 2014 survey		
2015 survey (m3)	26,207	FLF minus 2015 survey		
2016 survey (m3)	24,662	FLF minus 2016 survey		

## Remaining landfill airspace



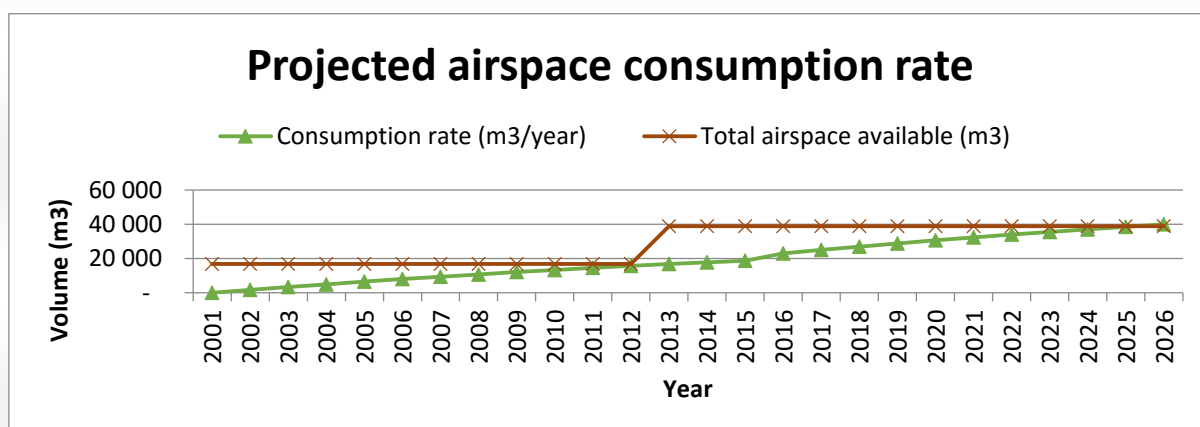
# Draft Annual Report 2016/17

## Ladismith landfill site

<b>INPUTS</b>	OK						
<b>Population stats</b>							
Town Population (2001)		5,445	Stats SA				
Town Population (2011)		3,742	Stats SA				
Annual growth rate		-3.75%	Calculated growth rate				
<b>Income levels pm</b>		Taken from Geography by Individual monthly income for Person weighted				P:\Projects\112784 - Enviro Small FY17	

Socio economic (2011)	Percentage	People	Waste generation rate	Waste (kg/day)
No income	34.8%	1,304	0.5	652
Low (R0 - R6,400 pm)	37.0%	1,385	0.5	693
Medium (R6,401 - R102,400 pm)	10.0%	373	2.0	746
High (R102,401 - R XXX pm)	0.2%	7	3.5	25
Unspecified	5.8%	217		
N/A	12.1%	454		
Total	99.9%	3,740		2,115
Population is different				
Weighted average waste generation rate per capita				0.689
<b>Calculated waste generation rate</b>		2011		
kg/day	2,579			
tons/day	3			
tons/month	79			
tons/year	941			
<b>Compaction assumptions</b>				
Waste density (ton/m3)	0.9	Based on a very low level of compaction, signs of some sort of machinery on site		
Cover material ratio	1:6	Based on the fact that hardly any cover material is being used		
<b>Volume to design for:</b>	<b>Waste</b>	<b>Cover material</b>	<b>Total</b>	
m3/day	3	0	3	
m3/month	87	15	102	
m3/year	1,046	174	1,220	
<b>Modelling information</b>		Taken from Civil 3D		
Total volume of airspace remaining (m3)	22,124	Based on the assumption that the 1st survey taken in 2013 is the NGL and the FLF is built on top of this (cells 1&2)		
Total area of rehabilitation (m2)	8,806	Taken from Civil 3D Cell 1		
Total area of rehabilitation (m2)	5,221	Taken from Civil 3D Cell 2		
Total area of rehab waste to be moved (m2)	5,510	Taken from Civil 3D		
2013 survey (m3)	22,124	Taken from Civil 3D		
2015 survey (m3)	20,215	Taken from Civil 3D		
2016 survey (m3)	15,913	FLF minus 2016 survey, Includes waste clean up of surrounding area		

## Airspace determination



# Draft Annual Report 2016/17

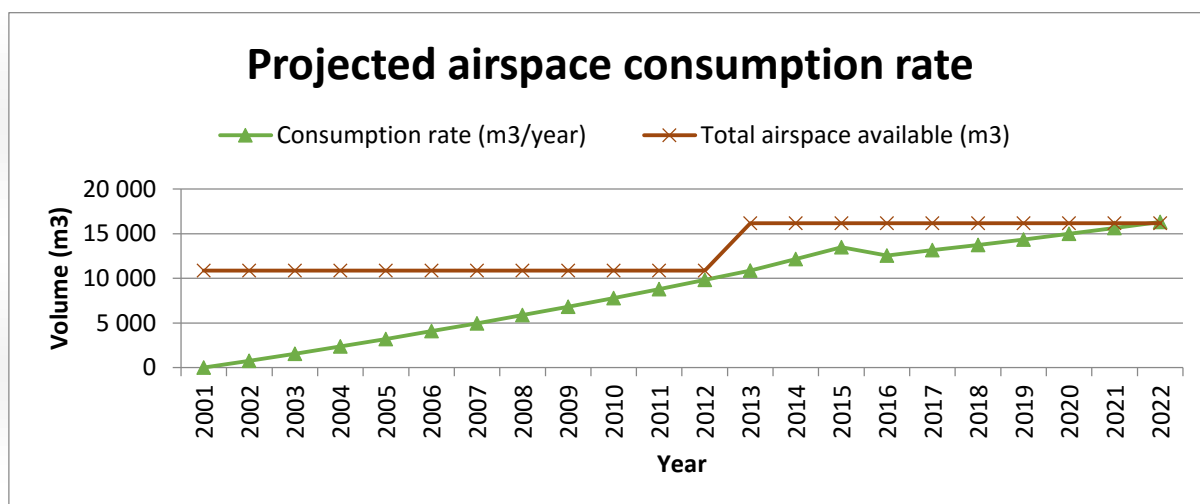
## Calitzdorp landfill site

INPUTS

Population stats	
Town Population (2001)	3,188 Stats SA
Town Population (2011)	4,284 Stats SA
Annual growth rate	2.95% Calculated growth rate
Income levels pm	
Taken from Geography by Individual monthly income for Person weighted	
P:\Projects\112784 Enviro Small FY17	

Socio economic (2011)	Percentage	People	aste generation ra	Waste (kg/day)
No income	48.9%	2,094	0.5	1,047
Low (R0 - R6,400 pm)	39.8%	1,705	0.5	853
Medium (R6,401 - R102,400 pm)	2.9%	124	2.0	248
High (R102,401 - R XXX pm)	0.0%	-	3.5	-
Unspecified	5.7%	246		
N/A	2.6%	113		
Total	100.0%	4,282		2,148
Population is different				
Weighted average waste generation rate per capita			0.547	
Calculated waste generation rate		2011		
kg/day	2,345			
tons/day	2			
tons/month	72			
tons/year	856			
Compaction assumptions				
Waste density (ton/m3)	1 Based on a very low level of compaction, no machinery on site, but most of the waste is build			
Cover material ratio	1:6 Based on the fact that hardly any cover material is being used			
Volume to design for:	Waste	Cover material	Total	
m3/day	2	0	3	
m3/month	72	12	83	
m3/year	856	143	999	
Modelling information		Taken from Civil 3D		
Total volume of airspace remaining (m3)	5,301	Based on the assumption that the 1st survey taken in 2013 is the NGL and the FLF is built onto		
Total area of rehabilitation waste body (m2)	5,362	Taken from Civil 3D		
Total area of rehabilitation waste to be moved (m2)	6,460	Taken from Civil 3D		
2013 survey (m3)	5,301	FLF minus 2014 survey		
2015 survey (m3)	2,708	FLF minus 2015 survey		
2016 survey (m3)	3,613	FLF minus 2016 survey, Includes waste clean up of surrounding area		

## Airspace determination



# Draft Annual Report 2016/17

## Service Rendered

All erven are serviced at least once a week.

Area	Type of service /Frequency	Receptacles
Calitzdorp	Once per week	Plastic black bags
Ladismith	Once per week	Plastic black bags
Van Wyksdorp	Once per week	Plastic black bags
Zoar	Once per week	Plastic black bags

TABLE 43: SERVICE RENDERED – SOURCE: INTEGRATED WASTE MANAGEMENT STRATEGY

# Draft Annual Report 2016/17

## 3.5 HOUSING

The provision of human settlements is a high priority for the municipality. Challenges do exist with regard to the capacity of bulk infrastructure services with specific reference to waste water treatment works and water works. This has delayed the delivery of human settlements over the past few years which has resulted in the significant increase in the housing waiting list.

The municipality has developed a human settlement policy which regulates the housing waiting list and the allocation of housing.

Given the expectation of economic growth resulting from water security and the ancillary job-creation prospect of the proposed dam and its construction, the provision of affordable housing and its supporting infrastructure, such as water, electricity, sanitation, sewerage, and roads are foremost in creating a sound and sustainable cradle for continuing development and growth.

**The following projects have been completed in the 2016/2017 financial year:**

### **Calitzdorp**

- Completion of the 251 sites that were serviced
- The handover of 251 top structures were completed

### **Zoar**

- Completion of 44 sites were serviced
- The handover of 44 top structures were completed

### **Planned Projects for 2017/2018**

#### **ZOAR**

- 32 Storm Damage Houses are currently being rectified;
- Zoar Prepare new EHP application based on erven not included in SDH funding
- Zoar Infill Housing project: Applications currently been finalised for this project for Protea Park
- Zoar Replacement of asbestos roofs: erf by erf assessment required. Application to be send to DOH
- Zoar New Housing Project (Greenfields): Funding application for new project (opposite Maxis) previously submitted. Resubmitted and Awaiting approval of planning for funding.
- Zoar Formalisation of Identified Informal Plots: Currently finalising new funding application

# Draft Annual Report 2016/17

---

- Title Deeds, Project currently underway to finalise and handover Title Deeds to beneficiaries'

## **Challenges**

- Water Security, however investigation is currently underway to address the issues with more boreholes to be drilled for extra capacity

## **LADISMITH**

- Ladismith Parmalat 400 RDP Housing: environmental process standing still due to bulk services challenges. New Application is being formalise.
- Ladismith Varkieskloof: A new application for funding is being prepared.
- Gap Housing – 40 Applications finalized and awaiting construction
- Title Deeds, Project currently underway to finalise and handover Title Deeds to beneficiaries'

## **Challenges**

- Title Deeds, Project currently underway to finalise and handover Title Deeds to beneficiaries'
- The parmalat and varkieskloof project will likely also require an environmental application, and bulk services constraints will remain as long as the Dam and WWTW are not upgraded.

## **CALITZDORP**

- Calitzdorp: Kannaland Municipality is currently busy with the screening process to identify the beneficiaries who qualifies for the 178 top structures.
  - Beneficiary Administration for phase 3 top structures
  - Construction of phase 3 top structures
- Title Deeds, Project currently underway to finalise and handover Title Deeds to beneficiaries'

## **Challenges**

- Water Supply, however this is due to drought because the water capacity supply is sufficient.

## **VANWYKSDORP**

- 100 RDP Housing Development, Property belongs to a farmer and amendments to the urban edge must be completed before this project can proceed, however planning in this regard are underway.

# Draft Annual Report 2016/17

- Title Deeds, Project currently underway to finalise and handover Title Deeds to beneficiaries'

The provision of human settlements is a high priority for the municipality. Challenges do exist with regard to the capacity of bulk infrastructure services with specific reference to waste water treatment works and water Storage. This has delayed the delivery of human settlements over the past few years which has resulted in the significant increase in the housing waiting list.

A Housing Pipeline was developed to assess the demand for low and middle income groups housing in Kannaland. Given the high unemployment in towns and the agricultural nature of the local economy which is affected by the national and international trends toward a magnetisation of the agricultural sector has resulted in a significant increase in the demand for low cost housing.

## Housing Backlog and provision in housing pipeline

Town	Waiting List	GAP Housing R 3501-R 15 000	Informal settlement	Provided in pipeline
Ladismith	1 282	83	45	1 606
Calitzdorp	1 024	102	45	651
Zoar	520	32	42	145
Van Wyksdorp	200	5	21	100
<b>Total</b>	<b>3 026</b>	<b>222</b>	<b>153</b>	<b>2 503</b>

TABLE 44: HOUSING PIPELINE AND PRE-FEASIBILITY REPORT – DE KOCK ASSOCIATES – INCLUDING MUNICIPAL DATABASE INFORMATION AS AT

## 3.6 ROADS

### **Municipal Roads**

The Municipality is responsible for the maintenance of roads within the four (4) towns (Ladismith, Calitzdorp, Zoar and Van Wyksdorp).

A roads master plan has been developed to address the ageing storm water infrastructure challenges. During a consultation session with sector departments, the Municipality approached the Municipal Infrastructure Support Agent "MISA", for assist with the development and compilation of the Roads and Storm Water Master Plan.

### **Completed projects**



# Draft Annual Report 2016/17

The municipality is aware of the challenges with regard to road maintenance in Ladismith and is planning to upgrade all the streets and pavements in Ladismith in the next few financial years.

During the 2016/17 financial year, operational maintenance commenced and potholes were filled as a temporary measure.

Gravel roads in Ladismith and Sakkies Baai has been funded by MIG and has successfully completed. The Zoar project is a phased out and will be completed in the following financial year.

The table below indicates the capital expenditure in terms of road services for the 2016/17 financial year.

Capital Expenditure					
R'000					
Capital Projects	Year 2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Ladismith: Sakkiesbaai: Upgrade Internal Roads	4848113,67		4848113,67		6741884
Zoar: Upgrade Internal Gravel Roads	5325640,03		5325640,03		7133469
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.7.9</i>

TABLE 45 - CAPITAL EXPENDITURE – 2016/17 - ROAD SERVICES

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### 3.7 PLANNING

#### **Building Control**

Currently the municipality has a Building Control section which is responsible for dealing with all building applications in terms of the building and planning regulations.

The Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985), hereafter referred to as “LUPO”, as a 1985 piece of legislation, predates the current Constitution of the RSA and was found to be unconstitutional in many respects. The Constitution confers “municipal planning”

# Draft Annual Report 2016/17

firmly as a municipal competency whilst in LUPO many of these powers vest with the Minister.

As a result of this the Land Use Management Act, 2013 (Act 16 of 2013), hereafter referred to as “SPLUMA”, at national level, the Western Cape Land Use Planning Act, “LUPA”, and Standard by-laws for municipal land use planning, has been developed to control land use planning.

The effect of this legislation transfers the full responsibility for land use planning to municipalities. The following are the key areas addressed in the legislation:

- Drafting of municipal spatial development frameworks,
- New integrated municipal zoning schemes,
- Receive and consider all land use applications,
- Decision making on land use applications by delegation to officials and to the Tribunals to be established.
- Appeals against decisions of the delegated official or the Tribunal to the Council’s appeal authority,
- Regulating time frames, notifications, confirmation of subdivision arrangements,
- Lapsing of rights
- Transgressions and enforcements.

It is anticipated that SPLUMA will be implemented during the 2015/16 (on 1 July 2015) financial year.

Kannaland Municipality, in principle, accepted the draft Standard By-law that was developed by the Provincial Department of Environmental Affairs. The draft has been published for public comments, after which it will be tabled to Council for adoption.

Kannaland Municipality through the adoption of the draft standard by-law, demonstrates its commitment to ensure that town planning (zonings, subdivisions, departures and consent uses) and building (control over the erection of buildings) issues are managed effectively.

The Financial Recovery Plan of the municipality identifies town planning as a critical revenue stream and this has also resulted that the fee structures for town planning being reviewed and implemented in the 2016/17 financial year.

The reviewed fee structure will include the following:

- Applicable fees for Town Planning, which include: Subdivisions, Rezoning, Departures and Consent Uses, as all this have an impact on the bulk services.
- Capital contributions towards the supply of services. (draft legislative requirement)
- Building plan fees.
- Penalties for “Illegal structures”.

## **Spatial Planning**

The Council adopted a Spatial Development Framework (SDF) on 25 November 2013, after an intensive Public Participation Process.

The purpose of the SDF is to give guidance for future development in each town, and is limited within the urban edge of each town. The SDF is a living document and should be reviewed regularly.

## **3.8 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

### **INTRODUCTION TO ECONOMIC DEVELOPMENT**

#### **LED STRATEGY**

Our current strategy is outdated and needs attention. Partnerships with DEDAT and Private sectors must be established to supporting the municipality into developing a future generation LED strategy and Tourism masterplan.

- **Conducive environment**

Kannaland Local Municipality plays an essential role in LED and their mandate is to create an environment enabling promote local economic development. Local Government contributes to this pillar through their main activities such as procurement etc. which will attract and not deter investment.

- **Broadening the economic base**

The local economy of Kannaland is strongly focused on the services sector and this pillar specifically supports activities leading to the expansion of the services sector specifically retail and business opportunities. The establishment of this sector will lead to SMME's and larger investors providing goods and services which are sustainable and will lead to an increased investment and economic growth in the area.

- **Increased accessibility**

To ensure that all people living in the Kannaland area have better access to improved services rendered by the municipality and other spheres of government.

- **Infrastructure investment**

The physical infrastructure in Kannaland needs to have a sufficient carrying capacity to meet the needs of the citizens of the area. Therefore be it housing or bulk services, this type of investment is essential to promote LED in the area which is environmentally friendly.

- **Wealth creation**

In order for Kannaland's economy to grow it is essential that the local economy grows through more investment and businesses being introduced into the area. The business opportunities which relate to specific leading sectors have been identified to diversify these sectors and create opportunities for local SMME's relating to viable business opportunities.

- **Attracting visitors and investors**

Kannaland's local economy is built on the opportunities created by tourists visiting the area. It is essential that the tourism industry be further developed and investment into this industry be promoted to ensure continuous growth. We must look at all the qualities and attractions in our area, to secure investment and better opportunities for the development of Kannaland communities.

## **ACHIEVEMENTS:**

### **Spatial Development Planning**

The municipality has commenced a process during February 2013 with the support of the Provincial Department of Environment and Planning to develop a Spatial Development Framework, which had last been updated in 2006. The department has appointed CNDV to manage this process and the public participation process conducted during February 2013. This strategic planning framework is an important planning catalyst through which the planning applications are processed. The municipality will adopt the SDF during the first half of the 2013/2014 financial year. Municipality must work on updating and adopting the current SDF for the 2016/17 financial year.

## **TOURISM**

The municipality has continued supporting the two local tourism bureaus with R180 000 per year to cover the operational costs of the offices which operate from Ladismith and Calitzdorp. A shortcoming is still the smaller towns Van Wyksdorp and Zoar which do not have local tourism bureau.

During the past year the two offices have combined received 2 125 visitors, with domestic (60%) and remaining 40% being made up of mainly Germany (12% at 275 visitors), United Kingdom (8% at 183 visitors) Canada (2% at 43 visitors) and France (2% at 54 visitors). It is important to note that these figures only represent visitors who walked into the local tourism offices and the visitor figure to the Kannaland area is certainly larger because the majority of tourists pre-book their visits and do not visit a local tourism bureau. The municipality will also support the following community initiatives over the next five years to further enhance the tourism industry

- Homestays
- Township tours
- Backpackers
- Local arts and crafts

# Draft Annual Report 2016/17

- Local market day
- Seasonal fruit tourism

To enhance tourism for the area, we need to focus on starting a Kannaland Tourism umbrella organization. The focus will then not be on promoting town to town, but the Kannaland area as one.

The municipality supported the following festivals with infrastructural and institutional support:

- Zoar Heritage & Culture Festival
- Seweweekspoort MTB (Ladismith Cheese)
- Calitzdorp Winter Festival
- Zoar Harvesting Festival (Oes Fees)

The **Expanded Public Works Programme** is one of government's ranges of programs aimed at service delivery, addressing poverty and providing income relief through temporary work opportunities for the unemployed. The EPWP is one of Kannaland Municipality's key job creation programmes given the high levels of unemployment in the area. This policy demonstrates Council's commitment towards job creation. Council has also resolved that all infrastructure projects (RBIG, MIG, ACIP, and electrical grant funding projects) are implemented on labor intensive principles.

Job creation through EPWP* projects	
Details	Jobs created through EPWP projects No.
Cleansing of water and sewerage works in Kannaland	30
IG/Saftey security services in Ladismith	6
Law enforcement project in Kannaland	6
TYC Clothing Project	8
Waste Site and cleaning in Kannaland	6

TABLE 46 - JOB CREATION THROUGH EPWP PROJECTS

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.9 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

#### LIBRARIES

The municipality renders the library service on an agency basis for the Provincial Government which is funded 100% through grants. The municipality views the libraries as key to developing the human capital, encouraging people to equip themselves with knowledge and skills in order to lead quality lives.

Libraries	Users	Stock
Ladismith	1 675	19 809
Calitzdorp	1 048	12 928
Zoar	1 672	8 756
Van Wyksdorp	190	5 540

TABLE 47: KANNALAND LIBRARY SERVICES

**Ladismith Public Library** is currently operating at its full capacity. An electronic lending system SLIMS has been introduced successfully since September 2011. The circulation with reference to the number of registered users remains high. The library still struggles to render a service which fills the void created by weak school libraries. Staff in the Ladismith Library attend to the information needs of learners. The library is in need of additional space for individual learners and those working in groups.

The library provides free internet access to users for which the demand is high and increasing due to the effective management of the service. Expansion is vital and is being addressed presently. Additional computers with internet access will be provided.

**Calitzdorp Library** has three computers with internet access for users and two in order to upgrade the lending system to the electronic SLIMS.

**Zoar Library** was opened in October 2009. The library is not able to offer computer services and has no internet, despite the fact that the number of young users exceed those of the other libraries in Kannaland.

Recent research conducted by a publisher of children's books, has shown that 84% of Afrikaans learners do not like reading, which provides the Kannaland libraries with a challenge to promote reading skills and an interest in reading.

**Van Wyksdorp** library was run on a voluntary basis but an appointment was finally made. The operating hours were extended to include two afternoons. Morning hours were minimized to three hours (8:00 – 11:00) Mondays to Fridays. Extension of the afternoon hours to benefit learners and premises occupied presently are in the process of being reviewed.

library outreaches have been conducted to raise educational swareness amongst scholars. Programmes has been initiated by the Provincial Government wherby stakeholders and broader community get together to share history of each town.

## 3.9 CEMETORIES

The municipality has identified the need to develop new cemeteries due to capacity restrictions and the remaining utilisation expectancy of the current cemeteries. Land for the new cemetery in Zoar has been identified and the re-zoning approved. The Environmental Impact Assessment is in progress.

The Ladismith cemetery has nearly reached its capacity but sufficient adjacent land is available to accommodate extension in terms of the Environmental Impact Assessment (EIA) Legislation. A formal process has been initiated to seek suitable alternative land.

The Bergsig and Calitzdorp town cemeteries have also reached full capacity. The Bloekomlaan cemetery will be utilised as an alternative cemetery site for the Bergsig and Calitzdorp town communities. This will be formally communicated through public participation processes. In addition a further utilisation expectancy study will be conducted.

The Van Wyksdorp cemetery has nearly reached its capacity and the consulting engineers have been instructed to seek suitable alternative land to establish a new cemetery for Van Wyksdorp.

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape.

Urban expansion and farming in marginal areas to meet the demand of an increasing population, are leading to a loss of land and productivity. Secondary pressures, such as climate change, desertification and alien plant invasion, are further contributing factors.

Humans influence land degradation in three principle ways:

- The use of land resources for productive purposes: for agriculture, the collection of wood for fuel and building materials, as well as water abstraction and mineral extraction.
- The use of land resources for space needs, for example, settlement, infrastructure and recreational purposes.
- A tertiary set of influences comprises the incidental and often remote impacts of economic activity on land resources: for example, pollution of (sub) surface and atmospheric water resources by industry, alien plant invasion and climate change.

Agriculture has transformed much of Kannaland's natural landscape to cultivated lands. The Little Karoo, in general, which is under extensive agriculture, game farming and conservation land uses, falls within the category "Succulent Karoo /Spekboom/ Fynbos".

Land degradation manifests itself in the soil and in the veld. Sheet erosion is the most common form of soil degradation, with some rill and gully erosion in Kannaland. The Combined Land Degradation Index (CDI) indicates that the most degraded areas within Kannaland are situated around Ladismith and Calitzdorp because of overgrazing. The rest of Eden is only lightly affected by soil and veld degradation issues.

To monitor land degradation in Kannaland, the following indicators need to be identified:

- Area of land under formal conservation protection;
- Landscape change;
- Number of agricultural subdivisions; and
- Combined Land Degradation Index.

Six impact groups associated with land degradation drivers in Kannaland are:

- Farming in marginal areas, which leads to loss of ecosystem integrity, loss of natural habitats and which exerts stresses on the natural resource base, for instance on water through irrigation of crops.
- Subdivision of agricultural land into uneconomically viable units and urban sprawl leads to diminishing agricultural returns.



- Urban expansion triggered by population growth and a better standard of living leads to the loss of agriculturally productive land and other land conflicts (e.g. conservation vs. urban development).
- Alien plant invasions cause veld degradation, a reduction on the quality and quantity of water and hence the loss of biodiversity resources.
- Climate change (global warming) brings an increase in the frequency of extreme weather events (droughts/ flooding), change in rainfall patterns and in extreme cases desertification. Loss of biodiversity is strongly associated with these phenomena.

## **WATER**

Kannaland falls largely within the Gouritz Water Management Area, a grouping of primary water catchments, which are diverse in nature, evaporation exceeds rainfall in the northern catchments meaning that these are water stressed areas. In contrast, rainfall generally matches evaporation in the southern catchments meaning that these are generally moister environments. In the Gouritz River catchment the development of surface water resources has reached its full potential and all the water is fully utilised.

The inland water resources are under severe pressure through urban population increased. In concert with population growth Kannaland has experienced expansion in the provision of water services. In addition, low cost housing projects emerging from the National Reconstruction and Development Programme (RDP), together with the National Water and Sanitation Programme which has contributed to water demand. A further pressure on the water resource is the influx of tourism over the holiday season, introducing a spike in water demand. Economic growth and consumer and export demand has led to an increase in agricultural production, which in turn has placed greater pressure on water resources through greatest abstraction for irrigation.

Alien invasive plant and animal species, introduced by human actions either accidentally or for commercial purposes, are proving a major threat to the quality and quantity water, as well as to the biodiversity of freshwater systems. Climate change is expected to lead to slightly reduced rainfall over the Kannaland region, increased variability of rainfall, fewer but heavier precipitation events and increased temperatures and evaporation. These effects could work together to increase flooding, but could also reduce base-flow (long term low flow).

