

# 2017/18 ANNUAL REPORT



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**2017 – 2022 (Adopted by Council on 29 May 2017) Garden Route  
District Municipality's**

# **VISION & MISSION**

## **Vision**

**Garden Route, the leading, enabling and inclusive district, characterised by equitable and sustainable development, high quality of life and equal opportunities for all.**

## **Mission**

**The Garden Route District Municipality, as a category C local authority, strives to deliver on its mandate through:**

- Unlocking resources for equitable, prosperous and sustainable development.
- Provide the platform for coordination of bulk infrastructure planning across the district.
- Provide strategic leadership towards inclusive / radical / rigorous socio-economic transformation, to address social, economic and spatial injustice.
- Redress inequalities, access to ensure inclusive services, information and opportunities for all citizens of the district.
- Initiate funding mobilisation initiatives / programmes, to ensure financial sustainability.
- Coordinate and facilitate social development initiatives.

2017 – 2022 (Adopted by Council on 29 May 2017)

Garden Route District Municipality's

# STRATEGIC OBJECTIVES

Strategic Objective 1	<i>Healthy and socially stable communities.</i>
Strategic Objective 2	<i>A Skilled Workforce and Communities.</i>
Strategic Objective 3	<i>Bulk Infrastructure Co-ordination.</i>
Strategic Objective 4	<i>Sustainable Environmental Management and Public Safety.</i>
Strategic Objective 5	<i>Good Governance.</i>
Strategic Objective 6	<i>Financial Viability.</i>
Strategic Objective 7	<i>Growing an inclusive district economy.</i>

# VALUES



# ABOUT THIS ANNUAL REPORT

**Garden Route District Municipality is determined as a Category C-municipality with a mayoral executive system.** Section 84 of the Municipal Structures Act distinguishes between roles and responsibilities of district municipalities and those of B-municipalities. According to the Act, the Garden Route District Municipality must perform the following functions:

- (a) Integrated development planning for the district municipality as a whole.
- (b) Potable water supply systems.
- (c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
- (d) Domestic waste-water and sewage disposal systems.
- (e) Solid waste disposal sites, in so far as it relates to -
  - (i) the determination of a waste disposal strategy;
  - (ii) the regulation of waste disposal;
  - (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- (g) Regulation of passenger transport services.
- (h) Municipal airports serving the area of the district municipality as a whole.
- (i) Municipal health services.
- (j) Firefighting services serving the area of the district municipality as a whole, which includes-
  - (i) planning, co-ordination and regulation of fire services;
  - (ii) specialised firefighting services such as mountain, veld and chemical fire services;
  - (iii) co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
  - (iv) training of fire officers.
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- (l) The establishment conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
- (m) Promotion of local tourism for the area of the district municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.

- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

Garden Route District Municipality acknowledges its enabling role as facilitator, co-ordinator and capaciator and seeks to achieve integrated, sustainable and equitable social and economic development of its area as a whole by ensuring integrated development planning and promoting bulk infrastructural development and services for the district as a whole, building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking and promoting equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

The Garden Route District encompasses a total area of 23 332km<sup>2</sup> and is constituent of seven Category B-Municipalities within its geographic area, namely: Bitou, Knysna, George, Mossel Bay, Hessequa, Oudtshoorn and Kannaland.

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# **CHAPTER 1**

## **EXECUTIVE SUMMARY: FOREWORD BY THE EXECUTIVE MAYOR AND OVERVIEW BY THE MUNICIPAL MANAGER**





Executive Mayor  
Cllr Memory Booysen

## **EXECUTIVE MAYOR'S FOREWORD**

The 2017/2018 annual report represents, reaffirmation of Garden Route District Municipality's Vision "Garden Route, the leading, enabling and inclusive district, characterised by equitable and sustainable development, high quality of life and equal opportunities for all"

### **OUR LEGISLATIVE MANDATE**

The section 84 (1) of the Local Government: Municipal Structures Act, No. 117 of 1998, states categorically clear that the functions and powers of the district municipalities are:

- Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
- Potable water supply system.
- Bulk supply of electricity, which includes for the purposes of such supply the transmission, distribution and, where applicable, the generation of electricity.
- Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- Fire fighting services serving the area of the district municipality as a whole.

In realising the aforementioned vision, Garden Route District municipality is in a process of becoming a water services authority. We are also planning to build a fire-fighting service academy and R5 million has been set aside over a 3 year period, which will be of benefit to the entire Western Cape and the rest of the country.