## **BIODIVERSITY**

Owing to its broad range of climatic conditions, geology, soils and landscapes, Kannaland has a very substantial share of global biodiversity within its borders. Kannaland's biological heritage is important in many ways – providing ecosystem services like clean water, contributing directly to the economy through industries like fishing and tourism, supporting livelihoods by providing food, medicines and building materials and generally improving

health and well-being. Through habitat destruction and ill-conceived developments biodiversity is under threat world-wide. To counteract this threat Kannaland should protect representatives of as many types of community and ecosystem as possible. By conserving suitable habitat we are also improving the survival chances of the species and populations contained therein. Living landscapes preserve the option value of biodiversity – the potential to provide benefits in the future.

Important driving forces putting pressure on the biodiversity resources of Kannaland are:

- Population growth;
- The demand for economic growth to provide wealth and job creation;
- Demand for housing and associated services for historically disadvantaged people;
- Unsustainable extraction of natural resources as a result of poverty or greed;
- Poor land use practices promoting soil erosion and infestation by invasive alien plants;
- Poor waste and pollution management;
- Climate change; and
- Lack of understanding

In terms of appropriate responses, the mainstreaming biodiversity consideration into socio-economic agendas holds most promise to turn the situation around. It is necessary to:

- Integrate the protection and management of biodiversity resources with all human development by means of regional and national conservation initiatives;
- Build capacity in the areas of conservation assessment, taxonomy, green technology and knowledge transfer;
- Increase capacity in environmental law enforcement, management and education;
- Strengthen existing biodiversity conservation programmes to identify ecosystems, species and genetic resources that are at imminent risk of extinction;
- Implement strong counter measures to slow down the speed with which the loss of biodiversity occurs; and
- Link biodiversity protection and economic upliftment, as biodiversity protection provides an opportunity for less formal, nature-based community initiatives to act as economic engines and job creators.

## **CLIMATE**

There is general scientific agreement that the world is now warmer than at any time in the last 1000 years, and that the cause for this warming is due to human activities. Kannaland is at risk from projected changes in rainfall pattern and warming induced by changes in the global energy balance and atmospheric water balance.

Trends in climate over a five-year period can easily be meaningless or insignificant in a statistical sense.

However, the average for the five-year reporting period may be useful for simple comparative purposes against the long term average. Once a continuous ambient air quality sampling programme is in place, quarterly air quality reports which will provide useful state of environment data.

Increased drying and changes to the seasonal nature of precipitation will bring an increase in irrigation requirements which are likely to desiccate wetlands and threaten seasonal ecosystem interactions within the wetland. Such impacts are likely to further threaten the biodiversity of freshwater resources, which in turn will impair the environmental services they provide. The impact caused by climate change in terrestrial ecosystems include the detrimental effects associated with wildfires due to increased berg-wind conditions, and the possibility of changes in the distribution of alien invasive species, apart from changes in indigenous species distribution and interactions.

Numerous economic sectors could be affected by changes in temperature and precipitation patterns. The impact is likely to be felt in agriculture, fisheries, forestry, the manufacturing industry, tourism, finance and investment, transport, communication and trade, and construction. Climate change is likely to impact water services in terms of diminishing reserves on the one hand, and damage to infrastructure due to heavier precipitation events on the other.

## **KANNALAND FLORA**

The Cape Floral Kingdom is characterized by its exceptional richness in plant species. More than 8 700 species are known to exist, with more than 68% of these being endemic. The Cape Floral Kingdom, thus, compares with some of the richest floras worldwide. It is the smallest of the Floral Kingdoms and covers a mere 0.06% of the earth's surface, and is the only Floral Kingdom contained in its entirety within a single country.

Kannaland is a region of extensive plains, arid foothills and rugged rocky ridges and includes a wide range of microhabitats with extreme seasonal and diurnal temperature fluctuations. There are 1325 plant species in this area, including 182 Succulent Karoo endemics and 92

# Draft Annual Report 2016/17

Red List species ([www.skep.org.za](http://www.skep.org.za)). While unique and rare species are found throughout the landscape, many of the endemics are concentrated along veins of weathered quartz, where patches of white pebbles provide camouflage and moderate the temperature for “stone plants”

## COMPONENT F: SAFETY AND SECURITY

### 3.10 OTHER (DISASTER MANAGEMENT, TRAFFIC, FIRE SERVICES)

Kannaland Municipality has a functional disaster management structure. The Municipal Manager has mandated the Executive Manager: Corporate Services to do the functionary work with regard to Disaster management in Kannaland. A disaster Management plan has been developed and approved in terms of the section 53 Disaster Management Act.

#### **HAZARDS / VULNERABILITIES ASSESSMENTS**

The Eden District Municipality completed a risk and vulnerability assessment during 2006 and the following were identified:

Assessment	Description
<b>Biological: Human Epidemics</b>	HIV/AIDS and TB is expected to be high among farm workers in Kannaland Municipality. However, there is, as is the case in most of the EDM, insufficient data available to confirm this.
<b>Biological: Agricultural Epidemics</b>	Agricultural epidemics is a major concern on chicken and ostrich farms where avian flu may once again break out and where major losses have already occurred due to the disease.
<b>Human: Events and Civil unrest</b>	The risk of event-related disasters and civil unrest is very low, due to the rural nature and general low population density, of the communities in the Kannaland.

# Draft Annual Report 2016/17

Assessment	Description
<b>Environmental: Degradation</b>	<p>Environmental land and water pollution related to hazardous substance spillages pose a risk along the major transport routes in the Kannaland. Environmental degradation may occur as a result of the over-use of fertilisers, as is the case in much of the EDM.</p> <p>Underground water abstraction also poses unknown risks with regards to its effect on the water table and the associated vegetative cover.</p> <p>Drought conditions pose a risk and this degrades the natural environment and its ability to sustain farming practices. It also increases the possibility of a loss of biodiversity.</p>
<b>Environmental: Fires</b>	Plantation fires are a concern in this Kannaland, especially since the ability of the municipality to deal with large-scale disasters of this nature is perceived to be inadequate.
<b>Geological: Earthquakes and landslides/rock falls</b>	There does not seem to be notable threats Kannaland in this regard.
<b>Hydro- meteorological: Floods</b>	There does not seem to be notable threats Kannaland in this regard.
<b>Technological: Transport</b>	As mentioned regarding environmental degradation, transport-related disasters could cause damage to the environment.
<b>Technological: Major disruption of key services</b>	The impact of a major disruption in key services in Kannaland is relatively low, due to the predominantly rural nature of the municipality residences, where many of the settlements already have access to alternative services or they can operate on limited service provision without too much difficulty. Water supply may, however, be problematic should long-term drought conditions prevail.
<b>Technological: Industrial, explosions and fires</b>	Filling station fires/explosions, LPG gas supply establishment fires/explosions, fires in high-rise buildings, and large structure fires all pose risks in this area. The possible impacts are exacerbated by the perceived lack of capacity in the Kannaland to manage and respond to such events.

TABLE 48: HAZARDS / VULNERABILITY ASSESSMENTS

# Draft Annual Report 2016/17

---

The impact prioritization for the most important risks (in order of priority) is as follows:

- Floods
- Plantation and vegetation fires
- Agricultural epidemics
- Hazardous materials transport
- Drought

## **RISK REDUCTION MEASURES**

No other risk reduction measures are in place other than proactive measures during early warnings and forecasts or progression of incidents. Preventive measures are relocating or evacuating members of communities and providing support at a local level or as assisted through the District.

### **Mitigation measures**

- Water restrictions in place
- Awareness campaigns
- Cleansing of storm water drainage systems

### **Preparedness measures**

- Disaster Management Advisory Forum has been established.
- Meetings/ forums / workshops (newly established Disaster Management Forum)

## **3.11 TRAFFIC**

Safety and security is the responsibility of the Protection Services Department of the Community Services Directorate. The Department is committed to provide a high quality community-oriented service to meet the safety and security needs of a diverse community. The Division strives to constantly improve its standing within the community it serves and the profession itself. Traffic services resides under the Department of Community Services and is mainly responsible for the following:

- Traffic control and Vehicle testing and licensing

# Draft Annual Report 2016/17

## COMPONENT G: SPORT AND RECREATION

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

### 3.12 SPORT AND RECREATION

#### Sports Fields

Supporting the growth of a culture of a healthy sporting society is important to the municipality and with its modest budget it maintains the following sports fields and has made a commitment in this budget and the next budget to commit resources for upgrading:-

Town	Status	MIG
Calitzdorp	In Process	MIG

TABLE 49: SPORT FIELDS

The municipality embarked on an initiative to establish a Sport Council to be fully operational in the 2017/18 financial year.

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### 3.13 EXECUTIVE AND COUNCIL

The Executive and Council comprises the Municipal Council support staff as well as the Office of the Municipal Manager which includes the Strategic Services Department and Internal Audit Unit. The activities of this section are detailed under Governance (Chapter 2).

### 3.14 FINANCIAL SERVICES

Below is the highlights and challenges for the year under review:

	FOCUS AREA
Highlights	Debt collection
Challenges	Manage the Increase in employee related costs

# Draft Annual Report 2016/17

The table indicated the debt recover for the 2016/17 financial year:

Debt Recovery			R'000
Details of the types of account raised and recovered	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	
Property Rates	15,297,399.27	57.79	
Electricity	37,468,392.91	89.89	
Water	22,172,973.08	44.31	
Sanitation	6,796,970.16	54.14	
Refuse	6,162,133.66	54.84	
Other	679,383.26	603.42	

TABLE 50 - DEBT RECOVERY – 2016/17

The table below indicates the 2016/17 financial performance for Financial Services.

Financial Performance Year 2016/17: Financial Services						R'000
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.						T 3.25.5

TABLE 51 - FINANCIAL PERFORMANCE YEAR 2016/17: FINANCIAL SERVICES



# Draft Annual Report 2016/17

## 3.15 HUMAN RESOURCE SERVICES

The HR unit is responsible for the administration of all matters relating to the municipality's personnel. The department also assists in maintaining effective processes and procedures in compliance with relevant legislation.



FIGURE 9 – TOP STRUCTURE

The organisational structure have been reviewed during May 2017 to ensure alignment with the municipal strategic objectives (IDP) to ensure compliance and effective and efficient service delivery. The objective with the review of the organisational structure is to improve revenue collection and a flatter management structure for faster decision making.

All funded and vacant positions must be advertised internally, which creates the opportunity for previously disadvantage individuals to advance through the municipality.

The municipality are currently making use of two retirement funds that include Cape Retirement Fund and SAMWU Provident Fund. Municipal employees are part of SAMWUMED, Bonitas and LA Health for medical aid benefits.

## CHAPTER 4 -ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

##### 4.1 EMPLOYEE TOTALS AND VACANCY RATE

##### 4.1.1 EMPLOYEE TOTALS

Employees				
Description	2016/17			
	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	%
Water	13	13	0	0%
Waste Water (Sanitation)	12	12		
Electricity	12	12	0	0%
Waste Management	12	12	9	75%
Housing	24	24	0	0%
Waste Water (Stormwater Drainage)	0	0		
Roads	4	4		
Transport / Vehicle Maintenance	2	2	0	0%
Planning	0	0	0	#DIV/0!
Local Economic Development	1	1	1	100%
Planning (Strategic & Regulatory)	1	1	1	100%
Community & Social Services	32	32	0	0%
Security and Safety	9	9	0	0%
Sport and Recreation	0	0	0	#DIV/0!
Corporate Services	37	37	4	11%
Finance	47	47	0	0%
<b>Totals</b>	<b>206</b>	<b>206</b>	<b>15</b>	<b>7%</b>

TABLE 52 – EMPLOYEE TOTALS

# Draft Annual Report 2016/17

## 4.1 VACANCIES RATE

Vacancy Rate: Year 2016/17			
Designations	*Total Approved Posts  No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	1	0	0,00
Senior management: Levels 13-15 (excluding Finance Posts)	6	1	16,67
Senior management: Levels 13-15 (Finance posts)	3	0	0,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	13	0	0,00
Highly skilled supervision: levels 9-12 (Finance posts)	11	0	0,00
<b>Total</b>	<b>36</b>	<b>1</b>	<b>2,78</b>

TABLE 53: VACANCY RATE

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Municipal Systems Act, 32 of 2000, Section 67, requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel

administration in accordance with the Employment Equity Act 1998.

During the year several policies were reviewed and implemented..

# Draft Annual Report 2016/17

## 4.2 POLICIES

Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
	%	%	
Affirmative Action	NO	NO	
Attraction and Retention	YES		OCT. 2011
Code of Conduct for employees	YES		USE BCE-ACT REGULATIONS
Delegations, Authorisation & Responsibility	YES		
Disciplinary Code and Procedures	YES		USE SALGBC AGREEMENTS
Essential Services	YES		
Employee Assistance / Wellness	NO		
Employment Equity	NO		
Grievance Procedures	NO		USE SALGBC AGREEMENTS
HIV/Aids	YES		FEBR. 2008
Human Resource and Development	NO		
Information Technology	YES	CURRENTLY IN THE PROCESS	4-Jul-05
Job Evaluation	NO		
Leave	YES		FEB. 2008
Occupational Health and Safety	YES		9-Sep-08
Official Journeys (S & T)	YES	OCT. 2013	19-Mar-12
Official Working Hours and Overtime	YES		19-Dec-12
Organisational Rights	YES		
Payroll Deductions	YES		
Performance Management and Development	YES		
Recruitment, Selection and Appointments	YES		27-Oct-11
Remuneration Scales and Allowances	YES		
Skills Development	YES		JAN. 2008
Special Skills (Scarce Skills)	YES		OCT. 2011
Long Service Recognition	YES		9-Sep-08
Acting Allowance	YES		19-Dec-12
Standby Allowance	YES		9-Sep-08
Nepotism	YES		9-Sep-08
Demotion, Promotion & Transfer	YES		9-Sep-08
Personnel Production: Performance Recognition	YES		9-Sep-08
Whistle-blowers	YES		9-Sep-08
Alcohol & Substance Abuse	YES		9-Sep-08
Cellphone Users Scheme	YES		9-Sep-08
Car-allowances Scheme	YES		29-Jan-09
Legal Representative	YES		21-Oct-11

# Draft Annual Report 2016/17

Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
	%	%	
Study-loan Scheme	YES		19-Dec-11
Cellphone Users Scheme for Officials	YES		13-Jan-12
Retention of Staff	YES		27-Oct-11
Access of Information	YES		18-Nov-11
Anti-Fraud & Corruption Strategy and Prevention	YES		12-Nov-13

TABLE 54 - HR POLICIES AND PLANS

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty				
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee
	Days	No.	%	Days
Required basic medical attention only (Temporary Workers)	18	11	61%	2
Temporary total disablement	0	0	0	0
Permanent disablement	0	0	0	0
Fatal	0	0	0	0
Total	18	11	61%	0

TABLE 55 - NUMBER AND COST OF INJURIES ON DUTY

The number of sick leave and the cost thereof will only be included once the information is audited.

# Draft Annual Report 2016/17

## 4.4 PERFORMANCE-REWARDS

The performance management system does not have a reward programme for employees, however the performance policy will be revised. .

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipal Systems Act. 200, Section 67, requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personal administration in accordance with the Employment Equity Act 1998.

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix			
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		0
Councillors, senior officials and managers	Female	0	0
	Male	0	0
Technicians and associate professionals*	Female	1	1
	Male		0
Clerks and Coordinators	Female		0
	Male	5	5
Sub total	Female	1	1
	Male	5	5
Total		12	12

TABLE 56 - SKILLS MATRIX

# Draft Annual Report 2016/17

## PROGRESS REPORT

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>		<b>N/A</b>				
Accounting officer	1	<b>N/A</b>	1	1	1	1
Chief financial officer	1	<b>N/A</b>	1	1	1	1
Senior managers	1	<b>N/A</b>	1	1	0	1
Any other financial officials	8	<b>N/A</b>	8	7	0	8
<b>Supply Chain Management Officials</b>		<b>N/A</b>			<b>0</b>	
Heads of supply chain management units	2	<b>N/A</b>	2	2	0	2
Supply chain management senior managers	0	<b>N/A</b>	0	0	0	0
<b>TOTAL</b>	<b>11</b>	<b>N/A</b>	<b>11</b>	<b>10</b>	<b>0</b>	<b>11</b>
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

TABLE 57 - FINANCIAL COMPETENCY DEVELOPMENT - PROGRESS REPORT

## CHAPTER 5 – FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

#### INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**



# Draft Annual Report 2016/17

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	2016/17										
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustment s budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9	10	11
<b>Revenue By Source</b>											
Property rates	15 064		14 774			14 774	14 900			101 %	99%
Property rates - penalties & collection charges											
Service Charges	66 694		68 699			68 699	65 141			95%	98%
Rental of facilities and equipment	170		265			265	484			183 %	285 %
Interest earned - external investments	70		690			690	845			122 %	1207 %
Interest earned - outstanding debtors	1 170		3 570			3 570	5 423			152 %	463 %
Dividends received	–		3			3	3			98%	
Fines	2 002		5 403			5 403	6 107			113 %	305 %
Licences and permits	280		210			210	280			133 %	100 %
Agency services	700		705			705	780			111 %	111 %
Transfers recognised - operational	40 015		43 245			43 245	43 231			100 %	108 %
Other revenue	3 116		263			263	6 774			2576 %	217 %
Gains on disposal of PPE	–		201			201	201			100 %	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>129 281</b>	<b>–</b>	<b>138 028</b>	<b>–</b>		<b>138 028</b>	<b>144 170</b>				
<b>Expenditure By Type</b>											
Employee related costs	50 597		47 227			47 227	47 710			101 %	94%
Remuneration of councillors	2 926		2 846			2 846	2 613			92%	89%

# Draft Annual Report 2016/17

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	2016/17										
R thousand	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustment s budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Debt impairment	15 067		15 566			15 566	30 500			196 %	202 %
Depreciation & asset impairment	12 766		10 474			10 474	12 650			121 %	99%
Finance charges	1 147		987			987	4 077			413 %	355 %
Bulk purchases	30 720		30 720			30 720	26 558			86%	86%
Other materials											
Contracted services							16 012				
Transfers and grants											
Other expenditure	33 975		30 193			30 193	20 074			66%	59%
Loss on disposal of PPE			–			–					
Total Expenditure	147 198	–	138 013	–	–	138 013	160 193	–			
Surplus/(Deficit)											
Transfers recognised - capital	54 480		26 231			26 231	24 805			-6%	- 120 %
Contributions recognised - capital											
Contributed assets			97			97	1 534			94%	100 %
Surplus/(Deficit) after capital transfers & contributions	36 563	–	26 343	–	–	26 343	10 316	–			
Taxation											
Surplus/(Deficit) after taxation	36 563	–	26 343	–		26 343	10 316				
Attributable to minorities											
Surplus/(Deficit) attributable to municipality	36 563	–	26 343	–		26 343	10 316				
Share of surplus/(deficit) of associate											
Surplus/(Deficit) for the year	36 563	–	26 343	–		26 343	10 316				

Table 58 - Budgeted Financial Performance

# Draft Annual Report 2016/17

## 5.1 PERFORMANCE AGAINST BUDGETS

The table below shows a summary of performance against budgets for the 2016/17 financial year:

R million	Original Budget	Adjustment Budget	Audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	54 589 850	26 146 085	23 081 841	-58%	-12%
Operating Expenditure	147 198 016	112 841 798	137 111 108	-7%	22%
<b>Total expenditure</b>	<b>201 787 866</b>	<b>138 987 883</b>	<b>160 192 949</b>	<b>-21%</b>	<b>15%</b>

## 5.2 GRANTS

Grant Performance						
R' 000						
Description	2015/16	2016/17			2016/17 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>						
Equitable share	22 391 000	22 940 000	0	22 940 000		
Municipal Systems Improvement	930 000	0	0	30 288		
Other						
Finance Management	1 675 000	1 810 000	0	1 612 143		
MIG PMU	491 075	490 150	0	490 150		
EPWP	997 388	1 000 000	0	999 612		
<b>Provincial Government:</b>						
Health subsidy						
Housing	15 571 557		0	12 300 068		
Sports and Recreation						
Library and Paving	1 773 000	1 900 000	0	1 731 162		
Performance Management						
Fin Assistance to Mun for Maintenance & Construction of Transport Infrastructure						
CDW's	108 000	113 000	0	96 881		
<b>District Municipality:</b>						
Proclaimed Roads						
Other						

Grant Performance						
						R' 000
Description	2015/16	2016/17			2016/17 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Other grant providers:</b>						
<i>FMSG</i>	1 050 000	1 220 000	0	1 220 000		
<i>DWA and Others</i>						
<b>Total Operating Transfers and Grants</b>						
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1

TABLE 59 – GRANT PERFORMANCE

# Draft Annual Report 2016/17

## 5.3 ASSET MANAGEMENT

The Asset Management Function of Kannaland Municipality is currently a great challenge. One of the major challenges is correcting the data from the past. This issue has been coming for years, but we are chewing the elephant piece by piece.

In the 2016-17 Financial Year, we have started with the complete moveable asset count. This included visiting all possible sites where assets can be allocated, and listing all assets we can find, updating their position, custodian room as well as giving them a condition rating.

This process was made easier by using the programmed tab issued by Mubesko. After this process we were able to extract a listing with missing items that we investigated, and then removed from the register. This is probably one of the big achievement for the 2016/17 financial year as Kannaland never had a complete moveable asset register before.

Planning for the other asset classes is already underway, as we plan to have a fully complete asset register at the end of the current financial year 2017/18. The infrastructure will pose the greatest challenge. We will have to do a complete verification on infrastructure which has to be done by engineers which will cost the municipality more than R1mil. Depending on the availability of funds this process might have to be done over more than 1 year.

### **Challenges are plenty in our department:**

We are way understaffed, we currently have only one acting accountant and one intern in this department. This makes it impossible to function effectively

Lack of Asset Management System, we are currently still making use of an excel register which only allows annual update of the FAR.

Lack of a store room, we currently have no space for the storage of Assets that are not being used

Co-operation by staff is poor. They still believe that they carry no responsibility towards the management of the assets assigned to them and that that responsibility is only the asset departments

Availability of staff to do quarterly sample verifications, due to the lack of staff in the department it is difficult to do the quarterly verifications, because the current staff have to be available to auditors during quarter 1 and 2 mostly

Above are just a couple of the challenges we face in the Assets Management department. Without staff it we are unable to implement the basic policies and procedures needed to manage the assets efficient and effectively.

Even though there are numerous challenges and shortages in the Asset Management department, most of our current focus is to attain a fully complete asset register. This is

## Draft Annual Report 2016/17

unfortunately a process that takes time as well as financial resources, but we are positive that this department will be fully functional and compliant soon enough.

The municipality has a full asset management plan which produces a credible asset verification register with GIS mapping.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2016/17					
Asset 1					
Name	Upgrade of Internal Roads Sakkiesbaai				
Description					
Asset Type	Roads				
Key Staff Involved					
Staff Responsibilities	Oversight				
Asset Value				2015/16	2016/17
					5 843 312.06
Capital Implications					
Future Purpose of Asset					
Describe Key Issues					
Policies in Place to Manage Asset					
Asset 2					
Name	New Mini Substation at Ladismith				
Description					
Asset Type	Electricity				
Key Staff Involved					
Staff Responsibilities	Oversight				
Asset Value				2015/16	2016/17
					1 023 416.89
Capital Implications					
Future Purpose of Asset					
Describe Key Issues					
Policies in Place to Manage Asset					
Asset 3					
Name	Fire Truck				
Description	Isuzu N Series NQR 500 AMT				
Asset Type	Emergency Vehicles				
Key Staff Involved	Community Services				
Staff Responsibilities	Oversight				
Asset Value				2015/16	2016/17

## Draft Annual Report 2016/17

					1 400 000
Capital Implications					
Future Purpose of Asset	To provide emergency fire services in Kannaland.				
Describe Key Issues	None				
Policies in Place to Manage Asset	Yes				

### 5.4 REPAIR AND MAINTENANCE

Repair and Maintenance Expenditure: Year 2016/17				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3 475 350	2 151 860	2 127 735	-24 125

TABLE 60 - REPAIR AND MAINTENANCE EXPENDITURE –2016/17

### 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

#### 5.5.1 LIQUIDITY RATIO

DESCRIPTION	BASIS OF CALCULATION	2016/17
CURRENT RATIO		
Current Ratio adjusted for aged debtors		
Liquidity Ratio		

#### 5.5.2 NATIONAL FINANCIAL VIABILITY INDICATORS

DESCRIPTION	BASIS OF CALCULATION	2016/17
Cost Coverage		
Total Outstanding Service Debtors to Revenue		
Debt coverage		

## 5.6 Municipal Infrastructure Grant (MIG)\* Expenditure 2016/17 on Service backlogs

Municipal Infrastructure Grant (MIG)* Expenditure 2016/17 on Service backlogs					
Details	Budget	Adjustments Budget	Actual	R' 000	
				Variance	
				Budget	Adjust- ments Budget
<b>Infrastructure - Road transport</b>					
<i>Ladismith: Sak kiesbaai: Upgrade Internal Roads</i>	4848113,7	0	4848113,7	0%	%
<i>Zoar: Upgrade Internal Gravel Roads</i>	5325640	0	5325640	0%	%
<b>Infrastructure - Electricity</b>				0%	%
<i>Generation</i>	0	0	0	0%	%
<i>Transmission &amp; Reticulation</i>	0	0		0%	%
<i>Street Lighting</i>	0	0	0	0%	%
<b>Infrastructure - Water</b>				0%	%
<i>Dams &amp; Reservoirs</i>	0	0	0	0%	%
<i>Water purification</i>	0	0	0	0%	%
<i>Reticulation</i>	0	0	0	0%	%
<b>Infrastructure - Sanitation</b>					%
<i>Reticulation</i>	0	0	0	0%	%
<i>Sewerage purification</i>	0	0	0	0%	%
<b>Infrastructure - Other</b>				0%	%
<i>Waste Management</i>	0	0	0	0%	%
<i>Transportation</i>	0	0	0	0%	%
<i>Gas</i>	0	0	0	0%	%
<b>Other Specify:</b>					%
<i>Calitzdorp: Bergsig: Rehabilitation of Sport Field</i>	65454,0	0	65454,0	0%	%
<b>Total</b>	10239208		10239208	0%	%

TABLE 61 - MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE



## 5.7 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

The table below indicates the Service Backlogs as at 30 June 2017

Service Backlogs as at 30 June 2017		
	*Service level above minimum standard	**Service level below minimum standard
	No. HHs	No. HHs
Water	4702	2059
Sanitation	4266	2059
Electricity	Prepaid: 2121 Conventional: 2243	2059
Waste management	4631	2059

TABLE 62 - SERVICE BACKLOGS AS MUNICIPAL DATA

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.8 CASH FLOW

The table below indicates the Cash Flow Outcomes.

Cash Flow Outcomes				
				R'000
Description	2015/16	2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other				
Government - operating				
Government - capital				
Interest				
Dividends				
<b>Payments</b>				
Suppliers and employees				
Finance charges				
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets				
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>				
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>				

Cash Flow Outcomes				
Description	2015/16	2016/17		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash/cash equivalents at the year begin:				
Cash/cash equivalents at the year end:				
Source: MBRR A7				T 5.9.1

TABLE 63 CASH FLOW OUTCOMES – 2016/17

## 5.9 BORROWING AND INVESTMENTS

Kannaland Municipality as many other municipalities in South Africa is reliant on grant funding to enhance their income and to properly execute their duties and functions as prescribed by the Constitution of South Africa. Therefore all grant funding received from National and Provincial Government needs to be used, solely for the purposes intended and granted for.