Considering the legislative mandate of our district and the vision which we have set for ourselves to achieve, the following initiatives were steered to reposition our district.

- **THE SKILLS SUMMIT TO POSITION GARDEN ROUTE DISTRICT MUNICIPALITY AS A SKILLS MECCA.**

The following resolutions set out a way forward:

- Continue and accelerate collaboration and cooperation amongst all District skills development role players that was born out of the GRRl
- As far as possible link Skills Development to Investment and Economic Development opportunities to the advancement for all
- Ensure that all Skills Development processes in the Garden Route always consider and proactively consider Water – a Shared Resource.
- Engage with all willing partners, in particular the SETAs and the National Skills Fund, to explore the development and implementation of projects across the District as an integral part of the Skills Mecca
- Consider and leverage local skilled people, including retired people, within the District, to accelerate the growth of the Skills Mecca.
- Progressively support the development of the new apprenticeship of 21<sup>st</sup> Century (A21) in the District

- **THE GARDEN ROUTE INVESTMENT CONFERENCE** attracted national and international investors to the region, including countries like China, Malaysia and Sweden. Garden Route DM delegations visited Sweden and China as part of implementing council's vision of creating investment opportunities for our community.

- **A GREEN ENERGY SUMMIT WAS HOSTED BY GARDEN ROUTE DISTRICT MUNICIPALITY AND THE FOLLOWING RESOLUTIONS WERE TAKEN:**

- To develop a “Garden Route Integrated Energy Plan” aligned with local raw water sources in Garden Route District (e.g. groundwater pumping, desalination, pumped storage, etc.), SDF’s, IDP’s, Sector Plans and to then integrate such a plan into the planned “Garden Route Growth and Development Plan.”
- To implement at least one (1) new green energy project per municipality in the Garden Route District and to collectively pursue such projects under a new Garden Route Energy Forum that will aim to meet on a bi-monthly basis
- Explore and implement alternative transport fuel strategies, including the conversion of municipal fleets and alternative fuel charging/filling networks / PV charge stations throughout the Garden Route district
- To ensure existing, planned IPPs (e.g. 75MW Dysselsdorp Solar PV Project & George Biomass Energy Project) are implemented, and to attract new IPPs to the District by creating an enabling environment
- To ensure that “green” planning elements are fully reflected in each Municipality’s SDF, IDP and Sector Plan implementation framework
- To establish a local Biomimicry Research Centre and Discovery Park at an appropriate Location in the Garden Route District

## **JOB CREATION**

The municipality continues to heed to the call by the National development Plan to create job opportunities, thus the following jobs were created in the year under review.

Garden Route District Municipality implemented 20 EPWP projects with a total of 499 work opportunities that were created through the EPWP integrated grant, GRDM own funding, GRDM roads department.

## **PARTNERSHIPS WITH KEY STAKEHOLDERS**

The council adopted a five year IDP (2017/2022), the strategic planning document outlines council's development agenda which forms of infrastructural and economic development.

To address skills shortage and encourage entrepreneurship, the institution entered into partnership with institutions of higher learning over the past few years. This includes the University of Stellenbosch and Nelson Mandela University.

The municipality continued to implement memorandum of understanding in order to:

- Promote shared knowledge and understanding.
- To stimulate scientific and business co-operation, strengthen research and capacity building.
- To promote and expand mutual understanding by stimulating and supporting educational and training, professional activities and projects.

## **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

The risk management, improved audit outcome and performance management, is one of the areas which are at the centre of the council agenda to ensure good governance ; furthermore we have witnessed the establishment of the IDP/Budget and PMS Representative forum during the financial year under review , which is part of taking government to the people.

Thank you

## **MEMORY BOOYSEN**



MUNICIPAL MANAGER  
Mr Monde Stratu

## **MUNICIPAL MANAGER'S OVERVIEW**

I'm privileged to provide you with an overview of the performance of our Municipality over the past financial year. This report has been prepared to take into consideration the requirements of MFMA circular 63. In terms of legislation, the Municipal Manager is designated as the Accounting Officer, and he must perform his functions in good faith, act with fidelity, honesty, integrity and in the best interest of the municipality. The Accounting Officer, as the Head of Administration, must oversee the execution and implementation of all Council policies

The district has made some achievements and has its challenges that which it is dealing with on a daily basis. Council took a decision, which involves making our district the district of choice when it comes to investment opportunities. Various conferences were held during the period under review to boost investor confidence and the district economy. The Municipality held a successful investment conference that was attended by both local and International investors. The invitees included business delegations from China, Sweden, and Singapore etc. It is worth mentioning that this conference, which was of world standard, was organised by municipal employees without any use of service providers. Subsequent to this conference, MOU's were signed with various businesses from as far as Sweden. The delegation from the Municipality

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also visited Sweden and China to follow up on the initiatives from the conference. This conference also caters for the investments needs of the SMME's.

Approximately 19% of the working population in the Garden Route District are unemployed according to Quantec. The unemployment in the Western Cape was 18.7% during the period under review, which means that the Garden Route District has a lower unemployment rate than provincial and national average. However, any figures for unemployment that are above 10% are a serious concern. The studies have shown that there are a number of professional or graduate individuals that are unemployed. This could be attributed to misalignment of our industry needs and the graduates that are produced by our institution. The Council took another decision to be a Skills Mecca and to ensure that the skills needed by the industry are addressed through this process. In February 2018, the district held a Skills conference where all stakeholders were invited. The industry, SETAs, relevant department including the whole Western Cape Cabinet was invited. This was also a successful conference and the implementation of the resolutions of that conference is in progress. The Municipality is also a top achiever when it comes to creating employment opportunities through the Expanded Public Works Programme (EPWP). We always create more opportunities than what was planned and this was the case with the year under reviewed. The programme created 499 job opportunities in the year under review.

In terms of section 84(e)(iii) of the Municipal Structures Act, the district municipality should establish, operate and control the waste disposal site for the Municipalities within its district. The current site that is situated in Mossel Bay on land owned by Petro SA is about to reach its capacity and notices have been received from the landowners. Studies have shown that there is no suitable land for the B municipalities to establish their own landfill sites. The District has taken upon itself to ensure that there is a disposal facility that will accommodate all the Municipalities within the district. The Municipality availed land next to the current site for the establishment of the district landfill site. Currently, a Public Private Partnership has been signed with the preferred private partner to establish the site. All the necessary IEA studies have been concluded and licences received from the relevant departments. The contraction of the first cell of the landfill is expected to start in November 2018. This will conclude a long process that started almost twelve years ago. This project is one of its kind in South Africa and is expected to be used as the benchmark.

The Municipality is leading in green energy initiatives and as a result, it received the Greenest Municipality award. We also hosted a successful green energy summit, which was looking at alternative sources of energy for the region.

## 1.1 MUNICIPAL FUNCTIONS, POPULATION AND THE ENVIRONMENT

Garden Route district, also known as the “Garden Route” situated on the southern-eastern coast of the Western Cape Province, is currently the third largest district municipality within the Western Cape. With a total earth surface coverage of approximately 23 332 km<sup>2</sup>, the municipality shares its borders with four other district municipalities namely Cacadu District in the Eastern Cape, Overberg and Cape Winelands in the west and to the north the boundary with the Central Karoo District Municipality runs along the Swartberg mountains. In the east, the municipality runs up to the Eastern Cape provincial boundary.

### 1.1.1 POPULATION DYNAMICS

In 2018, Garden Route District will have an estimated population of 619 224 and after five years this population is estimated to be 647 627. This equates to an estimated growth rate in this time span of 4.59 per cent. This estimated population growth rate of Garden Route District is slightly below that of the Western Cape Province (4.75 per cent) between 2018 and 2023.

### 1.1.2 EDUCATION

A community with a high number of educated persons is likely to be more developed and more prosperous than one with less educated individuals. Higher levels of education generally lead to higher paying jobs and vice versa. Table A shows estimates of education levels of persons living within municipal areas in the Garden Route District.

**EDUCATION LEVELS OF POPULATION IN THE GARDEN ROUTE DISTRICT, 2017**

	Garden Route		Kannaland		Hessequa		Mosselbay	
Education Levels	Number	% of total adult population	Number	% of total adult population	Number	% of total adult population	Number	% of total adult population
No Schooling	38 501	7.1	2 004	8.5	3 874	7.4	5 430	6.4
Some primary	119 854	22.0	6 879	29.3	12 561	24.1	16 037	18.8
Complete Primary	37 956	7.0	2 183	9.3	4 341	8.3	5 012	5.9
Some Secondary	183 599	33.7	8 312	35.4	17 419	33.5	26 840	31.5
Grade 12	120 642	22.1	3 414	14.5	9 714	18.7	22 753	26.7
Higher	44 287	8.1	687	2.9	4 105	7.9	9 129	10.7