We therefore have established a proper 32 days investment system and all grant funding are safely been deposited at all major banks. This not just ensuring safekeeping of all grant funding, but also enhancing the cash flow position of the municipality by earning additional income from interest.

Actual Borrowings: Year -2015/16 to Year2016/17		
		R' 000
Instrument	2015/16	2016/17
<b>Municipality</b>	0	0
Long-Term Loans (annuity/reducing balance)	0	0
Long-Term Loans (non-annuity)		
Local registered stock		
Instalment Credit		
Financial Leases		
PPP liabilities		
Finance Granted By Cap Equipment Supplier		
Marketable Bonds		
Non-Marketable Bonds		
Bankers Acceptances		
Financial derivatives		
Other Securities		
<b>Municipality Total</b>	0	0
<b>Municipal Entities</b>		
Long-Term Loans (annuity/reducing balance)		
Long-Term Loans (non-annuity)		
Local registered stock		
Instalment Credit		

Actual Borrowings: Year -2015/16 to Year2016/17		
	R' 000	
Instrument	2015/16	2016/17
Financial Leases		
PPP liabilities		
Finance Granted By Cap Equipment Supplier		
Marketable Bonds		
Non-Marketable Bonds		
Bankers Acceptances		
Financial derivatives		
Other Securities		
<b>Entities Total</b>	0	0

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.10 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules 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. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

**Auditor General Report 2016/17**

**Auditor General Report 2016/17**

**Auditor General Report 2016/17**

[illegible]

## VOLUME I: TOP LAYER: PERFORMANCE INFORMATION (SEC 46)

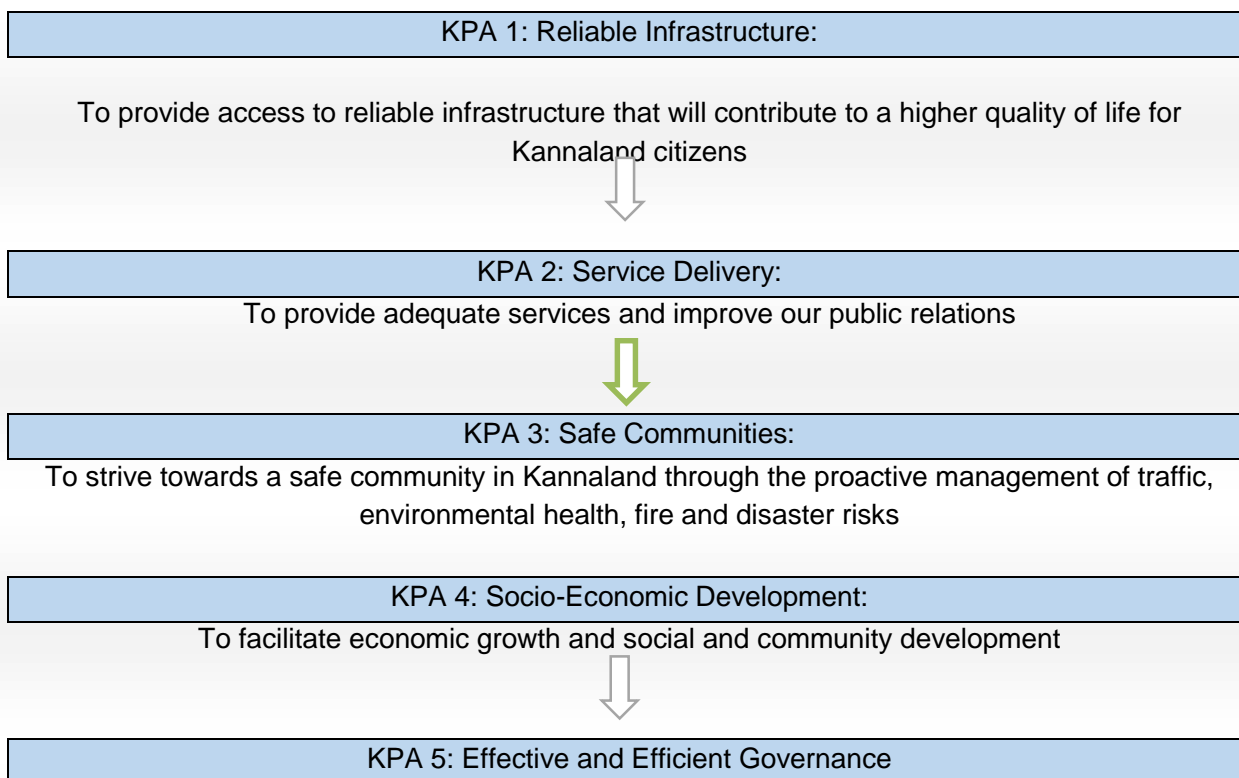
### PERFORMANCE MANAGEMENT WITHIN KANNALAND MUNICIPALITY

#### Performance Management System

The Performance Management System (PMS) of the municipality is the institutional system that is employed to develop, monitor and evaluate performance of the municipality. The performance management process is integrated with the IDP and budget. The IDP is the municipal planning phase and the performance management is the implementation, monitoring and evaluation of the IDP.

Key Performance Indicators (KPI's) are developed for the Municipal Manager and each Senior Manager reporting to the Municipal Manager. The municipality conducted four assessments, first and third quarter was informal and the mid-year as well the annual performance, in compliance with Performance Management legislation which were overseen by the required functionaries.

Kannaland Municipality developed strategic priorities (KPA's), objectives and strategies in order to achieve the outcomes in its mission statement, however, achieving the outcomes remain a challenge. Effective intergovernmental relations will overcome the challenge posed by historical mediocre performance of government departments to achieve outcomes developed on paper. Taking into consideration political, national, and provincial and district policies, Kannaland Municipality adopted the following seven (7) Strategic Priorities (KPA's):



To promote efficient and effective governance with high levels of stakeholder participation



### KPA 6: Efficient Workforce

To provide an efficient workforce by aligning our institutional arrangements to our overall strategy



### KPA 7: Financial Sustainability

To strive towards a financially sustainable municipality

The next step was to determine what must be done (Objective) to address the Priority Issue and how (Strategy) this will be achieved. This process is illustrated below:

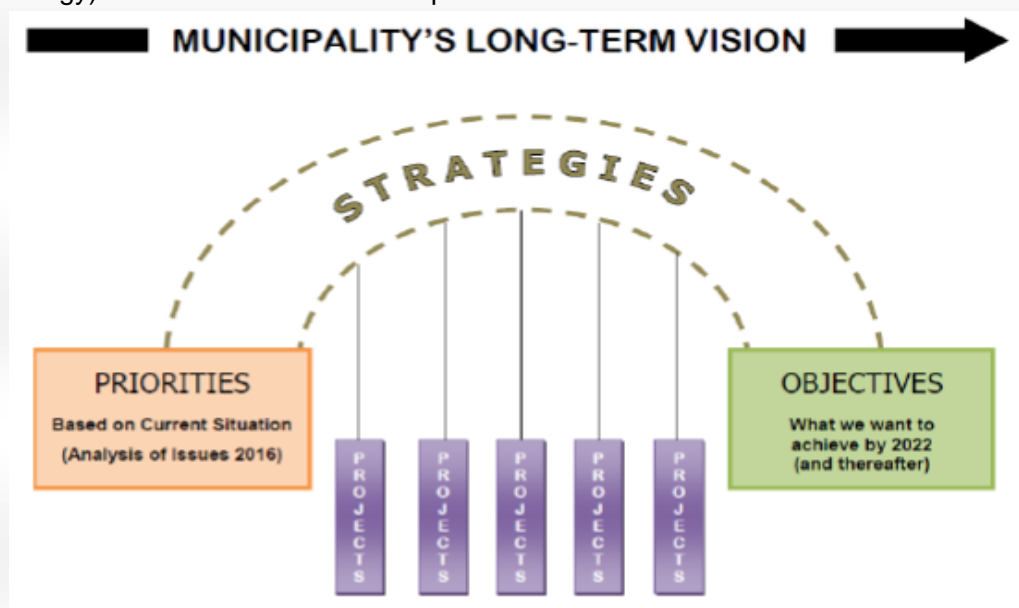


FIGURE 10: MUNICIPAL LONG TERM VISION ILLUSTRATION

### AN OVERVIEW OF THE ACTUAL PERFORMANCE OF 2016/17

The Annual Performance Report is hereby compiled in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2016 to 30 June 2017 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as summarised in the Municipality's Integrated Development Plan (IDP) for the year under review.

This report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2016/17.

## Detailed Annual Performance Report

**KPA 1: To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens**

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE	
						PREVIOUS YEAR		CURRENT YEAR						
						Ann ual Tar get	Ann ual Act ual	Ann ual Targ et	Ann ual Actu al					
						201 5-16	201 5-16	2016 -17	2016 -17					
KPI 1	KFA 2: Roads and Storm Water Infrastructure	Technical Services	Kilometres of gravel road to be upgraded with paving	The total length paved of Sakkies Baai, Nissenville to complete.	Output	5	1	5	1,295 KM	1,295 KM	Infrastructure expenditure is mostly grant funded and Kannaland will always perform well if the spend their grants in time.	Outstanding Performance	Ensure effective capital grant expenditure.	Progress reports of project  Completion certificate of project



SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE	
						PREVIOUS YEAR		CURRENT YEAR						
						Ann ual Tar get	Ann ual Act ual	Ann ual Targ et	Ann ual Actu al					
						201 5-16	201 5-16	2016 -17	2016 -17					
KPI 2	KFA 27: Progra mme and Project Manage ment	Technical Services	Spend 100% of all identifie d projects through MIG funding	To ensure all MIG Projects are complet e and funding is spend: The MIG projects are: (Upgradi ng of the Calitzdor p Sportsfie ld; Upgradi ng of the Sakkies Baai; Upgradi ng of the internal Zoar Roads)  (Accumu lative calculati on)	Output	84 .4	100 %	84.4 %	100 %	100 %	All money was spent.	Fully Effective Performance	There was no need to apply for a MIG rollover as the projects register ed within the 2016/17 financial year were complet ed in time.	Progress reports per project  AFS 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Ann ual Targ et	Ann ual Actu al				
							201 5-16	201 5-16	2016 -17	2016 -17				
KPI 3	KFA 2: Roads and Storm Water Infrastructure	Technical Services	Comple tion of Master Plan for roads and storm water	A Master plan is a formulat ed plan of the mode of procedur es and operatio n within the specific area and how to maintain roads and storm water related assets. This is the strategic planning of future assets.	Output	1	1	0	1	1	Achieved . Important to impleme nt.	Fully Effective Performance	Appointm ent letter  Progress report  Completi on report	

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Ann ual Targ et	Ann ual Actu al				
							201 5-16	201 5-16	2016 -17	2016 -17				
KPI 6	KFA3: Water and Sanitation Infrastructure	Technical Services	Completion of the Calitzdorp Reservoir repairs in Bloekomlaan	To reduce water leakages to ensure storage capacity.	Output	New KPI	N/A	N/A	1	0	The projects emanates from public participation needs as well to daily service delivery needs. The municipality still wait for the co-funding from DWS. Daily measurements was put in place to address the leakages on a short term basis	Partially effective performance	Due to no funding received for this project will result in an amendment or deletion of the kpi. However, the municipality had engagements with DWS and constant electronic discussions with regards to the application of this project. Despite the challenges, the staff managed to do operational work to monitor the leakage problem of the Reservoir. The performance was partially met as	Correspondence and submission of business plans.
114														

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Ann ual Targ et	Ann ual Actu al				
							201 5-16	201 5-16	2016 -17	2016 -17				
KPI 7	KFA3: Water and Sanitation Infrastructure	Technical Services	Upgrading of the Ladismith Water Treatment Works	To ensure compliance with effluent quality and accommodate future growth.	Output	New KPI	N/A	N/A	1	0	The projects emanates from public participation needs prioritised in the IDP as well to daily service delivery needs. The municipality still wait for the funding from DWS.  Kannaland applied for a waiver on the co-funding due to the unaffordability thereof.	Partially effective performance	The municipality had engagements with DWS and constant electronic and telephonic discussions with regards to the application of this project. The performance was partially met as the municipality managed to communicate and put effort in to find funding for the project.	Correspondence and submission of business plans.

TABLE 64: KPA 1

KPA 2: To provide adequate Services and improve our Public relation

NO INDICATORS TO MEASURE FOR THIS KPA

KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks

NO INDICATORS TO MEASURE FOR THIS KPA

## KPA 4: To facilitate Economic Growth and Social and Community development

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17					
NKPI 5	KFA20: Job Creation , Skills and Education	Technical Services	The number of jobs (work opportunities) created through the Expanded Public Works program (EPWP) Projects and capital projects.	This is a Proxy indicator in terms of the National Key performance indicator as per the Regulations (Reg 10.d)  Jobs is defined as work opportunities	Output	127	70	127	70	74	Targets are being met.	Outstanding Performance	EPWP Progress reports	
KPI 19	KFA14: Sustainable Human Settlements (housing )	Corporate Services	Provide 150 sites and houses in Calitzdorp in terms of the Integrated Human Settlement Plan by 30 June 2017	Provide adequate housing to residents .	Output	131	100	131	155	250	Target was achieved. Water availability remains a threat to new housing developm ents.	Outstanding Performance	Completion certificate	

TABLE 65: KPA 4

## KPA 5: To promote efficient and effective Governance with high levels of stakeholder participation

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Annu al Targe t	Ann ual Act ual				
						201 5-16	201 5-16	2016- 17	201 6-17					

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Annu al Targe t	Ann ual Act ual				
						201 5-16	201 5-16	2016- 17	201 6-17					
KPI 4	KFA 21: Govern ance Structur es, Risk and IGR	Office of the Municipal Manager	Annual Strateg ic risk assess ment conduc ted and approv ed by Council	One Strategi c risk assess ment need to be conduct ed for the Municip ality and approve d by Council.	Activity	1	1	0	1	0	This action is to inform the council on actions and plans on how to address all risk related matters	Not fully effective performance	No internal auditors was present at the municipality to give oversight on the risks within the municipality. However a risk champion has been appointed to monitor and report on the risks.  The policies and registers will then presented to the audit and performance committee for further inspection before reporting to council  It should be noted that a audit and performance committee was established in the 2017/18 financial year which will monitor compliance and internal controls of the municipality.	Outdate d risk register (previou s term) which is not applicabl e to this financial year



SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Annu al Targe t	Ann ual Act ual				
						201 5-16	201 5-16	2016- 17	201 6-17					
KPI 5	KFA 21: Govern ance Structur es, Risk and IGR	Office of the Municipal Manager	Submis sion of annuall y review ed risk based audit plan to Audit Commi tee	Submis sion of annually reviewe d risk based audit plan to Audit Committ ee	Activity	1	1	1	1	0	This action is to inform the audit committ ee on actions and plans on how to address all risk related matters	Partially effective Performance	The performance is partially as there were no audit committee during the year under review. However an audit based plan was developed.	Annual risk based audit plan Audit committ ee minutes

## Draft Annual Report 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Annu al Targe t	Ann ual Act ual				
						201 5-16	201 5-16	2016- 17	201 6-17					
KPI 8	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Draft the Process Plan indicating the process to be followed to review the IDP and submit to Council for adoption by 31 August	The Integrated Development Plan /Budget Process Plan that would assist with the process of developing Council' s operating and capital budgets for the 2016/17 , financial year to ensure that a multi-year budget, linked to the IDP, is tabled 90 days before the start of a financial year for approval.	Output	1	1	1	1	Legislative date was achieved.	Fully effective performance		IDP process plan submitted to Council  Resolution	

## Draft Annual Report 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17					
KPI 9	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Review the draft IDP submit the draft to the Council by 31 March	Review the draft IDP and submit the draft to the Council by 31 March	Output	1	1	1	1	1	Legislative date was achieved.	Fully effective performance		Draft IDP  Council resolution
KPI 10	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Compile the Top Layer SDBIP and submit to the Executive Mayor for approval within 28 days after the approval of the budget	Compile the Top Layer SDBIP and submit to the Executive Mayor for approval within 28 days after the approval of the budget	Activity	1	1	1	1	1	Legislative date was achieved.	Fully Effective Performance		Top Layer  MAYCO resolution
KPI 11	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Compile and submit the Draft Annual Report to Council by 25 January	Compile and submit the Draft Annual Report to Council by 25 January	Activity	1	1	1	1	1	Legislative date was achieved.	Fully Effective Performance		Annual report  Council resolution

## Draft Annual Report 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Annu al Targe t	Ann ual Act ual				
						201 5-16	201 5-16	2016- 17	201 6-17					
KPI 12	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Draft the Mid-year S72 Report and submit to the Mayor by 25 January	Draft the Mid-year S72 Report and submit to the Mayor by 25 January	Activity	1	1	1	1	The whole kpi report has thoroughly been investigated. The list of KPI's adjustments was tabled to council at the time to be amended. This did not realise as the departure of the acting MM at time.	Fully Effective Performance	The permanent MM was appointed in June 2017. Internal controls will be effectively monitored. The implementation of the FRP will contribute.	Section 72 report  Council resolution	

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Tar get	Ann ual Act ual	Annu al Targe t	Ann ual Act ual				
						201 5-16	201 5-16	2016- 17	201 6-17					
KPI 13	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Quarterly SDBIP Evaluations conducted within 30 days after each quarter .	A quarterly SDBIP evaluation is deemed to have taken place, when a Quarterly report is tabled in council.	Activity	4	4	4	4	1	Lack of adequate capacity led to numerous targets not being achieved. There were no internal control and leadership during the 2016/17 (permanent positions). Due to the suspension of the executive manager corporate services and no permanent MM or CFO, it was not possible to do formal or informal evaluations. The MM and CFO were only permanently appointed	Partially effective Performance	The permanent senior managers and MM will ensure that all internal control deficiencies will be monitored. It should be noted that the acting MM who is now permanently appointed, however he managed the instability in the corporate department and throughout the organisation for the time of acting.	Quarterly SDBIP reports - Performance reports
124														

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17					
KPI 14	KFA 24: Performance Management, Monitor, Evaluation and compliance	Strategic Services	Number of signed performance agreements by Section 57 employees by target date	Number of signed performance agreements by Section 57 employees by target date	Outcome	3	3	3	3	Target was achieved. It should be noted that the technical director position is vacant.	Fully Effective Performance		Performance management agreements of section 57 managers	
KPI 16	KFA21: Governance Structures, Risk and IGR	Corporate Services	Minimum number of General Council meetings to be held per annum	Minimum of 4 Council meetings to be held per annum.	Process	12	4	4	4	19	Target was achieved.	Outstanding Performance	Council meetings per year  Signed Minutes	
KPI 17	KFA21: Governance Structures, Risk and IGR	Corporate Services	Minimum number of Mayoral Committee meetings to be held per annum.	Minimum of 4 (minute) Mayoral Committee meetings to be held per annum.	Process	12	4	4	4	2	Target was not met but the target of council meetings achieved compensated for this target not being met.	Not fully effective performance	It should be noted that only signed and approved minutes will be reflect in this report.  The targets of good governance indicators will be refined according the smart principle.	MAYCO meetings per year  Signed Minutes

TABLE 66: KPA 5

## KPA 6: To provide an efficient workforce by aligning our institutional arrangements to our overall strategy

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
							2015-16	2015-16	2016-17	2016-17				

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17					
KPI 18	KFA 26: Human Capital and Skills Development	Corporate Services	Vacancy rate of the entire approved staff establishment	Total number of vacancies / total no of approved posts on Organisational Structure.	Output	23 %	Less than 10%	23%	100%	33%	<p>This will be aligned to the correct processes in the 17/18 financial year.</p> <p>The kpi will be changed to <b>Limited Vacancy rate to 10% of budgeted post</b> and define by <b>Number of funded post divided by number of budgeted funded post</b> (the calculation of the target is stand-alone)</p>	Not fully effective performance	<p>The vacancy rate will decline in the 17/18 financial year as a new organisation structure has been developed and the municipality has a HR manager who will oversee and monitor the performance in this department.</p> <p>The reason for this control deficiency resulted as there was no HR Manager during the year under review (suspended) and was not fully presented during the previous audit process as well with the midyear process. However an acting HR Manager was appointed late in June 2017</p>	Vacancy rate report



SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
							2015-16	2015-16	2016-17	2016-17				
NK PI 6	KFA 25: Organisational Structure	Corporate Services	The 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	The indicator measures the number of people from employment equity target	Output	C = 11 A = 0 W = 2 Dsl = 0	C = 7 A = 2 W = 2 Dsl = 0	C = 7 A = 2 W = 2 Dsl = 0	C = 7 A = 2 W = 2 Dsl =1	C = 9 A = 1 W = 2 Dsl = 0	Difficult target to meet under the circumstances of the organisation being restructured.	Partially effective performance		Employment equity report
NK PI 7	KFA 26: Human Capital and Skills Development	Corporate Services	The percentage of a municipality's budget actually spent on implementing its workplace skills plan.	The percentage of a municipality's budget actually spent on implementing its workplace skills plan.	Outcome	32.9%	95%	32.9%	95%	86.12%	The actuals will be reviewed in the following financial years.	Partially effective performance	The new financial system, mSCOA is currently being utilised to ensure that correct and efficient financial information is being monitored.	Budget report of the WSP

TABLE 67: KPA 6

## KPA 7: To strive towards a financially sustainable municipality

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nua l Actu al				
							2015 -16	2015 -16	2016 -17	201 6- 17				
NKP I 11	KFA31: Capital Expen diture	Financial Services	The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.	This is the National Key performance indicator as per the Regulations (Reg 10.c)  Percentage reflecting year-to-date cumulative spend on IDP identified Capital projects/Total capital budget relating to IDP capital projects  The budget is the Council-approved adjusted budget at the time of the measurement.	Output	80 %	90%	80%	90%	87, 63 %	Delays in the delivery of an electrical transformer and lack of monitoring caused under-expenditure in the capital budget	Partially effective performance	Funding resources was not allocated as per budgeted. However this will be rectified in the following financial year where proper financial planning will be put in place.	AFS

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nu al Act ual				
							2015 -16	2015 -16	2016 -17	201 6- 17				
KPI 15	KFA 34: Budgeting / Funding	Financial Services	Percentage of Municipal Operating budget spent.	Percentage reflecting year-to-date Operating budget spent / Operating budget  The Operating budget is the Council-approved budget at the time of the measurement This may also be the Approved adjusted Budget.	Output	98.41%	95%	98.41%	95%	100.7%	The performance was very much in line but it is important to monitor to prevent unauthorised.	Outstanding Performance	Expenditure budget was spent but internal control will be improved to ensure accurate monitoring.	AFS

# Draft Annual Report 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nua l Act ual				
							2015 -16	2015 -16	2016 -17	201 6- 17				
KPI 20	KFA30: Revenue Enhancement , Meter Management	Financial Services	Year to date debtor's payment of 90%.	Total revenue received from debtors / Total debtor billings	Outcome	66 %	95%	66%	90%	83.8%	Performance is below the target but it should be noted that Kannal and has been hit severely by the drought and agriculture as well as local industry is heavily reliant on water that influence local income negatively if not available. Kannal and is poverty stricken and struggle to get the poor to register as	Partially effective performance	Debt collection had failed to the extent that non-payment for services became the norm as well due to most residents are dependent on seasonal work.  The municipality however appointed a service provider to assist with credit control and addressed the problem of indigents not registering via a door to door campaign.	SAM RAS report

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nu al Act ual				
							2015 -16	2015 -16	2016 -17	201 6- 17				
NKP I 10	KFA30: Revenue Enhancement , Meter Management	Financial Services	(NKPI- 7c) Financial viability as expressed by ratios: COST COVERAG E	This is the National Key performance indicator as per the Regulations (Reg 10.g(iii)) Percentage Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure x 100	Output	62 %	33.82 %	62%	33.82 %	- 8.28%	The underperformance is mostly due to unspent grants not being cash backed	Not fully effective performance	The municipality has put systems in place to improve cash management and address the problem of non-cash backed grants and ensure the correct allocation of grant expenditure. Revenue must be realised and credit control has been addressed through a service provider being appointed to assist.	AFS

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nu al Act ual				
							2015 -16	2015 -16	2016 -17	201 6- 17				
NKP 18	KFA30: Revenue Enhancement , Meter Management	Financial Services	(NKPI-7a)Financial viability as expressed by ratios: DEBT COVERAGE	This is the National Key performance indicator as per the Regulations (Reg 10.g(i)) % Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year x 100	Outcome	24.67 %	97.86 %	24.67 %	75%	14332%	Kannal and is more than well within their means in covering debt instalmnts mainly due to the very low amount of long term debt.	Outstanding Performance	Acquiring more long term debt would lower the average cost of capital. However approval thereof is not possible under the FRP.	AFS

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
							2015-16	2015-16	2016-17	2016-17				
NKP 19	KFA30: Revenue Enhancement , Meter Management	Financial Services	This is the National Key performance indicator as per the Regulations (Reg 10.g(ii)) Total outstanding service debtors / annual revenue actually received for services - Calculated as follows: Total outstanding service debtors / annual revenue actually received for services	This is the National Key performance indicator as per the Regulations (Reg 10.g(ii)) Total outstanding service debtors / annual revenue actually received for services - Calculated as follows: Total outstanding service debtors / annual revenue actually received for services	Outcome	22 %	0.405 %	22%	0.405 %	6,29%	Target has been met but should be reviewed to ensure it adds value.	Fully Effective Performance		AFS

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nua l Actu al				
							2015 -16	2015 -16	2016 -17	201 6- 17				
KPI 21	KFA 31: Capital Expenditure	Financial Services	Percentage of the operating budget allocated for Repairs and maintenance spent	Based on the repairs and maintenance operating budget spent / repairs and maintenance operating budget. This may also be the Approved Adjusted Budget.	Inout	134.16%	90%	134.16%	60%	99.73%	The performance is good against the budget but it should be noted that the budget should be increased as a percentage of the total OPEX to fully addresses the maximizing of assets.	Outstanding Performance	Increase the R&M budget as % of the OPEX and maintain assets more effectively.	AFS



# Draft Annual Report 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nua l Actu al				
							2015 -16	2015 -16	2016 -17	201 6- 17				
KPI 22	KFA 33: Financial Reporting	Financial Services	Unqualified audit opinion of the Auditor-General	This indicator measures good governance and accounting practices, and will be evaluated and considered by the Auditor-General in determining his audit opinion. The Auditor-General may give one of the following audit opinions - a) Unqualified b) Qualified c) Disclaimer d) Adverse	Outcome	0	1	0	1	0	The municipality received a disclaimer of opinion for the 2015/16 financial year. The municipality is in partnership with PT to implement the financial recovery plan and is in process to develop an audit action plan emanating from the findings identified in the audit report	Not fully effective performance	The financial recovery plan and audit plan will guide the municipality to obtain a better audit outcome. The municipality is in process of restructuring the organogram.	Audit report
136														

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nua l Actu al				
							2015 -16	2015 -16	2016 -17	201 6- 17				
KPI 23	KFA34: Budgeting / Funding	Financial Services	Submit the Adjustment Budget to Council for approval by 28 February	The submission of the adjustment budget needs to be tabled at council as per legislative requirements	Outcome	1	1	1	1	1	Target was met.	Fully Effective Performance	Adjusted budget  Signed council resolution	

# Draft Annual Report 2016/17

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17					
NKPI 12	KFA34: Budgeting / Funding	Financial Services	Number of Indigents applied with access to all free basic services	<p>This is a Proxy indicator in terms of the National Key performance indicator as per the Regulations (Reg 10.b)</p> <p>Indigents are classified as earning less than R3000 per month. They need to apply at the Municipality and if successful receive access to free basic services. Applications earning less than (2x old age Grant) per month.</p>	Input	2221	2000	2221	2500	2059	Performance is hampered by that Kannal and does not have an credit control system in place if we don't provide electricity. People don't pay and therefore no need to register as indigent. A lot of political interference and therefore the decline with a change in the	Not fully effective performance	<p>The municipality will revisit the areas to make sure of the population in the municipal areas who have access to free basic services.</p> <p>A door to door campaign has been launched to make people more aware and to get them to register as indigent if they qualify. Kannaland is considering to register 2 of the poverty stricken wards in total as indigent to mitigate political interference.</p>	<p>Indigent listing</p> <p>(BS – Q10 AO Report)</p>
138														

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Ann ual Targ et	Ann ual Actu al	Ann ual Targ et	An nu al Act ual				
							2015 -16	2015 -16	2016 -17	201 6- 17				
NKP 12	KFA30: Reven ue Enhancement , Meter Manag ement	Financial Services	The number of formal registered water meters on the debtors system	The number of formal registered water meters on the debtors system as per on year end. This Include Prepaid water meters	Outcome	4779	4629	4779	4690	4750	Target has been met.	Outstanding Performance	Debtors listing on the SAM RAS system  (BS – Q004E Report)	
NKP 13	KFA 30: Reven ue Enhancement , Meter Manag ement	Financial Services	The number of formal sanitation registrations on the debtors system.	The number of formal sanitation registrations on the debtors system as per year end.	Outcome	4183	4087	4183	4100	4314	Target has been met.	Fully Effective Performance	Debtors listing on the SAM RAS system  (BS – Q006E Report)	

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
						PREVIOUS YEAR		CURRENT YEAR					
						Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17				
NKP 11	KFA 30: Revenue Enhancement , Meter Management	Financial Services	Number of formal electricity registrations on the debtors system.	The number of formal electricity registrations on the debtors system as per on year end. This include only Electricity supplied by the Municipality.	Outcome Prepaid: 2121 Conventional: 498	Prepaid: 2279 Conventional: 1110	Prepaid: 2121 Conventional: 498	Prepaid: 3850 Conventional: 707	Prepaid: 2121 Conventional: 2243	The municipality strive to convert all conventional meters to pre-paid. This will enhance the ability to collect revenue in the municipality	Not Fully Effective Performance	Due to instability of leadership during the year under review, a lack of internal control existed. The CFO was appointed in July 2017 and is currently in process of data cleansing in the finance department.	Debtors listing on the SAM RAS system  Conventional: BS – Q004F Report)  Pre-paid: Syntell Report
NKP 14	KFA 30: Revenue Enhancement , Meter Management	Financial Services	Number of formal solid waste collections points registered on the debtors system.	The number of formal solid waste collections points registered on the debtors system as per on year end.	Outcome 4183	8725	4183	4500	4679	Target was achieved.	Outstanding Performance		Debtors listing on the SAM RAS system  (BS – Q006E Report)

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
							2015-16	2015-16	2016-17	2016-17				
KPI 24	KFA 34: Budgeting / Funding	Financial Services	Submit the MTREF aligned to the IDP to Council for in principle approval by and final approval by 31 May	The submission of the budget needs to be tabled at council as per legislative requirements	Output	1	1	1	1	0	Political instability led to the legislative date not being met. Unforeseen circumstances	Not Fully Effective Performance	Council met as per legislative dates but could not disclose a decision as there was no quorum. The approval of the budget took place on the 6 <sup>th</sup> of June.  Management will allow more time for approval before the legislative dates to allow for the unforeseen	Budget  Council resolution

SDBIP REFERENCE	KEY FOCUS AREA	DEPARTMENT	INDICATOR	INDICATOR DEFINITION	TYPE	BASELINE	PREVIOUS AND CURRENT YEAR COMPARRISON				PERFORMANCE COMMENT	STATUS	REMEDIAL ACTION	PORTFOLIO OF EVIDENCE
							PREVIOUS YEAR		CURRENT YEAR					
							Annual Target	Annual Actual	Annual Target	Annual Actual				
						2015-16	2015-16	2016-17	2016-17					
KPI 25	KFA 34: Budgeting / Funding	Financial Services	Submit the Annual Financial Statements by 31 August to the Office of the Auditor-General	The submission of the AFS needs to be tabled at council as per legislative requirements	Output	1	1	1	0	AFS were finalised late due to lack of continuity in leadership as well as the amount of time invested in restatements that relate to the 2015/16 financial year. This was done to address the disclaimed audit opinion.	Not Fully Effective Performance	The municipality will ensure that monthly reconciliations be done and submitted to the audit committee for further oversight to execute. The AFS will be verified and reported on legislative dates in the future.  A FRP, PT and NT help were provided to help to transact correct and prevent a situation where consultants will have to address a year's backlog before the 31 Aug.	Annual financial statements	

TABLE 68: KPA 7

# APPENDICES

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
J Donson	FT	Mayco / Council	Ward	100%	0%
P Antonie	FT	Mayco / Portfolio Administration / Council / MPAC	Party Representative	100%	0%
H Ruiters	FT	Mayco / Portfolio Technical / Council	Ward	100%	0%
M Barry	PT	Council / Mayco	Ward	100%	0%
W Meshoa	PT	Council	Ward	100%	0%
J Johnson	PT	Council	Ward	100%	0%
A Theron	PT	Council	Ward	100%	0%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A 1



## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Local Labour Forum	To regulate HR matters
Audit Committee	To have oversight with regard to finance (MFMA) and legislative requirements
MPAC Committee	To have oversight with regard to the Annual Report
Technical Committee	To have oversight with regard to Technical projects
Risk Committee	To have oversight with regard to the Risk Management function

# Draft Annual Report 2016/17

## APPENDIX C – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
<b>Constitution Schedule 4 and 5 Part B functions:</b>	
Air pollution	YES
Building regulations	YES
Child care facilities	YES
Electricity and gas reticulation	YES
Firefighting services	YES
Local tourism	YES
Municipal airports	YES
Municipal planning	YES
Municipal health services	YES
Municipal public transport	YES
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO
Stormwater management systems in built-up areas	YES
Trading regulations	NO
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	YES
Beaches and amusement facilities	NO
Billboards and the display of advertisements in public places	NO
Cemeteries, funeral parlours and crematoria	YES
Cleansing	YES
Control of public nuisances	PARTIAL
Control of undertakings that sell liquor to the public	NO
Facilities for the accommodation, care and burial of animals	NO
Fencing and fences	YES
Licensing of dogs	YES
Licensing and control of undertakings that sell food to the public	YES
Local amenities	YES
Local sport facilities	YES
Markets	NO
Municipal abattoirs	YES
Municipal parks and recreation	YES
Municipal roads	YES
Noise pollution	YES
Pounds	NO
Public places	YES
Refuse removal, refuse dumps and solid waste disposal	YES
Street trading	YES

# Draft Annual Report 2016/17

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
<b>Constitution Schedule 4 and 5 Part B functions:</b>	
Street lighting	YES
Traffic and parking	YES
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>	

## APPENDIX D – WARD REPORTING

Functionality of Ward Committees				
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of quarterly public ward meetings held during year
Nissenville Ward 1	Councillor J Donson	Yes	The ward committees was established 01 April 2017	3
Calitzdorp Ward 2	Councillor W Meshoa	Yes	The ward committees was established 01 April 2017	4
Zoar Ward 3	Executive Mayor M Barry	Yes	The ward committees was established 01 April 2017	4
Ladismith Ward 4	Speaker A Theron	Yes	The ward committees was established 01 April 2017	4

# Draft Annual Report 2016/17

## APPENDIX E – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

This table will be completed before the final annual report presented to the MPAC

Date of Committee	Committee recommendations during Year	Recommendations adopted (enter Yes) If not adopted (provide explanation)

## APPENDIX F – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

**NOT APPLICABLE**

# APPENDICES

## APPENDIX G – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2016/17 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

# APPENDICES

## APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX H (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description		Current: Year 2016/17			Year 2016/17 Variance	
		Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive Council						
Vote 2 - Corporate Services						
Vote 3 - Financial Services						
Vote 4 - Technical Services						
<b>Total Revenue by Vote</b>						
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
						T K.1

TABLE 69 – REVENUE COLLECTION BY VOTE

# APPENDICES

## APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R '000
Description		2016/17			Year 2016/17 Variance	
		Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates						
Property rates - penalties & collection charges						
Service Charges - electricity revenue						
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue						
Service Charges - other						
Rentals of facilities and equipment						
Interest earned - external investments						
Interest earned - outstanding debtors						
Dividends received						
Fines						
Licences and permits						
Agency services						
Transfers recognised - operational						
Other revenue						
Gains on disposal of PPE						
Environmental Protection						
<b>Total Revenue (excluding capital transfers and contributions)</b>						

TABLE 70 – REVENUE COLLECTION BY SOURCE



# APPENDICES

## APPENDIX I – PRESEDENTIAL OUTCOME FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Challenges faced in the previous financial year are being addressed	85%
Output: Implementation of the Community Work Programme	Good working relationships with CWP to address certain service delivery issues	70%
Output: Deepen democracy through a refined Ward Committee model	The ward committee function operates fully in all four wards.	100%
Output: Administrative and financial capability	Kannaland Municipality's main objective is to improve on its current financial welfare and challenges faced in the previous financial year are being addressed.	85%

VOLUME II: ANNUAL FINANCIAL STATEMENTS



# **AUDITED ANNUAL FINANCIAL STATEMENTS**

**30 June 2017**

# Index

--	--

General Information	1
Approval of the Financial Statements	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of financial position	7 - 8
Statement of comparison of budget and actual amounts - Statement of financial performance	9 - 10
Statement of comparison of budget and actual amounts - Cash flow statement	11 - 12
Accounting Policies	13 - 48
Notes to the Financial Statements	49 - 87

## APPENDICES - Unaudited

A	Schedule of External Loans	88
B	Segmental Statement of Financial Performance - Municipal Votes	89
C	Segmental Statement of Financial Performance	90
D	Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	91

# KANNALAND LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Kannaland is a local municipality performing the functions as set out in the Constitution. (Act no 105 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

Kannaland Municipality includes the following areas:

*Ladismith*

*Calitzdorp*

*Van Wyksdorp*

*Zoar*

#### MAYOR

*Me M Barry*

#### MAYORAL COMMITTEE

*Me M Barry - Executive Mayor*

*Mr P Antonie- Executive Deputy Mayor*

*Me A Theron- Speaker*

#### MUNICIPAL MANAGER

*Mr R Stevens*

#### CHIEF FINANCIAL OFFICER

*Mr BJ Strydom*

#### REGISTERED OFFICE

*32 Church Street*

*Ladismith*

*6655*

#### AUDITORS

Auditor General South Africa

Private Bag X1,

Chempet, 7442

#### PRINCIPLE BANKERS

Standard Bank, Ladismith

#### ATTORNEYS

*Barry & Mouton Attorneys*

*Anzel Laubscher Attorneys*

*Avontuur and Associates*

#### RELEVANT LEGISLATION

# KANNALAND LOCAL MUNICIPALITY

## MEMBERS OF KANNALAND LOCAL MUNICIPALITY

### WARD

Ward 1  
Ward 2  
Ward 3  
Ward 4  
Proportional  
Proportional  
Proportional

### COUNCILLOR

J. Donson  
W. Meshoa  
M. Barry  
A. Theron  
P. Phillipus  
H. Ruiters  
J. Johnson

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of the annual financial statements for the year ended 30 June 2017, which are set out on pages 1 to 91 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

---

**Mr . R Stevens**

**MUNICIPAL MANAGER**

**Date:** \_\_\_\_\_

# KANNALAND LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>228 575 209</b>	<b>220 713 499</b>
Accumulated Surplus/(Deficit)		228 575 209	220 713 499
<b>Non-Current Liabilities</b>		<b>37 708 871</b>	<b>35 803 215</b>
Long-term Liabilities	2	2 391 091	1 987 699
Employee Benefits	3	12 516 158	12 397 115
Non-Current Provisions	4	22 801 622	21 418 400
<b>Current Liabilities</b>		<b>61 408 842</b>	<b>71 162 708</b>
Consumer Deposits	5	742 252	703 141
Current Employee benefits	6	4 824 373	5 613 001
Taxes		-	981 946
Payables from exchange transactions	8	45 048 717	52 568 924
Unspent Conditional Government Grants and Receipts	9	10 279 189	8 930 873
Current Portion of Long-term Liabilities	2	514 310	2 364 823
<b>Total Net Assets and Liabilities</b>		<b>327 692 922</b>	<b>327 679 421</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>317 205 358</b>	<b>307 665 023</b>
Property, Plant and Equipment	11	311 596 588	301 190 502
Investment Property	12	1 692 449	1 749 705
Intangible Assets	13	100 506	128 706
Capitalized Restoration cost	15	3 798 060	4 579 572
Investments	20	17 755	16 539
<b>Current Assets</b>		<b>10 487 563</b>	<b>20 014 398</b>
Inventory	14	452 799	253 037
Investment			
Receivables from exchange transactions	16	4 094 216	13 991 245
Receivables from non-exchange transactions	17	2 274 416	3 453 895
Operating Lease Asset	18	45 964	43 765
Taxes	10	3 342 792	-
Cash and Cash Equivalents	19	277 375	2 272 457
<b>Total Assets</b>		<b>327 692 922</b>	<b>327 679 421</b>

# KANNALAND LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 (Actual) R	2016 (Restated) R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>92 955 060</b>	<b>108 835 594</b>
<b>Taxation Revenue</b>		<b>18 645 665</b>	<b>19 535 655</b>
Property taxes	21	14 899 827	13 987 401
Other Taxation Revenue		3 745 838	5 548 254
<b>Transfer Revenue</b>		<b>65 502 111</b>	<b>83 705 052</b>
Government Grants and Subsidies - Capital	22	22 963 286	37 844 608
Government Grants and Subsidies -Operational expenditure	22	42 533 825	45 698 640
Public Contributions and Donations		5 000	161 804
<b>Other Revenue</b>		<b>8 807 284</b>	<b>5 594 886</b>
Actuarial Gains	3	1 162 508	178 716
Dividends Received		2 954	2 634
Contributed Assets		1 534 460	-
Fines		6 107 362	5 413 537
<b>Revenue from Exchange Transactions</b>		<b>74 454 698</b>	<b>71 011 049</b>
Service Charges	23	65 141 332	62 469 029
Rental of Facilities and Equipment		484 266	274 006
Interest Earned - external investments		845 033	265 538
Interest Earned - outstanding debtors		5 422 945	5 125 393
Licences and Permits		280 071	320 497
Agency Services		779 674	762 690
Other Income	24	1 186 346	827 927
Stock Adjustments		315 031	-
Gain on disposal of Property, Plant and Equipment		-	965 969
<b>Total Revenue</b>		<b>167 409 758</b>	<b>179 846 643</b>
<b>EXPENDITURE</b>			
Employee related costs	25	47 709 701	49 688 222
Remuneration of Councillors	26	2 613 106	2 884 270
Debt Impairment	27	27 409 395	21 315 046
Depreciation and Amortisation	28	11 501 339	11 897 477
Impairments/write offs	29	3 575 844	31 068
Repairs and Maintenance		2 146 061	3 920 257
Finance Charges	30	4 076 925	5 934 423
Bulk Purchases	31	26 557 505	25 421 754
Contracted Services	32	16 011 713	19 836 402
General Expenses	33	17 946 460	21 104 779
Loss on disposal of Property, Plant and Equipment		-	2 935 785
<b>Total Expenditure</b>		<b>159 548 050</b>	<b>164 969 483</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>7 861 708</b>	<b>14 877 160</b>



# KANNALAND LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Note	Accumulated Surplus/ (Deficit)	Total
		R	R
<b>Balance at 1 JULY 2015</b>		<b>214 635 477</b>	<b>214 635 477</b>
Correction of error	<b>34</b>	(8 799 138)	<b>(8 799 138)</b>
<b>Restated Balance at 1 JULY 2015</b>		<b>205 836 339</b>	<b>205 836 339</b>
Net Surplus for the year		14 877 160	14 877 160
<b>Balance at 30 JUNE 2016</b>		<b>220 713 499</b>	<b>220 713 499</b>
Net Surplus for the year		7 861 708	7 861 708
<b>Balance at 30 JUNE 2017</b>		<b>228 575 209</b>	<b>228 575 207</b>

# KANNALAND LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 JUNE 2017 R	30 JUNE 2016 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		70 716 124	66 036 428
Government		71 173 267	89 185 900
Interest		6 267 978	5 390 930
<b>Payments</b>			
Suppliers and employees		(118 515 537)	(118 786 419)
Finance charges	30	(4 076 925)	(5 934 423)
<b>Cash generated by operations</b>	35	<b>25 564 908</b>	<b>35 892 416</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	11	(26 150 761)	(36 710 730)
Purchase of Intangible Assets		-	(6 940)
Decrease in Long-term Receivables		-	2 186
Decrease in non-current Investments		(1 216)	5 211 564
Decrease in current Investments		-	2 027
<b>Net Cash from Investing Activities</b>		<b>(26 151 977)</b>	<b>(31 501 893)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(1 447 122)	(5 898 673)
Increase in Consumer Deposits		39 111	34 106
<b>Net Cash from Financing Activities</b>		<b>(1 408 012)</b>	<b>(5 864 567)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1 995 081)</b>	<b>(1 474 045)</b>
Cash and Cash Equivalents at the beginning of the year		2 272 457	3 746 501
Cash and Cash Equivalents at the end of the year	36	277 375	2 272 457
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1 995 081)</b>	<b>(1 474 045)</b>

**KANNALAND LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances (Amounts over/above R1.6 million)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	277 375	4 000 000	(3 722 625)	Administrative/calculating errors with budget process due to absence of key personnel
Consumer debtors	6 368 633	51 308 000	(44 939 367)	Provision for debt impairment excluded
Other Receivables	3 388 756	6 786 000	(3 397 244)	Increase in VAT claimable not foreseen
Inventory	452 799	-	452 799	
<b>Total current assets</b>	<u>10 487 563</u>	<u>62 094 000</u>	<u>(51 606 437)</u>	
<b>Non current assets</b>				
Investment	17 755	5 315 000	(5 297 245)	Administrative/calculating errors with budget process due to absence of key personnel
Investment property	1 692 449	1 897 000	(204 551)	
Property, plant and equipment	315 394 648	309 919 000	5 475 648	Due to correction of errors -prior years
Intangible Assets	100 506	128 000	(27 494)	
<b>Total non current assets</b>	<u>317 205 358</u>	<u>317 259 000</u>	<u>5 243 603</u>	
<b>TOTAL ASSETS</b>	<u>327 692 922</u>	<u>379 353 000</u>	<u>(46 362 834)</u>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	514 310	776 000	(261 690)	
Consumer deposits	742 252	669 000	73 252	
Trade and other payables	55 327 907	41 369 000	13 958 907	Administrative/calculating errors with budget process due to absence of key personnel
Provisions and Employee Benefits	4 824 373	-	4 824 373	Administrative/calculating errors with budget process due to absence of key personnel
<b>Total current liabilities</b>	<u>61 408 842</u>	<u>42 814 000</u>	<u>18 594 842</u>	
<b>Non current liabilities</b>				
Borrowing	2 391 091	7 077 000	(4 685 909)	Investment transferred as redemption
Provisions and Employee Benefits	35 317 780	7 710 000	27 607 780	Administrative/calculating errors with budget process due to absence of key personnel
<b>Total non current liabilities</b>	<u>37 708 871</u>	<u>14 787 000</u>	<u>22 921 871</u>	
<b>TOTAL LIABILITIES</b>	<u>99 117 712</u>	<u>57 601 000</u>	<u>41 516 712</u>	
<b>NET ASSETS</b>	<u>228 575 209</u>	<u>321 752 000</u>	<u>(87 879 546)</u>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	228 575 209	321 751 000	(93 175 791)	Administrative/calculating errors with budget process due to absence of key personnel
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<u>228 575 209</u>	<u>321 751 000</u>	<u>(93 175 791)</u>	

**KANNALAND LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

**ADJUSTMENTS TO APPROVED BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		4 000 000	4 000 000
Call investment deposits		-	
Consumer debtors	51 807 000	(499 000)	51 308 000
Other Receivables	6 786 000	-	6 786 000
Current portion of long-term receivables		-	
Inventory		-	
<b>Total current assets</b>	58 593 000	3 501 000	62 094 000
<b>Non current assets</b>			
Investments	5 315 000	-	5 315 000
Investment property	1 897 000	-	1 897 000
Property, plant and equipment	333 143 000	(23 224 000)	309 919 000
Intangible Assets	128 000	-	128 000
Heritage Assets		-	
<b>Total non current assets</b>	340 483 000	(23 224 000)	317 259 000
<b>TOTAL ASSETS</b>	399 076 000	(19 723 000)	379 353 000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdraft	189 000	(189 000)	
Borrowing	776 000	-	776 000
Consumer deposits	669 000	-	669 000
Trade and other payables	41 369 000	-	41 369 000
Provisions and Employee Benefits		-	
<b>Total current liabilities</b>	43 003 000	(189 000)	42 814 000
<b>Non current liabilities</b>			
Borrowing	7 077 000	-	7 077 000
Provisions and Employee Benefits	7 710 000	-	7 710 000
<b>Total non current liabilities</b>	14 787 000	-	14 787 000
<b>TOTAL LIABILITIES</b>	57 790 000	(189 000)	57 601 000
<b>NET ASSETS</b>	341 286 000	(19 534 000)	321 752 000
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus/(Deficit)	341 285 000	(19 534 000)	321 751 000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	341 285 000	(19 534 000)	321 751 000

**KANNALAND LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material adjustments (Amounts above R1.6 million)
<b>REVENUE BY SOURCE</b>				
Property rates	14 899 827	14 774 000	125 827	
Service charges	65 141 332	68 699 000	(3 557 668)	Administrative/calculating errors with budget process due to absence of key personnel
Rental of facilities and equipment	484 266	265 000	219 266	
Interest earned - external investments	845 033	690 000	155 033	
Interest earned - outstanding debtors	5 422 945	3 570 000	1 852 945	Increase in outstanding debt
Actuarial Gains	1 162 508		1 162 508	
Dividends	2 954	3 000	(46)	
Fines	6 107 362	5 403 000	704 362	
Licences and permits	280 071	210 000	70 071	
Agency services	779 674	705 000	74 674	
Government Grants and Subsidies - Operating	42 538 825	43 245 000	(706 175)	
Other revenue	5 247 215	263 000	4 984 215	Administrative/calculating errors with budget process due to absence of key personnel
Gains on disposal of PPE	-	201 000	(201 000)	
<b>Total Operating Revenue</b>	<b>142 912 012</b>	<b>138 028 000</b>	<b>4 884 012</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	47 709 701	47 227 000	482 701	
Remuneration of councillors	2 613 106	2 846 000	(232 894)	
Debt impairment	27 409 395	15 566 000	11 843 395	Administrative/calculating errors with budget process due to absence of key personnel
Depreciation & asset impairment	15 077 183	10 474 000	4 603 183	Administrative/calculating errors with budget process due to absence of key personnel
Finance charges	4 076 925	987 000	3 089 925	External loan decrease due to additional redemption due to transfer of collateral investment
Bulk purchases	26 557 505	30 720 000	(4 162 495)	Administrative/calculating errors with budget process due to absence of key personnel
Other expenditure	36 104 233	30 193 000	5 911 233	Administrative/calculating errors with budget process due to absence of key personnel
Loss on disposal of PPE	-	-	-	
<b>Total Operating Expenditure</b>	<b>159 548 050</b>	<b>138 013 000</b>	<b>21 535 050</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>(16 636 038)</b>	<b>15 000</b>	<b>(16 651 038)</b>	
Government Grants and Subsidies - Capital	22 963 286	26 231 000	(3 267 714)	
Contributed Assets	1 534 460	97 000	1 437 460	
<b>Net Surplus for the year</b>	<b>7 861 708</b>	<b>26 343 000</b>	<b>(18 481 292)</b>	

**KANNALAND LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**ADJUSTMENTS TO APPROVED BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Property rates	15 064 000	(290 000)	14 774 000
Property rates - penalties & collection charges		-	-
Service charges	66 694 000	2 005 000	68 699 000
Rental of facilities and equipment	170 000	95 000	265 000
Interest earned - external investments	70 000	620 000	690 000
Interest earned - outstanding debtors	1 170 000	2 400 000	3 570 000
Dividends			3 000
Fines	2 002 000	3 401 000	5 403 000
Licences and permits	280 000	(70 000)	210 000
Agency services	700 000	5 000	705 000
Government Grants and Subsidies - Operating	40 015 000	3 230 000	43 245 000
Other revenue	3 116 000	(2 853 000)	263 000
Gains on disposal of PPE		201 000	201 000
<b>Total Operating Revenue</b>	<u>129 281 000</u>	<u>8 745 000</u>	<u>138 028 000</u>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	50 597 000	(3 370 000)	47 227 000
Remuneration of councillors	2 926 000	(80 000)	2 846 000
Debt impairment	15 067 000	499 000	15 566 000
Depreciation & asset impairment	12 766 000	(2 292 000)	10 474 000
Finance charges	1 147 000	(160 000)	987 000
Bulk purchases	30 720 000	-	30 720 000
Grants and subsidies paid		-	
Other expenditure	33 975 000	(3 782 000)	30 193 000
Loss on disposal of PPE		-	-
<b>Total Operating Expenditure</b>	<u>147 198 000</u>	<u>-9 186 000</u>	<u>138 013 000</u>
<b>Operating Surplus for the year</b>	<u>(17 917 000)</u>	<u>17 932 000</u>	<u>15 000</u>
Government Grants and Subsidies - Capital	54 480 000	-28 249 000	26 231 000
Contributed Assets		97 000	97 000
<b>Net Surplus/(Deficit) for the year</b>	<u><u>36 563 000</u></u>	<u><u>(10 221 000)</u></u>	<u><u>26 343 000</u></u>