Table A Source: Quantec/Urban-Econ calculation, 2017

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	George		Oudtshoorn		Bitou		Knysna	
Education Levels	Number	% of total adult population	Number	% of total adult population	Number	% of total adult population	Number	% of total adult population
No Schooling	13 476	7.4	7 046	7.7	2 576	6.1	4 117	6.1
Some primary	38 931	21.3	23 273	25.3	8 283	19.6	13 931	20.6
Complete Primary	11 622	6.4	8 129	8.9	2 708	6.4	3 973	5.9
Some Secondary	61 343	33.6	31 729	34.5	14 769	34.9	23 272	34.5
Grade 12	41 692	22.8	17 464	19.0	9 633	22.8	16 001	23.7
Higher	15 681	8.6	4 196	4.6	4 334	10.2	6 231	9.2

Mossel Bay and Bitou have the largest proportion (10.7 per cent and 10.2 per cent respectively), of the total adult population with an educational achievement higher than Grade 12 as well as the lowest proportion of people without schooling (6.4 per cent and 6.1 per cent respectively). The largest proportion of people without schooling are found at Kannaland (8.5 per cent) and Oudtshoorn (7.7 per cent). Primary school education is important as it is a foundation for human development and therefore the existence of individuals without any form of schooling is a concern to decision-makers at local, provincial and national government.

Mossel Bay has the largest proportion of people with a Grade 12 qualification (26.7 per cent) followed by Knysna (23.7 per cent). High educational achievements indicate the availability of a skilled and qualified workforce which augurs well for economic growth.

### 1.1.3 ROADS

The total coverage of roads within the Garden Route district amounts to 6040 kilometres. Gravelled divisional roads account for 46.63 per cent of all gravelled roads in the District, making it the largest proportion of all gravelled roads. Trunk roads comprise the largest proportion (41.58%) of surfaced roads across the Garden Route district.

### 1.1.4 HUMAN SETTLEMENTS

The type of housing that households live in is an important indicator of the extent of human development within a municipal area. The form of housing that indicates low human development is an informal dwelling such as a shack. Table B shows that most informal dwellings are found at George (9 040), despite having the highest real GDP per capita as shown earlier in this chapter. Bitou has the second highest number (4 829), followed by Mossel Bay (4 151).

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**TABLE B DWELLING TYPE PER MUNICIPAL AREA WITHIN THE GARDEN ROUTE**

**DISTRICT, 2017**

	Garden Route		Kannaland		Hessequa		Mosselbay		George		Oudtshoorn		Bitou		Knysna	
Dwelling type	Total number	%of	Total number	%of	Total number	%of	Total number	%of	Total number	%of	Total number	%of	Total number	%of	Total number	%of
House or brick structure on a separate stand or yard	13 8754	75.3	6 485	95.3	16 055	90.1	23 572	73.3	45 000	75.8	19 038	77.5	11 975	66.2	16 706	65.5
Traditional dwelling/hut/structure made of traditional materials	963	0.5	22	0.3	121	0.7	173	0.5	258	0.4	129	0.5	184	1.0	108	0.4
Flat in a block of flats	4313	2.3	44	0.7	275	1.5	858	2.7	1 630	2.7	521	2.1	260	1.4	746	2.9
Town/cluster/semi-detached house (simplex, duplex or triplex)	6890	3.7	31	0.4	133	0.7	2 269	7.1	1 584	2.7	1 749	7.1	218	1.2	976	3.8
House/flat/room, in backyard	2715	1.5	21	0.3	172	1.0	378	1.2	1 206	2.0	431	1.8	129	0.7	382	1.5
Informal dwelling/shack, in backyard	11 519	6.3	79	1.2	483	2.7	1 803	5.6	4 617	7.8	1 153	4.7	1 765	9.8	1 676	6.6
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	16 304	8.9	100	1.5	391	2.2	2 348	7.3	4 423	7.4	1 404	5.7	3 064	16.9	4 620	18.1
Room/flatlet not in backyard but on a shared property	1 218	0.7	4	0.1	68	0.4	440	1.4	387	0.7	119	0.5	101	0.6	114	0.4
Other/unspecified/N/A	2 173	1.2	45	0.7	143	0.8	383	1.2	570	1.0	215	0.9	466	2.6	365	1.4
<b>Total</b>	<b>184 226</b>	<b>100</b>	<b>6 807</b>	<b>100</b>	<b>17 819</b>	<b>100</b>	<b>32 168</b>	<b>100</b>	<b>59 402</b>	<b>100</b>	<b>24 558</b>	<b>100</b>	<b>18 080</b>	<b>100</b>	<b>25 488</b>	<b>100</b>

Source: Quantec/Urban-Econ calculations, 2017

Kannaland has the least number of households living in informal dwellings (179). The following section provides information on indigent households and provision of free basic services. The provision of basic services to households is a positive indicator of human development.