**KANNALAND LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances over/above R2.1 million
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	70 716 124	71 670 000	(953 876)	Administrative/calculating errors with budget process due to absence of key personnel
Government - operating	48 209 982	43 245 000	4 964 982	Administrative/calculating errors with budget process due to absence of key personnel
Government - capital	22 963 286	26 231 000	(3 267 714)	
Interest	6 267 978	4 260 000	2 007 978	Administrative/calculating errors with budget process due to absence of key personnel
<b>Payments</b>				
Suppliers and Employees	(118 515 537)	(94 056 000)	(24 459 537)	Administrative/calculating errors with budget process due to absence of key personnel
Finance charges	(4 076 925)	(987 000)	(3 089 925)	Administrative/calculating errors with budget process due to absence of key personnel
Transfers and Grants	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<u>25 564 908</u>	<u>50 363 000</u>	<u>(24 798 092)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current investments	(1 216)	(479 000)	477 784	
<b>Payments</b>				
Capital assets	(26 150 761)	(26 341 000)	190 239	Administrative/calculating errors with budget process due to absence of key personnel
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>(26 151 977)</u>	<u>(26 820 000)</u>	<u>668 023</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing		16 000		
Increase/(decrease) in consumer deposits	39 111	38 000	1 111	
<b>Payments</b>				
Repayment of borrowing	(1 447 122)	(1 050 000)	(397 122)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>(1 408 012)</u>	<u>(996 000)</u>	<u>(396 012)</u>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<u>(1 995 081)</u>	<u>22 547 000</u>	<u>(24 526 081)</u>	Administrative/calculating errors with budget process due to absence of key personnel
Cash and Cash Equivalents at the beginning of the year	2 272 457	(3 205 000)	5 477 457	
Cash and Cash Equivalents at the end of the year	277 375	19 342 000	(19 064 625)	

**KANNALAND LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**ADJUSTMENTS TO APPROVED BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other	11 773 000	59 897 000	71 670 000
Government - operating	40 015 000	3 230 000	43 245 000
Government - capital	54 480 000	(28 249 000)	26 231 000
Interest	2 619 000	1 641 000	4 260 000
<b>Payments</b>		-	
Suppliers and Employees	(76 842 000)	(17 214 000)	(94 056 000)
Finance charges	(3 042 000)	2 055 000	(987 000)
Transfers and Grants		-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<u>29 003 000</u>	<u>21 360 000</u>	<u>50 363 000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of Assets		-	
Decrease/(increase) in non-current receivables		-	
Decrease/(increase) in non-current investments	(479 000)	-	(479 000)
<b>Payments</b>		-	
Capital assets	(20 823 000)	(5 518 000)	(26 341 000)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<u>(21 302 000)</u>	<u>(5 518 000)</u>	<u>(26 820 000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Borrowing	16 000	-	16 000
Increase/(decrease) in consumer deposits	38 000	-	38 000
<b>Payments</b>		-	
Repayment of borrowing	(1 050 000)		(1 050 000)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<u>(996 000)</u>	<u>-</u>	<u>(996 000)</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	6 705 000	15 842 000	22 547 000
Cash and Cash Equivalents at the beginning of the year	606 000	(3 811 000)	(3 205 000)
Cash and Cash Equivalents at the end of the year	8 360 000	10 982 000	19 342 000
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>



2

**LONG-TERM LIABILITIES**

Annuity Loans - At amortised cost  
Capitalised Lease Liability - At amortised cost

Current Portion transferred to Current Liabilities

Annuity Loans - At amortised cost  
Capitalised Lease Liability - At amortised cost

**Total Long-term Liabilities - At amortised cost using the effective interest rate method**

The Municipality entered into an agreement with DBSA on 30 April 2008 to consolidate previous loans with a new rescheduled loan amounted to R11 587 526,79 at a rate of 12,5% to be paid back in 180 monthly instalments. The calculation of the instalments is based on the actual number of days and shall be payable in arrears on the last business day of each month.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year  
Payable within two to five years  
Payable after five years

**Less:** Future finance obligations

**Present value of annuity obligations**

2017 R	2016 R
2 781 134	3 362 132
124 267	990 392
<b>2 905 401</b>	<b>4 352 524</b>
<b>514 310</b>	<b>2 364 823</b>
394 450	1 499 984
119 860	864 839
<b>2 391 091</b>	<b>1 987 699</b>
<b>2 391 091</b>	<b>1 987 699</b>

**Minimum annuity payments**

720 000	720 000
2 880 000	2 880 000
217 933	937 933
3 817 933	4 537 933
(1 036 800)	(1 175 801)
<b>2 781 133</b>	<b>3 362 132</b>

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year  
Payable within two to five years  
Payable after five years

**Less:** Future finance obligations

**Present value of lease obligations**

Minimum lease payments	
123 147	920 816
4 454	129 040
-	-
127 601	1 049 856
(3 334)	(59 465)
<b>124 267</b>	<b>990 391</b>

Leases are secured by property, plant and equipment - Note 11

The Municipality leases printers and copiers from Nashua and Minolta for a 36 months period. The present value of the lease obligations has been determined by discounting the fixed monthly premiums at the prime interest rate.

The Hetcom lease liability relates to the settlement arrangement reached for leasing watermeters. The terms of the agreement are 24 months payments at a fix rate. The present value is determined by discounting the fixed monthly premiums at the prime interest rate.

3

**EMPLOYEE BENEFITS**

Post Retirement Benefits - Refer to Note 3.1  
Long Service Awards - Refer to Note 3.2

**Total Non-current Employee Benefit Liabilities****Post Retirement Benefits**

Balance 1 July  
Contribution for the year  
Interest Cost  
Expenditure for the year  
Actuarial Gain

**Total post retirement benefits 30 June**

**Less:** Transfer of Current Portion - Note 6

**Balance 30 June**

2017 R	2016 R
11 111 053	11 081 427
1 405 104	1 315 688
<b>12 516 158</b>	<b>12 397 115</b>
2017 R	2016 R
11 535 627	10 726 849
492 588	499 793
1 024 898	938 405
(469 400)	(561 817)
(978 069)	(67 603)
<b>11 605 644</b>	<b>11 535 627</b>
(494 590)	(454 200)
<b>11 111 053</b>	<b>11 081 427</b>

### Long Service Awards

Balance 1 July	1 499 578	1 476 009
Contribution for the year	138 845	140 978
Interest Cost	120 431	114 346
Expenditure for the year	(27 278)	(118 615)
Actuarial Gain	(184 439)	(113 140)
<b>Total long service 30 June</b>	<b>1 547 137</b>	<b>1 499 578</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(142 033)	(183 890)
<b>Balance 30 June</b>	<b>1 405 104</b>	<b>1 315 688</b>

### TOTAL NON-CURRENT EMPLOYEE BENEFITS

	<b>2017</b>	<b>2016</b>
Balance 1 July	13 035 205	12 202 858
Contribution for the year	631 433	640 771
Interest cost	1 145 329	1 052 751
Expenditure for the year	(496 677)	(680 432)
Actuarial Gain	(1 162 508)	(180 743)
<b>Total employee benefits 30 June</b>	<b>13 152 782</b>	<b>13 035 205</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(636 623)	(638 090)
<b>Balance 30 June</b>	<b>12 516 158</b>	<b>12 397 115</b>

### **EMPLOYEE BENEFITS (CONTINUE)**

#### **3.1 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	47	48
In-service (employee) non-members	67	65
Continuation members (e.g. Retirees, widows, orphans)	15	16
<b>Total Members</b>	<b>129</b>	<b>129</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	4 042 029	3 663 000
In-service non- members	1 369 919	1 368 000
Continuation members	6 193 696	6 505 000
<b>Total Liability</b>	<b>11 605 644</b>	<b>11 536 000</b>

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Total Liability</b>	<b>10 726 849</b>	<b>9 578 000</b>	<b>6 260 000</b>

Experience adjustments were calculated as follows:	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Liabilities: loss/(profit)	<b>264 000</b>	<b>(84 000)</b>	<b>151 000</b>	<b>1 760 000</b>	<b>(195 000)</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
LA Health  
Key health.  
Hosmed  
Samwu

Key actuarial assumptions used:

#### **i) Rate of interest**

Discount rate	9.62%	9.06%
Health Care Cost Inflation Rate	7.89%	8.15%
Net Effective Discount Rate	1.60%	0.84%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

#### **ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

	2017 R	2016 R
<b>The amount recognised in the Statement of Financial Position is as follow:</b>		
Present value of fund obligations	11 605 644	11 535 627
<b>Total Liability</b>	<b>11 605 644</b>	<b>11 535 627</b>

The entire fund is unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	11 535 627	10 726 849
Total expenses	1 048 086	876 381
Current service cost	492 588	499 793
Interest Cost	1 024 898	938 405
Benefits Paid	(469 400)	(561 817)
Actuarial (gains)/losses	(978 069)	(67 603)
Present value of fund obligation at the end of the year	11 605 644	11 535 627
<b>Less:</b> Transfer of Current Portion - Note 6	(494 590)	(454 200)
<b>Balance 30 June</b>	<b>11 111 054</b>	<b>11 081 427</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption	In service members (Rm)	Continuation members liability (Rm)	Total (Rm)	% change
Central Assumptions	5.412	6.194	11.606	

The effect of movements in the assumptions are as follows:

Assumption	Change	In service members (Rm)	Continuation members liability (Rm)	Total (Rm)	% change
Health care inflation	1%	6.616	6.838	13.454	16%
Health care inflation	-1%	4.453	5.640	10.094	-13%
Post-retirement mortality	-1 year	4.474	5.653	10.127	-13%
Discount Rate	1%	6.607	6.834	13.440	16%
Discount Rate	-1%	5.619	6.426	12.045	4%
Average retirement age	-1 year	6.031	6.194	12.224	5%
Continuation of membership at retirement	-10%	4.439	6.194	10.632	-8%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Central Assumption</b>		496 200	1 092 900	1 589 100	
Health care inflation	1%	612 400	1 270 500	1 882 900	18%
Health care inflation	-1%	404 600	947 600	1 352 200	-15%
Post-retirement mortality	-1 year	410 300	1 049 600	1 459 900	-8%
Discount Rate	1%	605 900	1 137 300	1 743 200	10%
Discount Rate	-1%	514 900	1 135 200	1 650 100	4%
Average retirement age	-1 year	560 400	1 152 400	1 712 800	8%
Continuation of membership at retirement	-10%	403 400	999 300	1 402 700	-12%

2017 2016

**3.2 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.

114	113
-----	-----

Key actuarial assumptions used:

**i) Rate of interest**

Discount rate	8.50%	8.54%
General Salary Inflation (long-term)	6.32%	7.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.34%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

	2017 R	2016 R
<b>The amount recognised in the Statement of Financial Position is as follow:</b>		
Present value of fund obligations	1 547 137	1 499 578
<b>Net liability</b>	<b>1 547 137</b>	<b>1 499 578</b>

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

	2015 R	2014 R	2013 R
<b>Total Liability</b>	<b>1 476 009</b>	<b>1 343 896</b>	<b>1 197 256</b>

Experience adjustments were calculated as follows:

	2017	2016	2015
Liabilities: (Gain) / loss	57 979	(71 741)	13 418

**Reconciliation of present value of fund obligation:**

	2017	2016
Present value of fund obligation at the beginning of the year	1 499 578	1 476 009
Total expenses	231 998	136 709
Current service cost	138 845	140 978
Interest Cost	120 431	114 346
Benefits Paid	(27 278)	(118 615)
Actuarial (gains)/losses	(184 439)	(113 140)
Present value of fund obligation at the end of the year	1 547 137	1 499 578
<b>Less:</b> Transfer of Current Portion - Note 6	(142 033)	(183 890)
<b>Balance 30 June</b>	<b>1 405 104</b>	<b>1 315 688</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
Central assumptions		1.547	
General salary inflation	1%	1.651	7%
General salary inflation	-1%	1.453	-6%
Discount Rate	1%	1.449	-6%
Discount Rate	-1%	1.658	7%
Average retirement age	-2 yrs	1.398	-10%
Average retirement age	2 yrs	1.704	10%
Withdrawal rates	-50%	1.819	18%

**3.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures have been made as defined in GRAP 25.31.

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 112.6%).

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the SAMWU National Provident Fund, Government Employees Pension Fund, Municipal Council Pension Fund and IMATU Retirement Fund which are all 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.

Total contributions paid recognised in the Statement of Financial Performance

2017	2016
R	R
3 672 009	3 333 877

#### 4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

2017	2016
R	R

22 801 622	21 418 400
------------	------------

##### Landfill Sites

Balance 1 July  
Unwinding of discounted interest  
**Total provision 30 June**

21 418 400	20 316 855
1 383 223	1 101 545
<b>22 801 622</b>	<b>21 418 400</b>

**Less:** Transfer of Current Portion to Current Provisions - Refer to note 8  
**Balance 30 June**

-	-
<b>22 801 622</b>	<b>21 418 400</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs.  
The assumptions used are as follows:

	<u>Calitzdorp</u>	<u>Ladismith</u>	<u>Van Wyksdorp</u>	<u>Zoar</u>	<u>Total</u>
Rehabilitation area (m <sup>2</sup> )	19 485	15 875	3 516	6 657	
<b>Cost</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	
Preliminary and General	852 330	575 439	279 002	280 477	1 987 248
Site Clearance and Preparation	50 661	41 275	9 142	17 355	118 433
Stormwater Control Measures	1 032 686	933 580	623 861	572 447	3 162 574
Capping	4 058 953	2 819 542	631 193	1 193 994	8 703 682
Leachate Management	329 598	304 737	262 949	208 466	1 105 750
Fencing	616 175	11 145	465 725	11 145	1 104 190
Other	427 128	817 758	396 218	869 930	2 511 034
Contingencies	694 040	468 572	227 187	228 388	1 618 187
Engineering Professional Fees	572 583	386 572	187 429	188 420	1 335 004
Site Supervision	325 637	338 108	250 003	241 771	1 155 519
Total					22 801 621

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation 2017</u>	<u>Cost of rehabilitation 2016</u>
Calitzdorp	2020	8 959 791	8 407 649
Ladismith	2025	6 696 728	6 289 810
Van Wyksdorp	2024	3 332 709	3 136 404
Zoar	2029	3 812 393	3 584 504
		<b>22 801 623</b>	<b>21 418 366</b>

<b>5</b>	<b>CONSUMER DEPOSITS</b>		
	Electricity	742 252	703 141
	<b>Total Consumer Deposits</b>	<b>742 252</b>	<b>703 141</b>
	<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>

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

<b>6</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Current Portion of Post Retirement Benefits	494 590	454 200
	Current Portion of Long-Service Provisions	142 033	183 890
	Provision for Staff Leave	3 099 625	3 986 973
	Staff Bonuses accrued	1 088 126	987 938
	<b>Total Current Employee Benefits</b>	<b>4 824 373</b>	<b>5 613 001</b>

The movement in current employee benefits are reconciled as follows:

**Provision for Staff Leave**

Balance at beginning of year	3 986 973	3 832 710
Contribution to current portion	(617 500)	154 263
Expenditure incurred	(269 848)	
Balance at end of year	<b>3 099 624</b>	<b>3 986 973</b>

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Staff Bonuses accrued**

Balance at beginning of year	987 938	924 915
Contribution to current portion	1 830 201	63 023
Expenditure incurred	(1 730 013)	
Balance at end of year	<b>1 088 126</b>	<b>987 938</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent a portion of the bonus that has already vested for the current salary cycle. There is no possibility of reimbursement.

<b>7</b>	<b>PROVISIONS</b>		
	Current Portion of Rehabilitation of Landfill-sites - Note 4	-	-
	<b>Total Provisions</b>	<b>-</b>	<b>-</b>

<b>8</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2017 R</b>	<b>2016 R</b>
	Trade Payables	31 529 400	36 178 194
	Pre-Paid Electricity	193 195	155 997
	Retentions and Guarantees	2 437 237	2 282 240
	Other: Deposits	190 095	210 244
	Debtors paid in advance	1 646 418	1 568 196
	Other payables	9 052 372	12 174 054
	<b>Total Trade Payables</b>	<b>45 048 717</b>	<b>52 568 924</b>

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.

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

**9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

**Unspent Grants**

National Government Grants  
Provincial Government Grants  
Other Grant Providers

10 279 189 8 930 873

2 297 350	1 478 010
5 482 526	4 953 549
2 499 314	2 499 314

**Total Conditional Grants and Receipts**

**10 279 189 8 930 873**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

**10 TAXES**

**NET VAT RECEIVABLE/(PAYABLE)**

VAT is receivable/payable on the cash basis.

3 342 792 (981 946)

11      **PROPERTY, PLANT AND EQUIPMENT**

See attached sheet





		2017	2016
11	<b>Assets pledged as security:</b>		
11.1	All the assets obtained by financial leases are pledged as security. Carrying value of these assets :	53 727	257 795
	<b>Third party payments received for losses incurred:</b>		
	Payments received (Excluding VAT)		-
	Carrying value of assets written off/lost		
	Deficit	-	-
11.2	<b>Effect of changes in accounting estimates</b>		
	During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised. The effect on the current and future periods are as follow :		
		2017 R	2018 R
			2019 R
	Increase in Accumulated Depreciation: Property, plant and equipment		
	Other Assets	286 794	573 588
	Leased Assets	20 504	41 007
	Infrastructure Assetes	927	1 854
11.3	<b>Impairment of property plant and equipment for the year</b>		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Other Assets	1 446 520	-
	Lease Assets	12 283	
	Infrastructure	2 106 276	
		-	-
		3 565 078	-
11.4	<b>Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
	Infrastructure Assets	30 701 464	
	Roads	5 596 159	
	Electricity	14 990 483	
	Water Supply	2 884 913	
	Sanitation	7 229 909	
	Community Assets	540 258	
	Other Assets	978 317	
	<b>Total Property, Plant and Equipment under construction</b>	<b>32 220 039</b>	
11.5	<b>Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:</b>		
	Infrastructure Assets	30 701 465	
	Roads (The Upgrading of Queen Street Taxi Route)	610 307	
	Roads (Zoar upgrading of gravel roads)	4 985 852	
	Electricity (Electrification of Shacks In Nissenville)	521 361	
	Electricity (Surya Powers)	4 497 929	
	Electricity (Electrification of Houses in Calitzdorp)	9 971 193	
	Water Supply (Store item)	33 000	
	Water Supply ( Swartberg dam)	2 851 913	
	Sanitation (Ladismith Waste water treatment works)	7 064 056	
	Sanitation (Upgrade of Ladismith Waste water treatment works)	165 854	
	Community Assets	1 518 575	
	Community Assets (Zoar Cemetery)	290 261	
	Community Assets (Zoar Sports Fields Rehab)	126 085	
	Community Assets (Upgrading of sport fields in Calitzdorp)	123 912	
	Kannaland Installation of Water Meters (MIG)	978 317	
	Reasons:		
	Legal constrains and turnover of senior key personnel		

	2017 R	2016 R
<b>11.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs	4 276 144	5 175 144
Other materials	1 583 117	3 920 259
Contracted Services	-	-
Other Expenditure	-	-
<b>Total Repairs and Maintenance</b>	<b>5 859 262</b>	<b>9 095 403</b>

	R	R
<b>12 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>1 749 705</b>	<b>1 813 511</b>
Cost	2 183 170	2 183 170
Accumulated Depreciation	(433 465)	(369 659)
Accumulated Impairment	-	-
Acquisitions	-	-
Disposals	-	-
Depreciation for the year	(50 207)	(46 488)
Impairment	(7 049)	(17 317)
Transfers from Land and Buildings	-	-
<b>Net Carrying amount at 30 June</b>	<b>1 692 449</b>	<b>1 749 705</b>
Cost	2 183 170	2 183 170
Accumulated Depreciation	(483 672)	(433 465)
Accumulated Impairment	(7 049)	-

Impairment charges on Investment Properties recognised in statement of financial performance

7 049

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

Operating expenditure incurred on properties generating revenue

	2017 R	2016 R
<b>13 INTANGIBLE ASSETS</b>		
<b>Computer Software</b>		
<b>Net Carrying amount at 1 July</b>	<b>128 706</b>	<b>210 551</b>
Cost.	619 489	652 549
Accumulated Amortisation	(490 784)	(442 000)
Additions	-	6 940
Amortisation	(28 200)	(75 031)
Impairments	-	-
Disposals	-	(13 751)
<b>Net Carrying amount at 30 June</b>	<b>100 506</b>	<b>128 706</b>
Cost.	619 489	619 489
Accumulated Amortisation	(518 983)	(490 784)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2017 R	2016 R
Microsoft Office and Windows software	5-10 years	100 506	128 706

No intangible asset assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

#### Effect of changes in accounting estimates

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised.

The effect on the current and future periods are as follow :

	2017 R	2018 R	2019 R
Decrease in Accumulated Depreciation	(12 764)	(25 528)	(33 785)

#### 14 INVENTORY

Consumable Stores - Stationery and materials - At cost  
Water – at cost

##### Total Inventory

342 138	226 664
110 661	26 373
<b>452 799</b>	<b>253 037</b>

Consumable stores materials written down due to losses as identified during the annual stores counts.

-	-
---	---

Consumable stores materials surpluses identified during the annual stores counts.

230 743	-
---------	---

Inventory recognised as an expense during the year

736 314	1 116 200
---------	-----------

No inventory assets were pledged as security for liabilities.

#### 15 CAPITALISED RESTORATION COST

##### Net Carrying amount at 1 July

4 579 573 9 126 975

Acquisitions

Additions

Depreciation

Change in estimate

Impairment

(781 512) (781 513)  
(3 765 891)

##### Net Carrying amount at 30 June

3 798 060 4 579 572

Cost

Accumulated Depreciation..

Accumulated Impairments..

11 859 279	11 859 279
(8 061 218)	(7 279 706)

Refuse tip-sites financed by way of a provision - Refer to note

<b>3 798 060</b>	<b>4 579 572</b>
------------------	------------------

**RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>2017</b> <b>R</b>	<b>2016</b> <b>R</b>
Electricity	3 403 563	5 196 247
Water	19 161 807	14 457 860
Refuse	16 826 614	13 133 899
Sewerage	16 587 860	13 049 994
Rentals	62 096	60 522
Sundry Receivables	1 322 817	1 328 866
<b>Total Receivables from Exchange Transactions</b>	<b>57 364 757</b>	<b>47 227 386</b>
Less: Allowance for Doubtful Debts	(53 270 540)	(33 236 142)
<b>Total Net Receivables from Exchange Transactions</b>	<b>4 094 216</b>	<b>13 991 244</b>

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

**Ageing of Receivables from Exchange Transactions:****(Electricity): Ageing**

Current (0 - 30 days)	2 192 274	3 043 287
31 - 60 Days	94 856	126 459
61 - 90 Days	89 871	84 914
+ 90 Days	1 026 562	1 941 585
<b>Total</b>	<b>3 403 563</b>	<b>5 196 247</b>

**(Water): Ageing**

Current (0 - 30 days)	1 542 567	2 771 119
31 - 60 Days	554 873	477 059
61 - 90 Days	573 872	494 087
+ 90 Days	16 490 495	10 715 595
<b>Total</b>	<b>19 161 807</b>	<b>14 457 860</b>

**(Refuse): Ageing**

Current (0 - 30 days)	449 717	413 335
31 - 60 Days	315 384	281 768
61 - 90 Days	298 344	257 730
+ 90 Days	15 763 169	12 181 066
<b>Total</b>	<b>16 826 614</b>	<b>13 133 899</b>

**(Sewerage): Ageing**

Current (0 - 30 days)	467 286	535 674
31 - 60 Days	290 003	292 591
61 - 90 Days	273 518	264 808
+ 90 Days	15 557 054	12 369 655
<b>Total</b>	<b>16 587 860</b>	<b>13 462 728</b>

**(Rentals): Ageing**

Current (0 - 30 days)	2 310	2 320
31 - 60 Days	1 874	1 950
61 - 90 Days	1 873	1 629
+ 90 Days	56 039	54 623
<b>Total</b>	<b>62 096</b>	<b>60 522</b>

**(Sundry): Ageing**

Current (0 - 30 days)	46 394	102 525
31 - 60 Days	61 795	15 186
61 - 90 Days	23 593	6 388
+ 90 Days	1 191 035	1 204 769
<b>Total</b>	<b>1 322 817</b>	<b>1 328 866</b>

**(Total): Ageing**

Current (0 - 30 days)	4 700 547	6 868 259
31 - 60 Days	1 318 785	1 195 013
61 - 90 Days	1 261 071	1 109 556
+ 90 Days	50 084 354	38 467 293
<b>Total</b>	<b>57 364 757</b>	<b>47 640 121</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	33 236 142	37 137 540
Contribution to provision/(Reversal of provision)	20 034 398	14 311 440
Bad Debts Written Off		(18 212 838)
<b>Balance at end of year</b>	<b>53 270 541</b>	<b>33 236 142</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17 **RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	2017 R	2016 R
Rates	19 340 210	15 344 880
Other Receivables	12 239 622	7 393 025
Suspense Debtors	12 239 622	7 393 025
<b>Total Receivables from Non-Exchange Transactions</b>	<b>31 579 832</b>	<b>22 737 904</b>
Less: Allowance for Doubtful Debts	(29 305 416)	(19 284 009)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>2 274 416</b>	<b>3 453 895</b>

Rates 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 rates debtors are not performed in terms of GRAP 104 on initial recognition.

Included in Suspense Debtors is outstanding traffic fines receivable which is assessed for impairment based on expected future cash flows. A provision for doubtful debts of R 11 606 068 (2016: R7 512 978) was raised against the gross amount receivable.

**Ageing of Receivables from Non-Exchange Transactions:**

**(Rates): Ageing**

Current (0 - 30 days)	760 841	1 096 127
31 - 60 Days	347 765	434 566
61 - 90 Days	303 322	262 301
+ 90 Days	17 928 283	13 551 885
<b>Total</b>	<b>19 340 210</b>	<b>15 344 880</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	19 284 009	16 076 800
Contribution to provision	10 021 406	7 003 606
Bad Debts Written Off		(3 796 397)
<b>Balance at end of year</b>	<b>29 305 417</b>	<b>19 284 009</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of non - 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.

18 **OPERATING LEASE ARRANGEMENTS**

**The Municipality as Lessor (Asset)**

<b>Balance on 1 July</b>	43 765	23 022
Movement during the year	2 199	20 743
<b>Balance on 30 June</b>	<b>45 964</b>	<b>43 765</b>

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	359 532	381 885
1 to 5 Years	254 880	332 889
More than 5 Years	25 342	49 011
<b>Total Operating Lease Arrangements</b>	<b>639 754</b>	<b>763 785</b>

This lease income was determined from contracts that have a specific conditional income.  
The leases are in respect of land and buildings being leased out for periods ranging until December 2023

The municipality does not engage in any sub-lease arrangements.  
The municipality did not pay any contingent rent during the year

**CASH AND CASH EQUIVALENTS****Assets**

Call Investments Deposits  
Bank Accounts  
Cash Floats

**Total Cash and Cash Equivalents - Assets**

**2017**  
**R**

**2016**  
**R**

31 420  
241 456  
4 500

1 784 380  
483 776  
4 300

**277 375**

**2 272 457**

Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

**The municipality has the following bank accounts:****Current Accounts Bank statements**

Standard Bank Current account - Account number 420543546  
Standard Bank Current account - Account number 420543554  
Standard Bank Current account - Account number 420543562

1 112 416  
10 801  
64 481

212 609  
19 515  
64 609

**1 187 698**

**296 733**

**Call Investments statements**

Standard Bank Call Deposit - Account number 288798546  
ABSA Bank Call Account - Account number 9117177062

31 420

1 752 287

32 093

**31 420**

**2 377 846**

**Current Accounts**

Cash book balance at beginning of year  
Cash book balance at end of year

483 776  
241 456

578 106  
483 776

Bank statement balance at beginning of year  
Bank statement balance at end of year

296 733  
1 187 698

616 636  
296 733



	2017 R	2016 R
<b>20 NON CURRENT INVESTMENTS</b>		
Fixed Deposits	17 755	16 539
<b>Total Non- Current Investments</b>	<b>17 755</b>	<b>16 539</b>

**21 PROPERTY TAXES**

**Actual**

**Rateable Land and Buildings**

Rateable Land and Buildings	18 671 566	17 267 778
Less: Rebates	3 771 739	3 280 377
<b>Total Assessment Rates</b>	<b>14 899 827</b>	<b>13 987 401</b>

**Valuations - 1 JULY 2014 (Plus Interim Valuations)**

**Rateable Land and Buildings**

Residential Properties -Sec 8(2)(a)	519 976 000	521 362 000
Industrial Properties - Sec 8(2)(b)	28 463 000	28 463 000
Business and Commercial Properties-Sec 8(2)(c)	100 361 000	100 361 000
Farm Agricultural Purposes - Sec 8(2)(d)(i)	1 569 079 000	1 558 388 000
Church	36 373 000	36 373 000
Nature Reserve	64 430 000	64 430 000
General	50 209 000	50 209 000
State Owned - Sec 8(2)(g)	43 527 000	43 527 000
Municipal Owned-Sec 8(2)(h)	61 613 000	61 613 000
<b>Total Assessment Rates</b>	<b>2 474 031 000</b>	<b>2 464 726 000</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013.

**Rates:**

Residential	1.2128c/R	1.123c/R
Business	2.2129c/R	2.0490c/R
Commercial	2.4256c/R	2.246c/R
Agricultural	0.3034c/R	0.2809c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15 th 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 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.

**22 GOVERNMENT GRANTS AND SUBSIDIES**

**Unconditional Grants**

Equitable Share	22 940 000	22 391 000
-----------------	------------	------------

**Conditional Grants**

Grants and donations	46 302 949	63 781 079
----------------------	------------	------------

**Total Government Grants and Subsidies**

	<b>69 242 949</b>	<b>86 172 079</b>
Government Grants and Subsidies - Capital	22 963 286	37 844 608
Government Grants and Subsidies - Operating	42 533 825	45 698 640
Other Taxation Revenue	3 745 838	5 548 254
	<b>69 242 949</b>	<b>89 091 502</b>

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	22 940 000	22 391 000
Community Services	-	-
Corporate Services	-	16 088 332
Executive Council	-	4 712 763
Financial Services	48 742 292	13 327 037
Technical Services	(2 439 342)	32 572 370
	<b>69 242 949</b>	<b>89 091 502</b>

The municipality does not expect any significant changes to the level of grants.

	2017 R	2017 R
<b>22.1 Equitable share</b>		
Opening balance	-	-
Grants received	22 940 000	22 391 000
Conditions met - Operating	(22 940 000)	(22 391 000)
Conditions still to be met	-	-

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.

<b>22.2 Expanded Public Works Program (EPWP)</b>		
Opening balance	2 612	(340 040)
Circular 79 -self funding	(3 000)	340 040
Grants received	1 000 000	1 000 000
Conditions met - Operating	(999 612)	(997 388)
Conditions met - Capital	-	-
Conditions still to be met	-	2 612

Job creation projects in previous disadvantage areas

<b>22.3 Local Government Financial Management Grant (FMG)</b>		
Opening balance	-	(18 812)
Circular 79 -self funding		18 812
Grants received	1 810 000	1 675 000
Conditions met - Operating	(1 482 327)	(1 675 000)
Conditions met - Capital		
VAT	(179 683)	
Conditions still to be met	147 990	-

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).

<b>22.4 Municipal Systems Improvement Grant</b>		
Opening balance	30 288	(306 372)
Circular 79 -self funding		306 372
Grants received	-	930 000
Conditions met - Operating	(1 388)	(320 930)
Conditions met - Capital	(25 351)	(497 138)
VAT	(3 549)	(81 644)
Conditions still to be met	(0)	30 288

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

<b>22.5 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	1 264 656	(251 878)
Circular 79 -self funding	(110 000)	251 878
Grants received	9 803 000	14 082 000
Conditions met - Operating	(382 381)	(491 075)
Conditions met - Capital	(9 252 795)	(10 864 609)
VAT	(1 322 481)	(1 461 660)
Grant expenditure to be recovered	-	1 264 656

The grant was used to upgrade infrastructure in previously disadvantaged areas.

<b>22.6 Housing Grants</b>		
Opening balance	-	2 087
Grants received	12 300 068	15 571 557
Conditions met - Operating	(12 300 068)	(15 573 643)
Conditions met - Capital	-	-
Grant expenditure to be recovered	-	-

Housing grants was utilised for the development of erven and the erection of top structures.

		2017 R	2017 R
<b>22.7</b>	<b>Other Grants</b>		
	Opening balance	9 994 063	9 478 387
	Circular 79 -self funding	(469 000)	(643 999)
	Grants received	23 320 200	33 536 343
	Conditions met - Operating	(5 125 507)	(3 838 330)
	Conditions met - Capital	(15 526 841)	(24 533 391)
	VAT	(2 779 491)	(4 004 951)
	Conditions still to be met	9 413 420	9 994 063
<b>22.8</b>	<b>Total Grants</b>		
	Opening balance	8 930 873	8 563 371
	Grants received	71 173 267	89 185 900
	Circular 79 -self funding	(582 000)	273 103
	Conditions met - Operating	(43 231 283)	(45 698 640)
	Conditions met - Capital	(24 804 986)	(37 844 608)
	VAT	(4 105 520)	(5 548 254)
	Conditions still to be met/(Grant expenditure to be recovered)	<b>7 380 349</b>	<b>8 930 873</b>
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	10 279 189	8 930 873
		<b>10 279 189</b>	<b>8 930 873</b>
<b>23</b>	<b>SERVICE CHARGES</b>		
	Electricity	41 953 363	40 059 256
	Water	12 002 712	11 842 571
	Refuse removal	5 353 336	4 827 734
	Sewerage and Sanitation Charges	5 831 921	5 739 468
	<b>Total Service Charges</b>	<b>65 141 332</b>	<b>62 469 029</b>
<b>24</b>	<b>OTHER INCOME</b>		
	Building Plans	135 365	189 247
	Creditors written off	18 949	
	Development Contribution	95 999	14 006
	Clearance certificates	44 165	40 795
	Circuit breaker changes	5 109	6 067
	Valuation/rezoning fees	23 062	9 100
	Subdivision/rezoning fees	14 407	13 637
	Swimmingpool fees	-	18 206
	Other	849 289	536 868
	<b>Total Other Income</b>	<b>1 186 346</b>	<b>827 927</b>

**EMPLOYEE RELATED COSTS**

	2017 R	2017 R
Salaries and Wages	33 913 820	35 247 541
Contributions for UIF, pensions and medical aids	5 360 677	5 273 982
Travel, motor car, accommodation, subsistence and other allowances	3 631 052	3 128 893
Group Insurance	36 105	32 334
Housing benefits and allowances	377 802	332 585
Overtime Payments	1 386 773	1 286 834
Long Service Awards	138 845	140 978
Post Retirement Medical	492 588	499 793
Standby	1 084 757	988 959
Bonus	1 833 323	1 722 529
Cellphone allowance	71 460	100 820
Other	-	-
Staff Leave	(617 500)	932 973
<b>Total Employee Related Costs</b>	<b>47 709 701</b>	<b>49 688 222</b>

**KEY MANAGEMENT PERSONNEL**

Municipal Manager and CFO are appointed on a contract basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL****Remuneration of the Municipal Manager**

Annual Remuneration	2 004 627	1 612 828
Performance Bonus	-	102 228
Car Allowance	31 017	203 675
Contributions to UIF, Medical, Pension Funds and Bargaining Council	9 063	61 759
Leave	91 388	-
Cell phone allowance	9 420	-
Travelling reimbursement	-	16 487
<b>Total</b>	<b>2 145 514</b>	<b>1 996 977</b>

**Remuneration of the Chief Financial Officer**

Annual Remuneration	826 303	1 460 904
Car Allowance	40 000	158 085
Performance Bonus	-	95 967
Contributions to UIF, Medical, Pension Funds and Bargaining Council	14 308	41 248
Cell phone allowance	9 760	-
Leave	197 245	-
Travelling reimbursement	-	8 466
<b>Total</b>	<b>1 087 616</b>	<b>1 764 670</b>

**Remuneration of the Head of Corporate Services**

Annual Remuneration	900 162	934 513
Car Allowance	133 086	145 807
Performance Bonus	-	71 922
Contributions to UIF, Medical, Pension Funds and Bargaining Council	196 524	205 519
Housing	8 904	-
Leave paid	-	120 978
Bonus	70 767	-
Travelling reimbursement	-	6 962
<b>Total</b>	<b>1 309 443</b>	<b>1 485 701</b>

		2017 R	2017 R
26	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor allowance	697 125	448 531
	Deputy Executive Mayor allowance	353 658	551 812
	Speaker allowance	571 900	430 781
	Councillors allowances	990 422	789 888
	Councillors other allowances	0	663 258
	<b>Total Councillors' Remuneration</b>	<b>2 613 106</b>	<b>2 884 270</b>
	<i>In-kind Benefits</i>		
	The Executive Mayor and all the committee members are full-time councillors. The Mayor, Deputy Mayor and Speaker are provided with secretarial support and an office at the cost of the Council.		
27	<b>DEBT IMPAIRMENT</b>		
	Trade Receivables from non- exchange transactions	10 021 406	7 003 606
	Trade Receivables from exchange transactions	17 387 990	14 311 440
		<b>27 409 396</b>	<b>21 315 046</b>
28	<b>DEPRECIATION AND AMORTISATION</b>		
	Property Plant and Equipment	10 645 134	11 018 580
	Investment Property	50 207	46 488
	Intangible Assets	28 200	75 031
	Landfill Sites	781 512	781 513
		<b>11 505 053</b>	<b>11 921 612</b>
29	<b>IMPAIRMENTS and WRITE OFFS</b>		
	Property Plant & Equipment	3 565 078	-
	Investment Properties	7 049	17 317
	Intangible assets	-	13 751
		<b>3 572 127</b>	<b>31 068</b>
30	<b>FINANCE CHARGES</b>		
	Other	1 097 720	2 712 125
	Long-term Liabilities	393 193	1 068 002
	Post Employment Health	1 024 898	938 405
	Landfill Sites	1 440 683	1 101 545
	Long service awards	120 431	114 346
	<b>Total finance charges</b>	<b>4 076 925</b>	<b>5 934 423</b>
31	<b>BULK PURCHASES</b>		
	Electricity	26 198 725	25 239 908
	Water	358 780	181 845
	<b>Total Bulk Purchases</b>	<b>26 557 505</b>	<b>25 421 754</b>
32	<b>CONTRACTED SERVICES</b>		
	Services Providers	16 011 713	19 836 402
	<b>Total</b>	<b>16 011 713</b>	<b>19 836 402</b>

	2017 R	2016 R
<b>33 GENERAL EXPENSES</b>		
Advertising	159 169	67 180
Audit fees	1 939 237	687 610
Bank charges	470 744	730 951
Chemicals	173 764	333 787
Cleaning	73 437	67 881
Commission paid	648 976	214 287
Community development and training	23 100	(2 150)
Computer expenses	75 708	110 417
Consulting and professional fees	2 097 493	4 925 376
Consumables	-	62 371
Donations	-	455 447
Electricity	2 638 428	3 855 019
Entertainment	58 651	85 614
Fines	-	23 286
Fuel and oil	889 306	858 421
Hire	705 353	81 118
Insurance	153 873	91 920
Legal fees	1 173 370	251 076
Materials	12 365	-
Magazines, books and periodicals	6 760	6 486
Medical expenses	650	-
Postage and courier	525 847	271 263
Printing and stationery	344 124	477 932
Promotions and sponsorships	35 088	847 521
Recruitment cost	9 956	11 388
Refuse	162 048	313 465
Special projects	102 368	463 019
Royalties and license fees	35 845	70 192
Security (Guarding of municipal property)	-	98 866
Sewerage and waste disposal	-	22 136
Software expenses	176 347	956 235
Staff welfare	-	36 309
Shopsteward Knysna Municipality	5 598	-
Subscriptions and membership fees	871 235	50 121
Sundry expenses	1 863 097	1 501 547
Telephone and fax	886 868	996 282
Title deed search fees	-	37 097
Tourism development	552 000	792 755
Training	133 506	68 483
Transport and freights	-	5 114
Travel-local	941 262	1 073 132
Uniforms	890	29 767
Water	-	76 058
General Expenses	<b>17 946 460</b>	<b>21 104 779</b>

#### 34 CORRECTION OF ERRORS IN TERMS OF GRAP 3 AND RE-CLASSIFICATIONS

##### Prior year adjustments due to non-compliance with accounting policy and errors

- 34.1** (i) The Landfill site capital was previously disclosed as part of Property Plant and Equipment. Due to its uniqueness and difference in nature from the other assets, it is now decided to reclassify the Landfill site in terms of GRAP 1. (44) and (49) as Capital Restoration cost.
- (ii) The latest Specialist Engineers Report to calculate for the Landfill closure provision, reveals that a mistake was made with the change in estimates as disclosed the previous year. The change in estimate was R9 466 428 instead of R3 765 891 with the result that the provision was understated with an amount of R5 700 537. This error is now corrected with the following entries : (Dt) Capitalized Restoration cost (Ct) Non -Current Provision R5,700 537 Furthermore the Landfill asset was also incorrectly disclosed as R19 608 592 (cost) and Accumulated Depreciation of R6 797 903, where it must be for R11 859 280 (cost) and Accumulated Depreciation R7 279 706. This error is now also corrected with the following entries: (Ct) Capitalized Restoration Cost R7 749 313 (Ct) Accumulated Depreciation R481 803 (Dt) Accumulated Surplus -prior years R8 459 433 (Ct) Accumulated Surplus -current year (depreciation) R228 317
- (iii) Due to the previous year audit finding on Government Grants , a comprehensive reconciliation of all the grant expenditure and revenue for 2015/16 year was done .With the reconciliation process numerous errors were found of which the detail is reflected on Appendix" D" The errors are now corrected with the following entries: (Dt) Unspent Government Grants R5 614 662.32 (Ct) Accumulated Surplus -prior years R2 286 436.25 (Ct) Accumulated Surplus - current year ( Grant revenue- R 3 328 226.07)
- (iv) The complete asset register was comprehensively reviewed due to the previous year audit finding with the result that numerous errors were found and now corrected with the following entries: (Dt) Accumulated Depreciation Property Plant and Equipment R5 882 508.15 (Ct) Accumulated Surplus -prior years R5 882 508.15. (Dt) Accumulated Surplus -current year (depreciation) R287 858 (Ct) Accumulated Depreciation Property Plant and Equipment R287 858 .First time recognition of Property Plant and Equipment - (other assets) (Dt) Property Plant and Equipment R 20 656.96 (Ct) Accumulated Surplus -prior years, with R20 656.96. Corrections of derecognition of assets (Dt) Accumulated Surplus -current year (loss) R2 396 595.63 and (Ct) Property Plant and Equipment -cost R 2 396 595.63. (Dt) Property Plant and Equipment-cost R304 319.04 (Ct) Accumulated surplus - current year (repairs and maintenance) R304 319.04

- (v) The intangible assets register was comprehensively reviewed and errors were found in the previous reporting periods. These errors now corrected with the Following entries : (Dt) Intangible assets -cost R6 940.00 (Ct ) Accumulated Surplus - current year (repairs and maintenance) R6 940.00 addition.(Ct) Intangible assets -cost R 40 000 (Dt) Accumulated Amortisation R26 248.53 (Dt) Accumulated Surplus -current year ( Write offs) R13 751.47 (Dt) Accumulated Amortisation R79 133.40 (Ct) Accumulated Surplus -prior years R79 133.4 as a correction of amortisation prior years. (Dt) Accumulated Surplus current year (amortisation) R 30 119.13 (Ct) Accumulated amortisation R30 119.13
- (vi) The investment properties register was also comprehensively reviewed and it was found that the depreciation was erroneously calculated over time. This error is now corrected with the following :(Ct) Accumulated Depreciation R114 130.50 (Dt) Accumulated surplus-prior years R114130.50 (Ct)Accumulated Depreciation R14 437.23 (Dt) Accumulated Surplus -current year -(depreciation) R14 437.23
- (vii) With the comprehensive review of the 2015/16 asset registers, it was found that amounts paid as repairs and maintenance were for assets . The amount is R687 532.91, representing assets that are in proses of completion and R384 538.19 electricity. This error is now corrected with the following entries ; (Dt) Property Plant and Equipment and R1 072 071.10 (Ct) Accumulated Surplus -current year (Repairs and Maintenance) with R687 532.91 (Ct)Payables from Exchange transactions- retensions R384 538.19
- (viii) With the comprehensive review of the 2015/16 creditors, numerous errors were found which is now corrected with the following entries:(Dt) Payables from exchange transactions R10 899 400.27 (Ct) Accumulated Surplus -prior years R4 623 708.68 (Ct) VAT R3 155.88 (Ct) Accumulated Surplus-current year- (General Expenditure R3 527 766.09, Bulk Purchases R2 744 769.60)
- (ix) With the comprehensive review of the 2015/16 creditors, numerous errors were found which is now corrected with the following entries:(Ct) Payables from exchange transactions R1 280 925.30 (Dt) VAT R40 586.60 (Dt) Accumulated Surplus-current year- (General expenditure R91 957.36, Contracted Services R885 090,00 , Repairs and Maintenance R261 971.34,Bulk Purchases R1 320,00)
- (x) The amounts for electricity and water units estimated in terms of GRAP 9 at year end 2016 was correctly provided, but the journalising of it was erroneously included in the annual movements , with the result that the Receivables from exchange transactions was understated with R2 145 514.20 and electricity sales was understated with R1 418 351.63 and water sales was understated with R727 162.57.This error is now corrected with the following entries: (Dt) Receivables from exchange transactions R2 145 514 20 (Ct) Accumulated surplus - current year (service charges) R2 145 514.20
- (xi) The bank reconciliation for the 2015/16 year was re calculated and errors were found in the this process of reconciliation with the result that Cash and Cash Equivalents were overstated as at 30 June 2015 as well as 30 June 2016. These errors are now corrected with the following entries :(Dt) Accumulated Surplus -prior years R1 002 026.31 (Ct) Cash and Cash Equivalents R1 002 026.31 (Ct) Accumulated Surplus -current year R192 565.31 (Other Income) , (Dt) Cash and Cash Equivalents R192 565.31 (Dt) Payables from Exchange transactions R239 224 and (Ct) Cash and Cash Equivalents R 239 224
- (xii) Electricity pre paid units sold in advance as per Accounting Policy paragraph1.30.1, was not provided for during 2015/16 year. This error is now corrected with the following entries : (Dt) Accumulated Surplus -current year (Service Charges) R155 997.49 (Ct) Payables from Exchange transactions with R155 997.49
- (xiii) During the current year , corrections in debtors accounts were made for transactions applicable in the 2015/16 financial year .These corrections are now restated with the following entries : (Dt) Accumulated Surplus -current year (Service Charges R23 640.78, Property rates R10 651.35) (Ct) Receivables from Exchange transactions R 23 640.78 (Ct) Receivables from non Exchange transactions R10 651.35
- (xix) The recognition in the previous year of the lease liability was incorrect. The applicable lease contract is on a month to month basis with no agreed lease period. This error is now corrected with the following entries : (Dt ) Accumulated Surplus -current year R11 050
- (xx) The municipality is a lessor of several premises which are leased with escalating rental premiums. These rentals straight lining were not previously recognised as operating lease assets. These error is now rectified retrospectively with the following entries : (Ct) Accumulated Surplus -prior years with R23 022.14 (Ct) Accumulated Surplus -current year Rental of Facilities and Equipment R20 743.07 (Dt) Operating Lease Assets R43 765.22
- (xxi) Incorrect useful lives of Lease Assets were in contradiction with GRAP 13 with the result that the calculation for depreciation was incorrect. Further more it was also found that Leased Assets disposed during 2015/16 have been incorrectly de- recognised in 2016/17. These errors are now retrospectively rectified with the following entries :(Ct) Lease Assets -cost R210 806 (Ct) Accumulated Surplus -current year (depreciation) R22 789.60 (Dt) Accumulated Depreciation R134 162.15 (Dt) Accumulated Surplus -prior years R99 413.45
- (xxii) Investment property land with indefinite useful lives have been erroneously allocated with useful lives with the result that the Investment Properties have been incorrectly depreciated . This error is now retrospectively rectified with the following entries : (Dt) Accumulated Depreciation R30 532.59 (Ct) Accumulated Surplus -prior years R30 532.59 (Ct) Accumulated Surplus -current year (depreciation) R3 716.11
- (xxiii) It was found that depreciation on land was erroneously calculated. This error is now retrospectively corrected with the following entries : (Dt) Property Plant and Equipment - Depreciation on Land R23 928.30 (Ct) Accumulated Surplus -prior years R22 583.10 (Ct) Accumulated Surplus - current year (depreciation) R1 345.20
- (xxiv) With the audit process it was found that VAT receivable was overstated with R12 092 715.90.This overstatement is now corrected with the following entries (Dt) Accumulated Surplus -prior years R12 092 715.90 and (Ct) Vat receivable R12 092 715.90
- (xxv) During the audit it was found that unspent grants have been overstated and grant income understated. This error is now corrected with the following entries : Dt Unspent Grants R2 691 248.47 (Ct) Accumulated Surplus - current year (Grants and Subsidies- operating R411 274.60 (Grants and Subsidies ) -capital R1 949 469.71 Other Taxation Revenue R330 504.16
- (xxvi) Bad Debts amounted to R3 090 781 was approved by Council but erroneously not written off . This error is now retrospectively corrected with the following entries :(Dt) Accumulated Surplus -current year R3 90 781 (Ct) Receivables from Exchange Transactions R1 5149 32 (Ct) Receivables from Non Exchange Transactions R1 575 849
- (xxvii) Receivables from Non Exchange Transactions to the value of R200 823.53 was incorrectly reported in the previous year . It must be for Receivables from Exchange Transactions. This error is now corrected.

**The above note 34.1 representing the narratives of the following Corrections of Errors as set out from notes 34.2 to 34.17**

## 34.2 Accumulated Surplus

### Balance previously reported

Correction of error-see note 34,1(ii)  
Correction of error-see note 34,1(iii)  
Correction of error-see note 34,1(iii)  
Correction of error-see note 34,1(iv)  
Correction of error-see note 34,1(iv)  
Correction of error-see note 34,1(iv)  
Correction of error-see note 34,1(iv)  
Correction of error-see note 34,1(v)  
Correction of error-see note 34,1(v)  
Correction of error-see note 34,1(v)  
Correction of error-see note 34,1(vi)  
Correction of error-see note 34,1(vi)  
Correction of error-see note 34,1(vii)  
Correction of error-see note 34,1(viii)  
Correction of error-see note 34,1(ix)  
Correction of error-see note 34,1(x)  
Correction of error-see note 34,1(xi)  
Correction of error-see note 34,1(xi)  
Correction of error-see note 34,1(xii)  
Correction of error-see note 34,1(xiii)  
Correction of error-see note 34,1(xix)  
Correction of error-see note 34,1(xx)  
Correction of error-see note 34,1(xx)  
Correction of error-see note 34,1(xxi)  
Correction of error-see note 34,1(xxii)  
Correction of error-see note 34,1(xxiii)  
Correction of error-see note 34,1(xxiv)  
Correction of error-see note 34,1(xxv)  
Correction of error-see note 34,1(xxvi)

### Restated balance 30 June 2016

2016 R	2015 R
<b>220 859 357</b>	<b>214 635 477</b>
(8 231 116)	(8 459 433)
2 286 436	2 286 436
3 328 226	
5 882 508	5 882 508
(287 250)	
20 657	20 657
(2 396 596)	
304 319	
6 940	
(13 751)	
79 133	79 133
(30 119)	
(114 131)	(114 131)
(14 437)	
687 533	
10 896 244	4 623 709
(1 240 340)	
2 145 514	
(1 002 026)	(1 002 026)
192 565	
(155 997)	
(34 292)	
11 050	
23 022	23 022
20 743	
(76 624)	(99 413)
34 249	30 533
23 928	22 583
(12 092 716)	(12 092 716)
2 691 248	
(3 090 781)	

2016 R	2015 R
<b>220 713 497</b>	<b>205 836 339</b>

## 34.3 PAYABLES FROM EXCHANGE TRANSACTIONS

### Balance previously reported

Correction of error-see note 34,1(vii)  
Correction of error-see note 34,1(viii)  
Correction of error-see note 34,1(viii)  
Correction of error-see note 34,1(ix)  
Correction of error-see note 34,1(xi)  
Correction of error-see note 34,1(xii)

### Restated balance 30 June 2016

R	R
<b>61 886 089</b>	<b>46 850 029</b>
384 538	
(4 626 865)	(4 626 865)
(6 272 536)	
1 280 925	
(239 224)	
155 997	

R	R
<b>52 568 926</b>	<b>42 223 164</b>

## 34.4 UNSPENT GOVERNMENT GRANTS

### Balance previously reported

Correction of error-see note 34.1.(iii)  
Correction of error-see note 34.1.(iii)  
Correction of error-see note 34,1(xxv)

### Restated balance 30 June 2016

R	R
<b>17 236 783</b>	<b>10 849 809</b>
(2 286 436)	(2 286 436)
(3 328 226)	
(2 691 248)	

R	R
<b>8 930 873</b>	<b>8 563 373</b>

## 34.5 VAT

### Balance previously reported

Correction of error-see note 34,1(viii)  
Correction of error-see note 34,1(ix)  
Correction of error-see note 34,1(xxiv)

### Restated balance 30 June 2016

R	R
<b>11 073 340</b>	<b>6 783 415</b>
(3 156)	(3 156)
40 587	
(12 092 716)	(12 092 716)