### 1.1.5 PROVISION OF BASIC SERVICES TO INDIGENT HOUSEHOLDS

All the municipal areas with the exception of Knysna experienced increases in the number of indigent households between 2015 and 2016 as shown in Table C. Correspondingly, the Table also shows that the increases in the number of indigents resulted in increases in the free basic services provided by the municipalities with the exception of Knysna Municipality. While the provision of free basic services is necessary and in line with Constitutional requirements, the services come at a cost to the municipalities.

**TABLE C INDIGENT HOUSEHOLDS AND PROVISION OF BASIC SERVICES, EDEN DISTRICT, 2018**

Municipality	No of indigent households		Free basic water		Free basic electricity		Free basic sanitation		Free basic refuse removal	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Kannaland	1 880	2 427	1 880	2 328	1 880	2 427	1 880	2 328	1 880	2 328
Hessequa	4 943	5 279	4 782	4 961	4 397	5 200	4 879	5 039	4 472	5 095
Mossel Bay	7 480	11 312	7 480	11 312	7 354	11 312	5 331	11 312	6 497	11 244
George	10 245	31 750	10 245	13 750	10 245	13 750	10 245	13 750	10 245	13 750
Oudtshoorn	5 395	6 537	5 395	6 537	5 343	6 351	5 293	6 351	5 395	6 351
Bitou	3 843	4 434	3 843	4 434	3 843	4 434	3 843	4 434	3 843	4 434
Knysna	1 655	1 567	1 655	1 567	1 655	1 567	1 655	1 567	1 655	1 567

Source: Non-Financial Census of Municipalities, Stats SA 2017

In the Table D, it can be observed that all municipal areas in the Eden District recorded increases in the number of households with taps inside their yards, with Mossel Bay and Kannaland recording the largest increases. An increase in the number of households with water taps more than 200 m from the yard was reported for Hessequa and George.

**TABLE D DIFFERENT TYPES OF ACCESS TO WATER, EDEN DISTRICT, 2016**

Municipality	Inside the yard		Less than 200m from yard		More than 200m from the yard	
	2015	2016	2015	2016	2015	2016
Kannaland	5 812	7 537	0	0	0	0
Hessequa	12 945	13 316	399	427	0	0
Mossel Bay	31 888	35 156	2 422	72	0	0
George	29 740	30 106	3 137	3 362	120	120
Oudtshoorn	13 966	14 588	3 392	3 392	103	0
Bitou	14 129	14 784	929	850	0	0
Knysna	15 932	16 826	3 768	3 744	1 179	929

Source: Non-Financial Census of Municipalities, Stats SA 2017

In terms of sanitation, Table E shows that there were increases in the number of households with flush toilets connected to the system across all municipal areas in the Eden District, with the exception

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of Kannaland and Mossel Bay which remained unchanged. The bucket system and ventilated improved pit latrines which remain used by certain households in Mossel Bay, Hessequa and George is should require attention.

**TABLE E DIFFERENT TYPES OF ACCESS TO SANITATION, EDEN DISTRICT, 2016**

Municipality	Toilet connectdd to pubic sewerage system		Flush toilet connected to septic tank		Bucket system		Ventilated improved pit latrine ystem		Other	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Kannaland	5 332	5 332	190	190	0	0	0	0	0	0
Hessequa	12 945	12 987	1 713	1 713	0	0	487	487	0	0
Mossel Bay	26 623	26 623	5 285	5 285	137	137	30	30	2 285	2 285
George	29 740	31 147	1 630	1 630	0	0	1 627	811	0	0
Oudtshoorn	13 966	14 588	508	601	0	0	0	0	492	592
Bitou	14 129	15 059	479	390	0	0	0	0	0	0
Knysna	15 932	18 454	2 634	528	0	0	0	2 108	5 139	3 205

Source: Stats SA Non-Financial Census of Municipalities

## 1.2 EMPLOYMENT AND THE ECONOMY

### 1.2.1 EMPLOYMENT

Similar to the municipal GDPR contribution in 2015, the George and Mossel Bay municipal areas employed the most workers in the Garden Route District (51.5 per cent). The George municipal area experienced the largest employment growth over the last decade compared to the other local municipal areas, which correlates with the GDPR data, which shows that this municipal area also experienced the highest GDPR growth (3.7 per cent between 2005 and 2015) in the District. George is the commercial hub of the District attracting new investment to the area, with the George Airport being a main entry point for business and leisure tourists to the Garden Route District.

The Kannaland, Hessequa and Mossel Bay municipal areas all shed jobs in 2016. These areas are largely dependent on the agriculture, forestry and fishing and the manufacturing sectors which have come under pressure due to the drought and other national factors such as rising fuel prices and a weakened exchange rate.

**GARDEN ROUTE DISTRICT EMPLOYMENT GROWTH, 2005 - 2016**

Municipality	Contribution to employment (%) 2015	Trend		Employment (net change) 2012					
		2005 - 2015	2010 - 2015	2011	2013	2014	2015	2016e	
Kannaland	4.4	1 441	1 986	86	329	454	130	987	-68
Hessequa	11.1	4 512	4 304	328	764	1 040	495	1 677	-254
Mossel Bay	15.9	5 875	4 589	489	853	1 225	699	1 323	-132
George	35.6	14 975	11 305	1 338	2 091	2 720	1 593	3 563	346
Oudtshoorn	12.9	3 466	3 432	263	539	907	385	1 338	50

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Bitou	8.6	4 593	3 232	442	581	735	566	908	64
Knysna	11.6	3 733	3 230	359	621	752	600	898	44
<b>Total Garden Route District</b>	<b>100</b>	<b>38 595</b>	<b>32 078</b>	<b>3 305</b>	<b>5 778</b>	<b>7 833</b>	<b>4 468</b>	<b>10 694</b>	<b>50</b>
Western Cape Province	-	418 445	326 986	38 314	58 799	81 285	45 807	102 781	15 050

Source: Quantec Research, 2017 (e denotes estimate)

### 1.2.2 UNEMPLOYMENT

The unemployment rate is the percentage share of the labour force that is unable to find work. The unemployment rate in both the WC and the Garden Route District was 17.8 per cent in 2015 which increased to 18.7 per cent in 2016. The Hessequa municipal area had the lowest unemployment rate at 9.5 per cent in 2016; while Bitou had the highest unemployment rate (27.9 per cent) which is similar to the National unemployment rate. Oudtshoorn and Knysna municipal areas also had high unemployment rates at 21.4 per cent and 21.1 per cent respectively in 2016.

The unemployment rates for the District and municipal areas are increasing since 2013, and this is likely to increase the demand for government sector support.

#### GARDEN ROUTE DISTRICT UNEMPLOYMENT RATES, 2011 - 2016 (%)

Municipality	2011	2012	2013	2014	2015	2016e
Kannaland	9.4	10.3	10.3	10.8	11.2	11.9
Hessequa	8.1	8.5	8.2	8.6	8.8	9.5
Mossel Bay	16.2	16.6	16.1	16.6	17.3	18.3
George	15.8	16.2	15.6	16.1	16.6	17.3
Oudtshoorn	19.6	20.1	19.8	20.2	20.7	21.4
Bitou	23.5	24.4	24.1	25.0	26.3	27.9
Knysna	19.2	19.8	19.5	20.2	21.0	22.1
<b>Garden Route District</b>	<b>16.5</b>	<b>17.0</b>	<b>16.6</b>	<b>17.1</b>	<b>17.8</b>	<b>18.7</b>
Western Cape Province	16.4	17.0	16.7	17.2	17.8	18.7

Source: Quantec Research, 2017 (e denotes estimate)

### 1.2.3 ECONOMIC OUTLOOK

The Garden Route District is the second largest non-metro District within the WC, contributing 7.6 per cent to the GDPR of the Province in 2015. Figure 1 indicates the GDPR performance of municipal areas within the Garden Route District between 2005 and 2015, including an estimate for 2016.

The Garden Route District experienced an average GDPR growth rate of 3.2 per cent between 2005 and 2015. The economic growth rate was relatively constant between 2011 and 2013, however, growth rates started to decline again in 2014, indicating a weakening economy. Factors influencing the SA economy, including rising

national unemployment, increases in fuel prices, inflation, and weakening exchange rates against major currencies, political instability and poor ratings from credit agencies, have impacted adversely on the District's economic fortunes. The drought which commenced in 2015 worsened prospects for the regional economy.