R	R
<b>(981 945)</b>	<b>(5 312 457)</b>



<b>34.6</b>	<b>Intangible Assets</b>		
	<b>Balance previously reported</b>	<b>R 86 503</b>	<b>R 131 417</b>
	Correction of error-see note 34.1.(v)	6 940	
	Correction of error-see note 34.1.(v)	(40 000)	
	Correction of error-see note 34.1.(v)	26 249	
	Correction of error-see note 34.1.(v)	79 133	79 133
	Correction of error-see note 34.1.(v)	(30 119)	
	<b>Restated balance 30 June 2016</b>	<b>128 706</b>	<b>210 550</b>
		<b>R</b>	<b>R</b>
<b>34.7</b>	<b>Non Current Provisions - Landfill sites</b>		
	<b>Balance previously reported</b>	<b>15 717 863</b>	<b>24 082 746</b>
	Correction of error-see note 34.1(ii)	5 700 537	
	<b>Restated balance 30 June 2016</b>	<b>21 418 400</b>	<b>24 082 746</b>
		<b>R</b>	<b>R</b>
<b>34.8</b>	<b>Property Plant and Equipment</b>		
	<b>Balance previously reported</b>	<b>303 757 639</b>	<b>284 924 790</b>
	Reclassification see note 34.1(i)	(7 110 152)	(17 586 409)
	Correction of error-see note 34.1(iv)	5 882 508	5 882 508
	Correction of error-see note 34.1(iv)	(287 250)	
	Correction of error-see note 34.1(iv)	20 657	20 657
	Correction of error-see note 34.1(iv)	(2 396 596)	
	Correction of error-see note 34.1(iv)	304 319	
	Correction of error-see note 34.1(vii)	1 072 071	
	Correction of error-see note 34.1(xxi)	(76 624)	(99 413)
	Correction of error-see note 34.1(xxiii)	23 928	22 583
	<b>Restated balance 30 June 2016</b>	<b>301 190 501</b>	<b>273 164 715</b>
		<b>R</b>	<b>R</b>
<b>34.9</b>	<b>Capitalized Restoration Cost</b>		
	<b>Balance previously reported</b>	<b>-</b>	<b>-</b>
	Reclassification see note 34.1(i)	7 110 152	17 586 409
	Correction of error-see note 34.1(ii)- cost	5 700 537	
	Correction of error-see note 34.1(ii) -cost	(7 749 313)	(7 749 313)
	Correction of error-see note 34.1(ii)- accumulated depreciation	(481 803)	(710 120)
	<b>Restated balance 30 June 2016</b>	<b>4 579 573</b>	<b>9 126 976</b>
		<b>R</b>	<b>R</b>
<b>34.10</b>	<b>Investment Property</b>		
	<b>Balance previously reported</b>	<b>1 844 024</b>	<b>1 897 109</b>
	Correction of error-see note 34.1(vi)	(114 131)	(114 131)
	Correction of error-see note 34.1(vi)	(14 437)	
	Correction of error-see note 34.1(xxii)	34 249	30 533
	<b>Restated balance 30 June 2016</b>	<b>1 749 705</b>	<b>1 813 511</b>
		<b>R</b>	<b>R</b>
<b>34.11</b>	<b>Receivables from exchange transactions</b>		
	<b>Balance previously reported</b>	<b>13 183 479</b>	<b>18 256 190</b>
	Correction of error-see note 34.1(x)	2 145 514	
	Correction of error-see note 34.1(xiii)	(23 641)	
	Correction of error-see note 34.1(xxvii)	(1 514 932)	
	Correction of error-see note 34.1(xxvi)	200 824	
	<b>Restated balance 30 June 2016</b>	<b>13 991 244</b>	<b>18 256 190</b>
		<b>R</b>	<b>R</b>
<b>34.12</b>	<b>Cash and cash equivalents</b>		
	<b>Balance previously reported</b>	<b>3 321 141</b>	<b>3 746 501</b>
	Correction of error-see note 34.1(xi)	(1 002 026)	(1 002 026)
	Correction of error-see note 34.1(xi)	192 565	
	Correction of error-see note 34.1(xi)	(239 224)	
	<b>Restated balance 30 June 2016</b>	<b>2 272 456</b>	<b>2 744 475</b>
		<b>R</b>	<b>R</b>

### 34.13 Receivables from non exchange transactions

<b>Balance previously reported</b>	<b>5 241 219</b>	<b>6 469 539</b>
Correction of error-see note 34,1(xiii)	(10 651)	
Correction of error-see note 34,1(xxvi)	(1 575 849)	
Correction of error-see note 34,1(xxvi)	(200 824)	
<b>Restated balance 30 June 2016</b>	<b>3 453 895</b>	<b>6 469 539</b>

### 34.14 Operating Lease Liability

<b>Balance previously reported</b>	<b>11 050</b>	
Correction of error-see note 34,1(xix)	(11 050)	
<b>Restated balance 30 June 2016</b>	<b>-</b>	<b>-</b>

### 34.15 Operating Lease Asset

<b>Balance previously reported</b>	<b>-</b>	<b>-</b>
Correction of error-see note 34,1(xx)	23 022	23 022
Correction of error-see note 34,1(xx)	20 743	
<b>Restated balance 30 June 2016</b>	<b>43 765</b>	<b>23 022</b>

### 34.16 Re- classifications in Statement of Performance

<b>Previously reported</b>		
Employee related cost	50 740 973	
Finance charges	4 881 672	
Actuarial gains	251 933	
Other income	621 355	
Lease Rentals on Operating Lease	121 550	
General Expenses	20 983 229	
Fines	5 354 327	
	<b>82 955 039</b>	
<b>Now reported</b>		
Employee related cost	49 688 222	
Finance charges	5 934 423	
Actuarial gains	178 716	
Other income	635 361	
Lease Rentals on Operating Lease	-	
General Expenses	21 104 779	
Fines	5 413 537	
	<b>82 955 039</b>	

### 34.17 Statement of Performance

<b>Balance previously reported</b>	<b>R</b>	<b>R</b>
Correction of error-seen note 34,1(ii)	6 223 880	
Correction of error-seen note 34,1(iii)	228 317	
Correction of error-seen note 34,1(iv)	3 328 226	
Correction of error-seen note 34,1(iv)	(287 250)	
Correction of error-seen note 34,1(iv)	(2 396 596)	
Correction of error-see note 34,1(iv)	304 319	
Correction of error-seen note 34,1(v)	6 940	
Correction of error-see note 34,1(v)	(13 751)	
Correction of error-see note 34,1(v)	(30 119)	
Correction of error-see note 34,1(vi)	(14 437)	
Correction of error-see note 34,1(vii)	687 533	
Correction of error-see note 34,1(viii)	6 272 536	
Correction of error-see note 34,1(ix)	(1 240 339)	
Correction of error-see note 34,1(x)	2 145 514	
Correction of error-see note 34,1(xi)	192 565	
Correction of error-see note 34,1(xii)	(155 997)	
Correction of error-see note 34,1(xiii)	(34 292)	
Correction of error-see note 34,1(xix)	11 050	
Correction of error-see note 34,1(xx)	20 743	
Correction of error-see note 34,1(xxi)	22 790	
Correction of error-see note 34,1(xxii)	3 716	
Correction of error-see note 34,1(xxiii)	1 345	
Correction of error-see note 34,1(xxv)	2 691 248	
Correction of error-see note 34,1(xxvi)	(3 090 781)	

	<b>8 653 280</b>
Effect on Rentals of facilities	20 743
Effect on Lease Rentals on Operating Lease	11 050
Effect on Property Taxes	(10 651)
Effect on Other Income	192 565
Effect on Service charges	1 965 876
Effect on Repairs and Maintenance	736 821
Effect on Bulk Purchases	2 743 450
Effect on Contracted Services	(885 090)
Effect on Debt Impairments	(13 751)
Effect on Impairments /write offs	(3 090 781)
Effect on Government Grants and Subsidies-capital expenditure	2 776 870
Effect on Government Grants and Subsidies-operating expenditure	2 999 681
Effect on loss on disposal of assets	(2 396 596)
Effect on Depreciation and Amortisation	(75 638)
Effect on General Expenditure	3 435 809
Effect on Other Taxation Revenue	242 923

**Total**

**14 877 160**

**35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**

	<b>2017 R</b>	<b>2016 R</b>
Surplus/(Deficit) for the year	7 861 708	14 877 160
<b>Adjustments for:</b>		
Depreciation	11 473 139	11 822 445
Amortisation of Intangible Assets	28 200	75 031
Loss on disposal of Property, Plant and Equipment	-	2 935 785
Gain on disposal of Property, Plant and Equipment	-	(965 969)
Debt Impairment	27 409 395	21 315 046
Impairments /write offs	3 575 844	31 068
Contributed Assets	1 534 460	-
Stock adjustments	(315 031)	-
Contribution to current employee benefits	(788 628)	317 817
Contribution from/to employee benefits	1 281 551	731 816
Contribution to Landfill site	1 383 223	(2 664 346)
Actuarial Gains/losses	(1 162 508)	-
Grants repaid	(582 000)	-
Grants Received	71 173 267	89 185 900
Grant Expenditure	(69 242 949)	(89 091 502)
Operating lease income accrued	(2 199)	43 765
Operating Surplus/(Deficit) before changes in working capital	53 627 473	48 614 018
Changes in working capital	(28 062 564)	(12 721 600)
Increase/(Decrease) in Payables for Exchange Transactions	(7 520 207)	5 427 037
Increase/(Decrease) in Taxes	(4 324 738)	(4 327 356)
(Increase)/Decrease in Inventory	115 269	213 174
(Increase)/Decrease in Trade and other receivables	(16 332 888)	(14 034 457)
<b>Cash generated/(absorbed) by operations</b>	<b>25 564 909</b>	<b>35 892 418</b>

**36 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 19	31 420	1 784 380
Cash Floats - Note 19	4 500	4 300
Bank - Note 19	241 456	483 776
<b>Total cash and cash equivalents</b>	<b>277 375</b>	<b>2 272 457</b>

**37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Note 36	277 375	2 272 457
Less:	277 375	2 272 457
	(6 936 397)	(7 948 927)
Unspent Committed Conditional Grants - Note 9	(10 279 189)	(8 930 873)
VAT - Note 10	3 342 792	981 946
<b>Resources available for other and working capital requirements</b>	<b>(6 659 022)</b>	<b>(5 676 470)</b>

### 38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 2	2 905 401	4 352 524
Used to finance property, plant and equipment - at cost	(2 905 401)	(4 352 524)
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

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

### 39 BUDGET COMPARISONS

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
<b>39.1 Operational</b>				
<b>Revenue by source</b>				
Property taxes	14 899 827	14 773 900	125 927	1%
Other Taxation Revenue	3 745 838	-	3 745 838	100%
Government Grants and Subsidies - Capital	22 963 286	26 231 000	(3 267 714)	-12%
Government Grants and Subsidies -Operational expenditure	42 533 825	44 224 724	(1 690 899)	-4%
Public Contributions and Donations	5 000	-	5 000	100%
Fines	6 107 362	5 458 000	649 362	12%
Actuarial Gains	1 162 508	-	1 162 508	100%
Service Charges	65 141 332	68 702 247	(3 560 915)	-5%
Rental of Facilities and Equipment	484 266	265 000	219 266	83%
Interest Earned - external investments	845 033	690 000	155 033	22%
Interest Earned - outstanding debtors	5 422 945	3 570 200	1 852 745	52%
Licences and Permits	280 071	210 000	70 071	33%
Dividends Received	2 954	2 500	454	18%
Agency Services	779 674	705 000	74 674	11%
Stock Adjustments	315 031	-	315 031	100%
Contributed Assets	1 534 460	-	1 534 460	100%
Other Income	1 186 346	297 160	889 186	299%
Gain on disposal of Property, Plant and Equipment	-	201 000	(201 000)	-100%
	<b>167 409 758</b>	<b>165 330 731</b>	<b>2 079 027</b>	<b>1.257%</b>
<b>Expenditure by nature</b>				
Employee Related Costs	47 709 701	46 947 080	762 621	-2%
Remuneration of Councillors	2 613 106	2 845 870	(232 764)	8%
Debt Impairment	27 409 395	15 565 880	11 843 515	-76%
Depreciation and Amortisation	11 501 339	10 455 710	1 045 629	-10%
Impairments/write offs	3 575 844	18 000	3 557 844	-19766%
Repairs and Maintenance	2 146 061	2 151 860	(5 799)	0%
Actuarial losses	-	-	-	0%
Finance Charges	4 076 925	1 047 130	3 029 795	-289%
Bulk Purchases	26 557 505	30 719 810	(4 162 305)	14%
Grants and Subsidies	-	-	-	0%
Contracted Services	16 011 713	17 346 201	(1 334 488)	8%
Operating Grant Expenditure	-	-	-	0%
General Expenses	17 946 460	11 890 342	6 056 118	-51%
Loss on disposal of Property, Plant and Equipment	-	-	-	0%
	<b>159 548 050</b>	<b>138 987 883</b>	<b>20 560 167</b>	<b>-15%</b>
<b>Net Surplus for the year</b>	<b>7 861 708</b>	<b>26 342 848</b>	<b>(18 481 140)</b>	<b>-70%</b>

39.2	Expenditure by Vote	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
	COMMUNITY SERVICES	744 076	563 788	180 288	32%
	CORPORATE SERVICES	35 524 791	36 791 503	(1 266 712)	-3%
	EXECUTIVE COUNCIL	19 535 341	13 430 408	6 104 933	45%
	FINANCIAL SERVICES	24 352 938	16 216 742	8 136 196	50%
	TECHNICAL SERVICES	79 390 903	71 985 442	7 405 461	10%
		<b>159 548 050</b>	<b>138 987 883</b>	<b>20 560 167</b>	<b>15%</b>

39.3	Capital expenditure by vote	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 (%)
	COMMUNITY SERVICES	71 188	50 000	21 188	42%
	CORPORATE SERVICES	48 000	60 000	(12 000)	-20%
	EXECUTIVE COUNCIL	76 936	363 235	(286 299)	-79%
	FINANCIAL SERVICES	22 885 717	25 672 850	(2 787 133)	-11%
	TECHNICAL SERVICES	-	-	-	0%
		<b>23 081 841</b>	<b>26 146 085</b>	<b>(3 064 244)</b>	<b>-12%</b>

**40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**40.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	6 342 045	32 813 913
Unauthorised expenditure current year - capital	21 188	26 307
Unauthorised expenditure current year - operating	24 996 734	6 315 738
Condoned by council		(32 813 913)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>31 359 967</b>	<b>6 342 045</b>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes-operating (Note 39.2)	None
Over expenditure on votes-capital (Note 39.3)	None
Virements not authorised	None

21 826 879  
21 188  
3 169 855

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)**

**2017  
R**

**2016  
R**

**40.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	1 921 438	70 356
Fruitless and wasteful expenditure current year	2 176 863	1 921 438
Written off by council		(70 356)
Transfer to receivables for recovery	-	-
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>4 098 301</b>	<b>1 921 438</b>

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
<i>Penalties applied by SARS on late payments for VAT</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	300 871	
<i>Penalties applied by SARS on late payments for PAYE</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	627 185	
<i>Acting allowances paid in contradiction with policy</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	997 274	
<i>Penalties for late payments to Escom</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	12 600	
<i>Penalties for late payments of Calitzdorp water</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	467	
<i>Penalties for late payments of Creditors</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	13 067	
<i>Incorrect leave payments</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	81 398	
<i>Accommodation paid in contradiction with contract</i>	<i>To be reported to Council in terms of sec 32 of MFMA</i>	144 000	108 000
		<b>2 176 863</b>	<b>108 000</b>

**40.3 Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	8 646 513	(3 597 939)
Irregular expenditure current year	35 708 632	20 776 646
Investigated and written off by Council		(8 532 194)
Transfer to receivables for recovery	-	-
<b>Irregular expenditure awaiting further action</b>	<b>44 355 145</b>	<b>8 646 513</b>

Irregular expenditure awaiting condonement from National Treasury

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
<i>Opperman Secure-not follows SCM procedures</i>	<i>None</i>	39 850	
<i>Blaauw Leadership -not followd SCM procedures</i>	<i>None</i>	14 000	
<i>JMHP COOP- not followed SCM procedures</i>	<i>None</i>	3 000	
<i>FS Accounting-not follows SCM procedures</i>	<i>None</i>	874 840	
<i>Decleration of interest not supplied C Orton Electrical</i>	<i>None</i>	80 254	
<i>SCM deviations without approvals</i>	<i>None</i>	200 654	
<i>SCM deviations without approvals</i>	<i>None</i>	1 532 975	
<i>SCM deviations</i>	<i>None</i>	785 337	
<i>ROY STEELE AND ASSOCIATES - Not follow SCM procedures</i>	<i>None</i>	29 500	
<i>SPECTRUM COMMUNICATIONS - Not follow SCM procedures</i>	<i>None</i>	17 589	
<i>COASTEL ARATURE - Not follow SCM procedures</i>	<i>None</i>	4 640	
<i>Du Plessis Werkswinkel - Not follow SCM procedures</i>	<i>None</i>	13 144	
<i>DBC (DREWAN BAIRD COMM) - Forensic Investigation</i>	<i>Forensic Investigation</i>	40 000	
<i>PATEL &amp; ASSOCIATES - Forensic Investigation</i>	<i>Forensic Investigation</i>	124 157	
<i>RSK - Forensic Investigation</i>	<i>Forensic Investigation</i>	555 513	
<i>RKS - Forensic Investigation</i>	<i>Forensic Investigation</i>	6 494 813	
<i>ARTHUR WORKSHOP - Tender Procedures</i>	<i>To be investigated</i>	97 767	
<i>ASLA - Tender Procedures</i>	<i>To be investigated</i>	12 300 068	
<i>H &amp; D Enterprises - Not follow SCM procedures</i>	<i>None</i>	18 480	
<i>Roy Steele &amp; Associates - Not follow SCM procedures</i>	<i>None</i>	59 000	
<i>Century City Conference Centre - Not follow SCM procedures</i>	<i>None</i>	21 202	
<i>2014 Joyce Trading - Not follow SCM procedures</i>	<i>None</i>	18 600	
<i>Information Systems Management - Not follow SCM procedures</i>	<i>None</i>	28 025	
<i>Shoprite/Checkers (Pty) Ltd - Not follow SCM procedures</i>	<i>None</i>	15 112	
<i>Ikhosi Risk - Not follow SCM procedures</i>	<i>None</i>	38 400	
<i>Agitominds - Not follow SCM procedures</i>	<i>None</i>	182 553	
<i>Du Plessis Werswinkel - Not follow SCM procedures</i>	<i>None</i>	13 144	
<i>Aberdare Cables (Pty) Ltd - Not follow SCM procedures</i>	<i>None</i>	14 096	
<i>JMHP Coop - Not follow SCM procedures</i>	<i>None</i>	24 850	
<i>Cinogen Trading CC - Not follow SCM procedures</i>	<i>None</i>	12 825	
<i>Empties.com - Not follow SCM procedures</i>	<i>None</i>	20 336	
<i>ARCH Actuarial Consulting cc - Not follow SCM procedures</i>	<i>None</i>	19 380	
<i>A.S Transport - Not follow SCM procedures</i>	<i>None</i>	14 000	
<i>Eden District Municipality - Not follow SCM procedures</i>	<i>None</i>	10 660	
<i>VUKU ASSET MANAGEMENT (VAM) - Tender Procedures</i>	<i>To be investigated</i>	469 272	
<i>VE ELECTRICAL - Tender Procedures</i>	<i>To be investigated</i>	11 520 596	
		<b>35 708 632</b>	<b>-</b>

		2017 R	2016 R
40.4	<b><u>Material Losses</u></b>		
	<b>Water distribution losses</b>		
	- Kilo litres lost during distribution	675 575	504 485
	- Percentage lost during distribution	32.83%	26.09%
	Monitory Value	4 850 629	3 415 363
	<b>Electricity distribution losses</b>		
	- Units lost during distribution (Kwh)	2 710 965	4 467 707
	- Percentage lost during distribution	7.88%	13.23%
	Monitory Value	2 063 315	3 208 260
		2017 R	2016 R
41	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
41.1	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Opening balance	1 873 409	1 423 409
	Council subscriptions	552 647	500 000
	Amount paid - current year	-	(50 000)
	Amount paid - previous years	-	-
	<b>Balance unpaid (in dispute)</b>	<b>2 426 057</b>	<b>1 873 409</b>

	2017 R	2016 R
<b>41.2 <u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
Opening balance	3 832 080	1 378 304
Current year audit fee	2 873 840	2 453 776
Amount paid - current year		
Amount paid - previous year		
<b>Balance unpaid (included in creditors)</b>	<b>6 705 920</b>	<b>3 832 080</b>

<b>41.3 <u>VAT - [MFMA 125 (1)(c)]</u></b>		
VAT balance at year end - Refer to note 10	3 342 792	981 946
<b>Closing balance - Receivable</b>	<b>3 342 792</b>	<b>981 946</b>

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.

<b>41.4 <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u></b>		
Opening balance	8 227 599	3 061 634
Current year payroll deductions and Council Contributions	7 340 554	7 240 535
Penalties		987 928
Amount paid - current year	(13 401 234)	(3 062 498)
<b>Balance unpaid (included in creditors)</b>	<b>2 166 918</b>	<b>8 227 599</b>

<b>41.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
Opening balance	1 323 454	661 727
Current year payroll deductions and Council Contributions	7 107 806	7 490 973
Amount paid - current year	(8 431 260)	(6 829 246)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>1 323 454</b>

<b>41.6 <u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u></b>	
No Councillors had arrear accounts for more than 90 days as 30 June 2017	

**41.7 Deviations from Supply Chain Management Regulations**

	<u>≤ R30000</u>	<u>&gt;R30000</u> <u>≤R200000</u>	<u>&gt;R200000</u>	
Non-compliance summary				
Department:				
COMMUNITY SERVICES	24950	0	0	24 950
CORPORATE SERVICES	144819.62	74428	0	219 248
EXECUTIVE COUNCIL	12825	0	0	12 825
FINANCIAL SERVICES	20562.66	87825.6	0	108 388
TECHNICAL SERVICES	158527.98	308911.27	0	467 439
<b>Total</b>	<b>361 685</b>	<b>471 165</b>	<b>0</b>	<b>832 850</b>

**41.8 Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).**

Company	Name	Relation
---------	------	----------

-

**41.9 Other non-compliance (MFMA 125(2)(e))**

Creditors payments were not made within 30 days as required by the MFMA.



**CAPITAL COMMITMENTS****Commitments in respect of capital expenditure:**

Approved and contracted for:

Total commitments consist out of the following:ZOAR Streets  
ElectrificationContract/TenderRK Sauer  
VE Reticulation/CVW Engineers

This expenditure will be financed from:

External Loans  
Government Grants**2017**  
**R****2016**  
**R****1 968 907****1 635 063**

1 968 907

1 635 063

**1 968 907****1 635 063**

-

-

1 968 907

1 635 063

**1 968 907****1 635 063**

**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:

1% Increase in interest rates	(693 360)	(649 427)
0.5% Decrease in interest rates	346 680	324 713

**(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.

Receivables 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.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles.

All rates and services are payable within 30 days from invoice date. Refer to note 16 and 17 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 16 and 17 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	4.97%	880 022	21.05%	2 477 519
Traffic Fines	11.36%	1 319 000	7.53%	565 696
<u>Exchange Receivables</u>				
Electricity	-43.12%	-918 217.06	-25.99%	(756 215)
Water	-1.48%	-264 891.61	9.11%	975 655
Refuse	1.00%	162 673.45	35.70%	3 346 186
Sewerage	1.33%	211 681.82	38.48%	3 592 180
Other	17.85%	202 422.42	-3.06%	(27 731)
	-1.14%	(606 331)	21.45%	7 130 074

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 16 and 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates	60.40%	17 699 347	61%	11 771 234
Traffic Fines	39.60%	11 606 068	39%	7 512 775
	100.00%	29 305 416	100%	19 284 009
<u>Exchange Receivables</u>				
Electricity	4.00%	2 129 506	8.75%	2 909 175
Water	33.57%	17 884 131	32.23%	10 711 086
Refuse	30.44%	16 214 224	28.21%	9 374 378
Sewerage	29.86%	15 908 892	28.09%	9 334 874
Other	2.13%	1 133 787	2.73%	906 629
	100.00%	53 270 540	100.00%	33 236 141
	2017 %	2017 R	2016 %	2016 R
<u>Bad debts written off per debtor class:</u>				
<u>Non-Exchange Receivables</u>				
Rates	100.00%	1 575 849	100%	2 220 548
Traffic Fines	0.00%	-		-
	100.00%	1 575 849	100%	2 220 548
<u>Exchange Receivables</u>				
Electricity	5.28%	79 927	0.00%	38 587
Water	34.52%	523 026	0.00%	8 371 915
Refuse	25.14%	380 876	0.00%	4 410 825
Sewerage	27.24%	412 733	0.00%	3 780 212
Other	7.81%	118 370	0.00%	96 367
	100.00%	1 514 932	0.00%	16 697 906

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 banks utilised by the municipality for current and non-current investments are all listed on the JSE . The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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:

Receivables from exchange transactions  
 Receivables from non-exchange transactions  
 Cash and Cash Equivalents

2017 R	2016 R
4 094 216	13 991 245
2 274 416	3 453 895
277 375	2 272 457
<u>6 646 008</u>	<u>19 717 597</u>

**(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
<b>2017</b>				
Long Term liabilities - Annuity Loans	720 000	2 880 000	217 933	-
Capital repayments	394 450	2 173 977	212 707	-
Interest	325 550	706 023	5 226	-
Long Term liabilities - Finance Leases	123 147	4 454	-	-
Capital repayments	119 860	4 407	-	-
Interest	3 287	47	-	-
Provisions - Landfill Sites	10 822 978	16 262 040	8 116 953	-
Capital repayments	8 959 792	10 029 437	3 812 394	-
Interest	1 863 185	6 232 604	4 304 560	-
Trade and Other Payables	31 529 400	-	-	-
Unspent conditional government grants and receipts	10 279 189	-	-	-
	<u>53 474 714</u>	<u>19 146 494</u>	<u>8 334 886</u>	<u>-</u>
<b>2016</b>				
Long Term liabilities - Annuity Loans	720 000	2 880 000	974 999	-
Capital repayments	580 998	1 919 769	898 431	-
Interest	139 002	960 231	76 568	-
Long Term liabilities - Finance Lease Liability	884 255	124 267	-	-
Capital repayments	829 058	124 267	-	-
Interest	55 197	3 334	-	-
Provisions - Landfill Sites	10 816 159	16 276 971	8 127 887	-
Capital repayments	8 407 650	9 426 216	3 584 534	-
Interest	2 408 509	6 850 755	4 543 352	-
Trade and Other Payables	36 178 194	-	-	-
Unspent conditional government grants and receipts	8 930 873	-	-	-
	<u>57 529 480</u>	<u>19 281 237</u>	<u>9 102 886</u>	<u>-</u>

2017  
R

2016  
R

#### 44 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

44.1	<u>Financial Assets</u>	<u>Classification</u>		
	<b>Receivables</b>			
	Receivables from exchange transactions	Financial instruments at amortised cost	4 094 216	13 991 245
	Receivables from non-exchange transactions	Financial instruments at amortised cost	633 553	(1 695 600)
	<b>Other Receivables</b>			
	Government subsidies and grants	Financial instruments at amortised cost	-	-
	<b>Short-term Investment Deposits</b>			
	Call Deposits	Financial instruments at amortised cost	31 420	1 784 380
	<b>Bank Balances and Cash</b>			
	Bank Balances	Financial instruments at amortised cost	241 456	483 776
	Cash Floats and Advances	Financial instruments at amortised cost	4 500	4 300
			<u>5 005 145</u>	<u>14 568 102</u>
	<b>SUMMARY OF FINANCIAL ASSETS</b>			
	Financial instruments at amortised cost		5 005 145	14 568 102
	<b>At amortised cost</b>		<u>5 005 145</u>	<u>14 568 102</u>

## FINANCIAL INSTRUMENTS (CONTINUE)

<b>44.2</b>	<b>Financial Liability</b>	<b>Classification</b>		
	<b>Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	2 386 684	1 862 148
	Capitalised Lease Liability	Financial instruments at amortised cost	4 407	125 553
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	31 529 400	36 178 194
	Accrued interest	Financial instruments at amortised cost	-	-
	Retentions	Financial instruments at amortised cost	2 437 237	2 282 240
	Deposits	Financial instruments at amortised cost	190 095	210 244
	Other	Financial instruments at amortised cost	9 052 372	12 174 054
	<b>Other Payables</b>			
	Government Subsidies and Grants	Financial instruments at amortised cost	10 279 189	8 930 873
	<b>Current Portion of Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	394 450	1 499 984
	Capitalised Lease Liability	Financial instruments at amortised cost	119 860	864 839
			<b>56 393 694</b>	<b>64 128 128</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<b>56 393 694</b>	<b>64 128 128</b>
<b>45</b>	<b>STATUTORY RECEIVABLES</b>			
	In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows;			
	<b>Taxes</b>			
	Vat receivable		3 342 792	981 946
	<b>Receivables from Non Exchange Transactions</b>			
	Property rates		1 640 863	5 149 495
	Fines		1 319 000	565 696
<b>46</b>	<b>EVENTS AFTER THE REPORTING DATE</b>			
	None			
<b>47</b>	<b>IN-KIND DONATIONS AND ASSISTANCE</b>			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
<b>48</b>	<b>PRIVATE PUBLIC PARTNERSHIPS</b>			
	Council has not entered into any private public partnerships during the financial year.			
<b>49</b>	<b>CONTINGENT LIABILITIES</b>			
	<b>Kannaland Municipality vs MA Smith</b>			
	Municipality defending a claim against the Municipality for damages due to injuries. A judgement was given against the Municipality but the Municipality appealed. A possible liability of R1 700 000 does exist.			
<b>50</b>	<b>RELATED PARTIES</b>			
<b>50.1</b>	<b>Related Party Loans</b>			
	None			
<b>50.2</b>	<b>Compensation of key management personnel</b>			
	The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.			
<b>50.3</b>	<b>Compensation of Councillors</b>			
	The compensation of Councillors is set out in note 26 to the Annual Financial Statements.			