**GARDEN ROUTE DISTRICT GDPR CONTRIBUTION AND AVERAGE GROWTH RATES PER MUNICIPAL AREA, 2005 - 2016**

Municipality	Contribution to GDPR (%)	Trend		Real GDPR growth (%)					
	2015	2005 - 2015	2010 - 2015	2011	2012	2013	2014	2015	2016e
Kannaland	2.8	3.3	3.0	2.9	2.7	3.0	4.0	2.6	-1.0
Hessequa	8.8	3.2	2.7	3.3	2.9	3.1	3.1	1.3	-0.1
Mossel Bay	17.3	2.9	2.5	4.0	3.1	2.4	1.9	1.1	0.5
George	39.8	3.7	3.1	4.3	3.4	3.2	2.7	2.1	1.1
Oudtshoorn	12.7	3.2	2.7	3.6	3.0	3.2	2.6	1.2	0.5
Bitou	7.4	3.2	2.6	3.1	3.1	2.7	2.6	1.5	1.2
Knysna	11.2	2.3	1.8	2.1	2.0	2.1	2.0	1.0	0.5
<b>Total Garden Route District</b>	<b>100</b>	<b>3.2</b>	<b>2.7</b>	<b>3.7</b>	<b>3.0</b>	<b>2.9</b>	<b>2.5</b>	<b>1.6</b>	<b>0.7</b>
Western Cape Province	-	3.0	2.6	3.8	2.9	2.6	2.2	1.5	0.7

Figure 1 Source: Quantec Research, 2017 (e denotes estimate)

The George municipal area has the largest local economy, contributing 39.8 per cent to the District economy in 2015 and has been outperforming other municipal areas in the Garden Route District in terms of GDPR growth. Knysna and Mossel Bay municipal areas had the lowest average GDPR growth rates between 2005 and 2015, with 2.3 per cent and 2.9 per cent respectively. These two municipal areas accounted for approximately 28.5 per cent of the District's GDPR. In 2016, the District and municipalities showed a decline in GDPR growth, with the Kannaland and Hessequa municipal areas GDPR contracting by 1.0 and 0.1 per cent respectively.

## 1.3 SERVICE DELIVERY OVERVIEW

### 1.3.1 SERVICE DELIVERY

The following key service delivery initiatives were rolled out by various departments of Garden Route DM during the 2017/18 financial year:

#### 1.3.1.1 OFFICE OF THE MUNICIPAL MANAGER

- Development and execution of the RBAP
- The Internal Audit Charter allows the Internal Audit Unit to perform consulting assignments. Significant reviews for the 2017/18 year included: Compliance to mSCOA Regulations; Investigation for Council Committee regarding 2016/17 irregular, unauthorised and fruitless and wasteful expenditure.

- At year-end the Internal Audit Unit conducted stock counts at selected Council stores and fuel depots across the District on behalf of the AG.
- The Chief Audit Executive (CAE) successfully completed all modules as per the minimum competency regulations and the Senior Internal Auditor and Internal Auditor obtained the “Internal Audit Technician” from the Institute of Internal Auditors of South Africa
- 4 Quarterly External newsletters were distributed to 60 000 community members for the period under review
- 4 Internal Newsletters were distributed to staff
- All web-uploads happened within 3 working days after requests were received by the Communication Unit
- Communication and Graphic Design Services were rendered at the Skills Development Summit, Investment Conference and Green Energy Summit.

### 1.3.1.2 COMMUNITY SERVICES

#### MUNICIPAL HEALTH & ENVIRONMENTAL SERVICES INFO CHAPTER 3

##### 1.3.1.2.1 INTRODUCTION TO MUNICIPAL HEALTH

According to the constitution of the Republic of South Africa 1996, the Local Government: Municipal Structures Act (No.117 of 1998) and the National Health Act (No. 61 of 2003) it is the statutory responsibility of the District Municipality to render Municipal Health Services.

Section 24 of the Constitution of the Republic of South Africa entrenches the right of all citizens to live in an environment that is not harmful to their health or well-being. Section 1 of the National Health Act (Act 61 of 2003) defines Municipal Health Services and clearly stipulates the responsibilities of municipalities in the performance of such services.