#### 50.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

See note 41.8

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.

The following transactions were made :

##### Key management

HJ. Barnard

2017 Services and rates	2017 Outstanding Balance
10 135	716

-	-
---	---

##### Councillors

A. Theron  
HD. Ruiters  
M. Barry  
PJ. Antonie  
J. Donson  
HM. Johnson  
A.J Rossouw -pro rata July -August  
H. Barry- pro rata July -August  
L. Willemse-pro rata July-August  
MM. Hoogbaard-pro rata July - August  
ND. Delo -pro- rata July - October

2017 Services and rates	2017 Outstanding Balance
14 240	2 575
27 978	2 666
7 619	676
12 171	3 422
11 008	859
4 633	105
4 079	-
2 273	-
1 907	-
4 803	1 965
6 920	-
<b>97 633</b>	<b>12 268</b>

**APPENDIX A - AUDITED**  
**KANNALAND LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2016	Received during the period	Interest Capitalised	Redeemed written off during the period	Balance at 30 JUNE 2017
<b>LEASE LIABILITIES</b>								
Hefcom	9.50%	31/07/2017		833 924			766 697	67 227
Nashua MPC3003 SP	9.25%	31/01/2018		50 453			31 004	19 450
Nashua MP3054SF	9.50%	31/08/2018		35 343			15 415	19 928
Minolta (*4)	11.00%	30/11/2016		24 596			24 596	0
Minolta	11.00%	30/11/2016		12 470			12 470	0
Minolta	9.50%	31/08/2018		33 604			15 942	17 663
<b>Total Lease Liabilities</b>				<b>990 391</b>	<b>0</b>	<b>0</b>	<b>866 124</b>	<b>124 268</b>
<b>ANNUITY LOAN</b>								
DBSA	12.50%	61000778	30/04/2023	3 362 132		0	580 998	2 781 133
<b>Total Annuity Loan</b>				<b>3 362 132</b>	<b>0</b>	<b>0</b>	<b>580 998</b>	<b>2 781 133</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>4 352 523</b>	<b>0</b>	<b>0</b>	<b>1 447 122</b>	<b>2 905 402</b>



**APPENDIX B - AUDITED**  
**KANNALAND LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**  
**MUNICIPAL VOTES CLASSIFICATION**

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2016 Budgeted Income	2017 Actual Income R	2016 Budgeted Expenditure	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
(152 341)	13 751 661	13 599 320	ADMIN SERVICES	-452 500	(21 031)	11 844 802	11 083 601	11 062 570
(23 750)	296 182	272 431	CEMETERY	-21 500	(34 990)	204 157	244 707	209 717
(17 861 315)	20 566 883	2 705 567	CFO	-6 518 560	(54 833 240)	16 190 580	18 424 405	(36 408 836)
(70 263)	610 480	540 217	COMMUNITY SERVICES	-40 000	(40 215)	563 788	744 076	703 861
(8 552 090)	29 191 845	20 639 754	COUNCIL'S GENERAL EXPENSE	-2 421 657	(3 528 277)	8 134 357	13 208 142	9 679 866
(43 196 151)	35 981 408	(7 214 743)	ELECTRICITY	-64 634 270	(46 502 879)	37 536 559	35 035 077	(11 467 803)
(14 219 095)	2 195 696	(12 023 399)	HOUSING	-13 044 624	(28 574)	13 427 945	12 622 691	12 594 116
(1 472 881)	1 428 495	(44 386)	LIBRARY	-1 906 500	(69 007)	1 873 970	1 979 802	1 910 795
(6 484 055)	7 295 121	811 066	LICENSING & TRAFFIC	-6 366 000	(7 152 618)	6 981 537	6 792 359	(360 258)
(489 509)	2 079 217	1 589 708	MUNICIPAL BUILDINGS	-420 000	(415 476)	1 729 332	2 265 732	1 850 257
45 195	7 758 454	7 803 649	MUNICIPAL MANAGER	-208 000	26 120	5 296 051	6 327 199	6 353 319
-	206 589	206 589	PARKS & RECREATION	0	-	187 620	199 219	199 219
(1 215)	-	(1 215)	POSTAL AGENCY	-5 000	(7 015)	0	-	(7 015)
(19 408 303)	571 682	(18 836 621)	PROPERTY RATES	-20 244 300	(20 457 702)	26 162	5 928 533	(14 529 168)
(1 744 153)	6 192 516	4 448 363	PUBLIC WORKS : STREETS	-10 797 000	(1 368 988)	6 978 293	6 567 417	5 198 430
(8 619 086)	7 765 689	(853 397)	SANITATION/REFUSE	-9 207 220	(9 223 695)	6 407 460	13 431 907	4 208 212
(24 466 357)	9 156 760	(15 309 597)	SEWERAGE	-14 148 340	(10 423 886)	8 487 700	8 852 690	(1 571 195)
(18 206)	601 646	583 440	SWIMMING POOLS	0	-	542 140	336 679	336 679
(33 113 067)	19 319 160	(13 793 907)	WATER	-14 895 260	(13 328 285)	12 575 430	15 503 812	2 175 527
(179 846 643)	164 969 482	(14 877 160)	<b>TOTAL</b>	<b>-165 330 731</b>	<b>(167 409 758)</b>	<b>138 987 883</b>	<b>159 548 050</b>	<b>(7 861 708)</b>

**APPENDIX C - AUDITED**  
**KANNALAND LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**  
**MUNICIPAL MAIN VOTES**

<b>2016 Actual Income R</b>	<b>2016 Actual Expenditure R</b>	<b>2016 Surplus/ (Deficit) R</b>		<b>2016 Budgeted Income</b>	<b>2017 Actual Income R</b>	<b>2016 Budgeted Expenditure</b>	<b>2017 Actual Expenditure R</b>	<b>2017 Surplus/ (Deficit) R</b>
(70 263)	610 480	540 217	COMMUNITY SERVICES	(40 000)	(40 215)	563 788	744 076	703 861
(22 859 837)	27 854 606	4 994 770	CORPORATE SERVICES	(22 211 124)	(7 721 696)	36 791 503	35 524 791	27 803 095
(8 506 895)	36 950 298	28 443 403	EXECUTIVE COUNCIL	(2 629 657)	(3 502 157)	13 430 408	19 535 341	16 033 185
(37 270 834)	21 138 565	(16 132 269)	FINANCIAL SERVICES	(26 767 860)	(75 297 957)	16 216 742	24 352 938	(50 945 019)
(111 138 815)	78 415 533	(32 723 282)	TECHNICAL SERVICES	(113 682 090)	(80 847 733)	71 985 442	79 390 903	(1 456 829)
(179 846 643)	164 969 482	(14 877 160)	<b>Total</b>	<b>(165 330 731)</b>	(167 409 758)	<b>138 987 883</b>	159 548 050	(7 861 708)

**APPENDIX D - AUDITED**  
**KANNALAND LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2016	Correction of error	Balance 1 JULY 2016	Circular 79	Grants Received	Grants Transfers	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT	Balance 30 JUNE 2017
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>										
	R	R	R		R		R	R		R
<b>National Government Grants</b>										
Equitable Share	(160)	160	-		22 940 000		(22 940 000)			-
Local Government Financial Management Grant			-		1 810 000		(1 482 327)			147 990
Municipal Infrastructure Grant	1 513 201	(248 545)	1 264 656	(110 000)	9 803 000		(382 381)	(9 252 795)	(179 683)	(0)
Municipal Systems Improvement Grant	30 288		30 288				(1 388)	(25 351)	(1 322 481)	(0)
Zoar Streets	180 453		180 453						(3 549)	180 453
EPWP	2 612		2 612	(3 000)	1 000 000		(999 612)			0
DME Demand Management	644 334	(644 334)	-							-
National Integrated Electrical Grant	468 853	(468 853)	-	(469 000)	16 000 000		(493 902)	(11 402 671)	(1 665 520)	1 968 907
<b>Total National Government Grants</b>	<b>2 839 582</b>	<b>(1 361 572)</b>	<b>1 478 010</b>	<b>(582 000)</b>	<b>51 553 000</b>	<b>-</b>	<b>(26 299 610)</b>	<b>(20 680 816)</b>	<b>(3 171 233)</b>	<b>2 297 350</b>
<b>Provincial Government Grants</b>										
Land Use Planning	900	(900)	-							-
Taxi Ranks	306 463		306 463							306 463
Flood Damage	447 890		447 890							447 890
CDW Grant	38 440		38 440		113 000		(151 440)			(0)
IDC	1 650 000		1 650 000							1 650 000
Local Government Financial Support Grant	-		-		1 000 000		(872 894)		(127 106)	-
Local Government Financial Support Grant	(4 113)	4 113	(0)							(0)
IT Grant	-		-		220 000		(191 928)		(28 072)	-
Organisational Grant	-		-		400 000		(321 826)		(29 909)	48 265
Nissanville Paving	100 238		100 238							100 238
Calitzdorp Housing	1 383 123	(1 383 123)	0		12 300 068		(12 300 068)			0
Van Wyksdorp Pit Latrines	167 299		167 299							167 299
WC Financial Management Capacity Building	-		-		180 000		(30 000)			150 000
Upgrading Sports Facilities Calitzdorp	250 000		250 000							250 000
SDBIP	238 657		238 657							238 657
DWAF -Bulk Water Meters	59 973		59 973					(59 974)		(1)
DWAF -RBIG	3 241 924	(2 959 510)	282 414		2 055 293		(1 770 411)	(247 858)		319 438
DWAF-Accelerated Community Infrastructure Grant	1 765 103	(1 765 103)	-		244 907		(199 405)		(45 502)	0
IDP	175 439		175 439							175 439
Library Grant	464 437		464 437		1 900 000		(1 777 363)		(8 498)	578 576
Disaster - Zoar	559 986	(37 688)	522 298							522 298
Thusong Centre	362 000	(362 000)	-		212 000		(212 000)			-
Upgrading Pumpstation	-		-		360 000			(252 679)	(35 375)	71 946
Revenue Enhancement	-		-		200 000					200 000
CFO Appointment	-		-		435 000		(376 697)		(52 286)	6 018
HR Project	250 000		250 000							250 000
<b>Total Provincial Government Grants</b>	<b>11 457 758</b>	<b>(6 504 210)</b>	<b>4 953 549</b>		<b>19 620 267</b>		<b>(16 234 215)</b>	<b>(2 282 469)</b>	<b>(574 606)</b>	<b>5 482 526</b>
<b>Other Grant Providers</b>										
Disaster Fund	2 537 433	(195 000)	2 342 433							2 342 433
Ladismith Water Project	128 118	-	128 118							128 118
Drought Reliefe	203 172	(203 172)	-							-
MSP	200	(200)	-							-
Greening Ladismith	629	(629)	-							-
Greening Zoar	20 556	(20 556)	-							-
Water Investigation Van Wyksdorp	10 703	(10 703)	-							-
LED Grant	9 868	(9 868)	-							-
Umsobomwu Project	28 763	-	28 763							28 763
<b>Total Other Grant Providers</b>	<b>2 939 442</b>	<b>(440 128)</b>	<b>2 499 314</b>		<b>-</b>		<b>-</b>	<b>-</b>		<b>2 499 314</b>
<b>Total</b>	<b>17 236 782</b>	<b>(8 305 911)</b>	<b>8 930 873</b>	<b>(582 000)</b>	<b>71 173 267</b>	<b>-</b>	<b>(42 533 825)</b>	<b>(22 963 286)</b>	<b>(3 745 838)</b>	<b>10 279 189</b>

SWELLENDAM MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11 Property, Plant and Equipment

30 JUNE 2017

	Cost						Accumulated Depreciation													Carrying value		
	Opening Balance R	Correction of errors	Restated Opening Balances	Additions R	Work in progress	Disposals/Write off R	Closing Balance R	Opening Balance Accumulated Depreciation R	Correction of errors	Restated Opening Balances	Depreciation Charge R	Correction of errors	Restated Depreciation	Disposal of Assets	Correction of errors	Restated Disposals	Closing balance Accumulated Depreciation	Opening Balance Accumulated Impairment	Impairments	Closing balance Accumulated Impairments	Total Closing Balance R	R
Land and Buildings	9 592 940	-	9 592 940	-	-	-	9 592 940	1 102 189	-	1 102 189	149 384	-	-	-	-	-	1 251 573	-	-	-	1 251 573	8 341 367
Land	5 310 872	-	5 310 872	-	-	-	5 310 872	(0)	-	(0)	-	-	-	-	-	-	(0)	-	-	-	(0)	5 310 872
Buildings	4 282 068	-	4 282 068	-	-	-	4 282 068	1 102 190	-	1 102 190	149 384	-	-	-	-	-	1 251 573	-	-	-	1 251 573	3 030 495
Infrastructure	373 484 603	-	373 484 603	6 647 460	16 238 253	-	396 370 316	111 958 643	-	111 958 643	8 591 278	-	-	-	-	-	120 549 921	-	2 106 276	2 106 276	122 656 197	273 714 119
Electricity	82 805 812	-	82 805 812	2 375 049	-	-	85 180 861	25 593 349	-	25 593 349	1 702 016	-	-	-	-	-	27 295 365	-	623 143	623 143	27 918 508	57 262 353
Road Transport	73 598 709	-	73 598 709	4 252 731	1 590 581	-	79 442 021	23 634 133	-	23 634 133	2 483 269	-	-	-	-	-	26 117 402	-	76 239	76 239	26 193 641	53 248 380
Sanitation	79 964 997	-	79 964 997	-	-	-	79 964 997	28 054 767	-	28 054 767	2 234 480	-	-	-	-	-	30 289 247	-	191 648	191 648	30 480 895	49 484 102
Other	719 108	-	719 108	-	-	-	719 108	130 537	-	130 537	44 271	-	-	-	-	-	174 808	-	-	-	174 808	544 300
Water Supply	120 342 186	-	120 342 186	19 680	-	-	120 361 866	34 545 856	-	34 545 856	2 127 243	-	-	-	-	-	36 673 099	-	1 215 246	1 215 246	37 888 345	82 473 520
Work in progress	16 053 791	-	16 053 791	-	14 647 672	-	30 701 463	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30 701 463
Community Assets	23 302 859	-	23 302 859	-	76 936	-	23 379 795	4 994 276	-	4 994 276	768 027	-	-	-	-	-	5 762 303	-	-	-	5 762 303	17 617 491
Cemeteries	484 654	-	484 654	-	-	-	484 654	147 856	-	147 856	16 442	-	-	-	-	-	164 298	-	-	-	164 298	320 357
Community Halls	10 436 248	-	10 436 248	-	-	-	10 436 248	1 219 640	-	1 219 640	299 681	-	-	-	-	-	1 519 321	-	-	-	1 519 321	8 916 927
Libraries	1 425 915	-	1 425 915	-	-	-	1 425 915	372 267	-	372 267	41 751	-	-	-	-	-	414 018	-	-	-	414 018	1 011 896
Other	5 347 833	-	5 347 833	-	-	-	5 347 833	2 233 608	-	2 233 608	248 539	-	-	-	-	-	2 482 147	-	-	-	2 482 147	2 865 686
Parks & gardens	1 750 468	-	1 750 468	-	-	-	1 750 468	160 497	-	160 497	62 126	-	-	-	-	-	222 622	-	-	-	222 622	1 527 845
Sports Fields & Stadia	3 394 420	-	3 394 420	-	-	-	3 394 420	860 409	-	860 409	99 489	-	-	-	-	-	959 897	-	-	-	959 897	2 434 522
Work in progress	463 322	-	463 322	-	76 936	-	540 258	-	-	-	-	-	-	-	-	-	-	-	-	-	-	540 258
Lease Assets	499 265	-	499 265	-	(266 654)	(266 654)	232 611	241 469	-	241 469	191 786	-	(266 654)	(266 654)	-	-	166 602	-	12 283	12 283	178 884	53 727
Furniture And Other Office Equipment	499 265	-	499 265	-	(266 654)	(266 654)	232 611	241 469	-	241 469	191 786	-	(266 654)	(266 654)	-	-	166 602	-	12 283	12 283	178 884	53 727
Other Assets	18 590 574	-	18 590 574	1 653 652	-	-	20 244 226	5 983 160	-	5 983 160	944 659	-	-	-	-	-	6 927 819	-	1 446 520	1 446 520	8 374 339	11 869 887
Computers - Hardware/Equipment	1 655 665	-	1 655 665	84 157	-	-	1 739 821	922 184	-	922 184	160 199	-	-	-	-	-	1 082 383	-	23 873	23 873	1 106 256	633 566
Furniture And Other Office Equipment	2 209 614	-	2 209 614	51 615	-	-	2 261 229	1 358 553	-	1 358 553	119 655	-	-	-	-	-	1 478 209	-	25 615	25 615	1 503 824	757 406
General vehicles	3 771 590	-	3 771 590	-	-	-	3 771 590	2 592 928	-	2 592 928	108 436	-	-	-	-	-	2 701 364	-	4 254	4 254	2 705 619	1 065 971
Other	48 107	-	48 107	-	-	-	48 107	4 138	-	4 138	2 058	-	-	-	-	-	6 195	-	-	-	6 195	41 912
Plant & equipment	9 927 282	-	9 927 282	43 906	-	-	9 971 188	1 105 356	-	1 105 356	532 393	-	-	-	-	-	1 637 749	-	1 392 777	1 392 777	3 030 527	6 940 661
Specialized Vehicles	-	-	-	-	-	-	1 473 974	-	-	-	21 919	-	-	-	-	-	21 919	-	-	-	21 919	1 452 055
Work in progress	978 317	-	978 317	-	-	-	978 317	-	-	-	-	-	-	-	-	-	-	-	-	-	-	978 317
	425 470 241	-	425 470 241	8 301 112	16 315 189	(266 654)	449 819 889	124 279 738	-	124 279 738	10 645 134	-	(266 654)	(266 654)	-	-	134 658 218	-	3 565 078	3 565 078	138 223 297	311 596 588

**SWELLENDAAM MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

30 JUNE 2016

	Cost						Accumulated Depreciation										Closing balance		Opening balance			Closing balance		Carrying value	
	Opening Balance R	Corrections of errors	Restated Opening Balances	Additions R	Work in progress	Disposals/Write offs R	Closing Balance R	Opening Balance R	Correction of errors	Restated Opening Balances	Depreciation Charge R	Correction of errors	Restated Depreciation	Disposal of Assets	Correction of errors	Restated Disposals	Accumulated Depreciation	Accumulated Depreciation	Accumulated Impairment	Impairments	Accumulated Impairments	Total Closing Balance R	R		
Land and Buildings	32 836 273	(13 757 905)	19 078 368	-	-	(9 485 428)	9 592 940	7 396 944	(5 427 062)	1 969 882	1 145 441	(2 011 905)	(866 464)	(1 228)	-	(1 228)	1 102 189	-	-	-	-	1 102 189	8 490 751		
Land	28 685 355	(13 908 055)	14 777 300			(9 466 428)	5 310 872	6 311 505	(5 301 675)	1 009 829	1 010 439	(2 020 269)	(1 009 830)				(0)				-	(0)	5 310 872		
Buildings	4 150 918	150 150	4 301 068			(19 000)	4 282 068	1 085 439	(125 387)	960 052	135 002	8 364	143 365	(1 228)		(1 228)	1 102 190	-		-	-	1 102 190	3 179 878		
						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Infrastructure	342 761 584	1 267 490	344 029 074	20 711 427	9 811 041	(1 066 939)	373 484 603	106 164 396	(2 284 591)	103 879 805	7 740 214	810 143	8 550 357	(606 344)	134 825	(471 519)	111 823 818	-	-	-	-	111 958 643	261 525 960		
Electricity	63 827 659	18 276 771	82 104 431	701 382			82 805 812	24 380 568	(461 694)	23 918 873	1 360 968	313 508	1 674 476				25 593 349				-	25 593 349	57 212 463		
Road Transport	70 028 443		70 028 443	3 570 266			73 598 709	21 438 864	(186 906)	21 251 958	2 338 217	43 958	2 382 176				23 634 133				-	23 634 133	49 964 576		
Sanitation	79 964 997		79 964 997				79 964 997	26 210 942	(438 978)	25 771 963	2 194 993	87 811	2 282 804				28 054 767				-	28 054 767	51 910 230		
Other	603 227		603 227	115 881			719 108	91 495	(4 775)	86 719	42 446	1 372	43 817				130 537				-	130 537	588 571		
Water Supply	103 682 868	1 402 358	105 085 226	16 323 899		(1 066 939)	120 342 186	34 042 528	(1 192 237)	32 850 291	1 803 590	363 494	2 167 084	(606 344)	134 825	(471 519)	34 545 856				-	34 545 856	85 796 330		
Work in progress	24 654 390	(18 411 639)	6 242 750		9 811 041		16 053 791										-				-		16 053 791		
							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Community Assets	22 682 087	-	22 682 087	620 773		-	23 302 859	4 282 703	(54 462)	4 228 241	759 361	6 674	766 036				4 994 276	-	-	-	-	4 994 276	18 308 583		
Cemeteries	484 654		484 654				484 654	169 881	(38 468)	131 414	14 903	1 539	16 442				147 856				-	147 856	336 799		
Community Halls	9 815 475		9 815 475	620 773			10 436 248	1 018 953	(97 002)	921 951	334 111	(36 422)	297 689				1 219 640				-	1 219 640	9 216 608		
Libraries	1 425 915		1 425 915				1 425 915	330 651	(135)	330 516	41 746	5	41 751				372 267				-	372 267	1 053 648		
Other	5 347 833		5 347 833				5 347 833	1 986 343	(1 273)	1 985 070	248 391	148	248 539				2 233 608				-	2 233 608	3 114 224		
Parks & gardens	1 750 468		1 750 468				1 750 468	15 650	82 721	98 371	20 733	41 393	62 126				160 497				-	160 497	1 589 971		
Sports Fields & Stadia	3 394 420		3 394 420				3 394 420	761 226	(306)	760 920	59 477	12	99 489				860 409				-	860 409	2 534 011		
Work in progress	463 322		463 322				463 322										-				-		463 322		
							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Lease Assets	2 583 572	(2 176 230)	407 342	91 923	-	-	499 265	2 280 746	(1 901 532)	379 214	124 603	40 416	165 019	-	(302 764)	(302 764)	241 469					241 469	257 795		
Furniture And Other Office Equipment	2 583 572	(2 176 230)	407 342	91 923			499 265	2 280 746	(1 901 532)	379 214	124 603	40 416	165 019		(302 764)	(302 764)	241 469					241 469	257 795		
Other Assets	11 907 462	(313 863)	11 593 600	7 305 219	978 317	(1 286 563)	18 590 574	7 721 401	(2 159 698)	5 561 702	945 842	430 745	1 376 587	(1 260 970)	305 841	(955 129)	5 677 319					5 983 160	12 607 414		
Computers - Hardware/Equipment	1 905 953	(145 949)	1 760 004	126 861		(231 201)	1 655 665	1 219 818	(226 093)	993 724	161 593	66 911	228 504	(218 764)	(81 280)	(300 044)	922 184					922 184	733 480		
Furniture and Other Office Equipment	2 534 477	(281 690)	2 252 788	28 179		(71 353)	2 209 614	1 698 302	(302 863)	1 395 439	121 203	106 648	227 851	(64 820)	(199 917)	(264 737)	1 358 553					1 358 553	851 061		
General vehicles	4 242 873	200 262	4 443 136			(671 546)	3 771 590	3 636 804	(1 268 471)	2 368 333	192 565	192 539	385 105	(664 923)	504 413	(160 509)	2 592 928					2 592 928	1 178 661		
Other	48 695		48 695			(588)	48 107	2 767	(172)	2 594	2 046	12	2 058	(588)	74	(515)	4 138					4 138	43 969		
Plant & equipment	3 175 464	(86 487)	3 088 977	7 150 179		(311 875)	9 927 282	1 163 710	(362 099)	801 611	468 434	64 636	533 070	(311 875)	82 550	(229 325)	1 105 356					1 105 356	8 921 925		
Work in progress					978 317		978 317										-				-		978 317		
	412 770 978	(14 980 507)	397 790 470	28 729 342	10 789 358	(11 838 929)	425 470 241	127 846 189	(11 827 346)	116 018 843	10 715 461	(723 926)	9 991 535	(1 868 542)	137 902	(1 730 640)	123 839 072	-	-	-	-	124 279 738	301 190 502		