**Environmental health** comprises those aspects of human health, including quality of life, that are determined by physical, chemical, biological, social and psycho-social factors in the environment. It refers to the theory and practice of assessing, correcting, controlling and preventing factors in the environment that can adversely affect the health of present and future generations.

**Environmental health services** are services that implement environmental health policies through monitoring and controlling, which improves environmental parameters and encourage the use of environmentally friendly and healthy technologies and behaviours. Controlling and monitoring plays a leading role in suggesting and developing new policy areas. (These definitions are in line with the definitions of the World Health Organization).

#### 1.3.1.2.2 SERVICES RENDERED

Residential, business and public premises are regularly monitored to ensure that there are no health nuisances. This is done to ensure compliance with the applicable legislation, the principles of Agenda 21 and the "Healthy Cities" approach, and the minimisation of any detrimental environmental health risk.

##### Key Performance Areas:

- *Chemical safety*
- *Disposal of the dead*
- *Environmental pollution control*
- *Food control*
- *Health surveillance of premises*
- *Surveillance and prevention of communicable diseases*
- *Vector control/monitoring*
- *Waste management*
- *Water quality monitoring*
- *Administration – general*

#### 3.10.3 HEALTH INSPECTION, FOOD AND ABATTOIR LICENSING AND INSPECTION

To fulfil its constitutional and legal obligations, the District's Municipal Health Services unit fulfils its mandate through the knowledge and expertise of our highly qualified and skilled Environmental Health Practitioners (EHPs). They provide and facilitate comprehensive, pro-active and needs-related services to ensure a safe, healthy and clean environment by preventing and eliminating sources of diseases.

There are functional Municipal Health offices located in all the local municipalities in the District. The Municipal Health inspectorate is divided into 4 regions, namely:

- Klein-Karoo Region (Oudtshoorn and Kannaland)
- George
- Lakes Region (Bitou and Knysna)
- Langeberg (Mossel Bay and Hessequa)

Municipal Health services is a personnel driven function because of inspections and monitoring, according to the scope of practice of Environmental Health, which forms the basis of performing this function. Performing these functions will add value to "healthier people in healthier places" as in support of Section 24 of the Constitution which states that: "Everyone has a right to a safe environment".

##### Main functions:

- *Monitoring of water quality*
- *Protection of water sources by enforcement of laws and regulations*
- *Implementation of health and hygiene awareness*
- *Control of food premises by issuing compliance certificates to food premises*

- *Ensure that food is safe and healthy for human consumption by the enforcement of laws and regulations*
- *The monitoring of the storage, treatment, collection, handling and disposal of the various categories of waste*
- *The identification, monitoring and evaluation of health risks, nuisances and hazards*
- *The promotion of health and hygiene aimed at preventing the incidence of environmental conditions that will result in contagious diseases*
- *Monitoring, identification, evaluation to ensure the prevention of vectors*
- *The identification, evaluation, monitoring and prevention of the pollution of soil, water and air*
- *Monitoring of cemeteries, crematoriums and other facilities for the disposal of corpses*
- *The monitoring, identification, evaluation and prevention of risks relating to chemicals hazardous to humans*

a) **Highlights: Health inspection, food and abattoir licensing and inspections**

The following highlights were achieved during the financial year:

Highlights	Description
<b><u>Municipal Health &amp; Environmental Services</u></b> <b><u>Garden Route</u></b> Nat Dept of Health – Listeria Investigation: Meat Processing Plants 20 June 2018	The National Department of Health introduced control measures for the food industry regarding the Listeriosis outbreak. Municipal Health was directly involved in the sampling and inspection of this programme.
<b><u>Garden Route</u></b> Informal food trader's project.	Provide education and awareness sessions to informal food traders
<b><u>Garden Route</u></b> Pneumonic plague exercise	All EHP's participated in a fictitious pneumonic plague outbreak exercise.
<b><u>Riversdale</u></b> Hepatitis A simulation exercise	A Hepatitis A simulation exercise was conducted.
Hepatitis A Education Campaign – Heidelberg	Schools and crèches in the region were visited to educate scholars on the Hepatitis A Virus
<b><u>Mosselbay</u></b> Waste Management education at crèches.	All educators received health training in waste management.
Formal health and hygiene training at De Heus Feeds	51 participants (personnel) received certificates of attendance.
Formal Hepatitis A training at Protea crèche.	6 educators were trained regarding communicable diseases.
Health and Hygiene training at Admirals Casino	12 food handlers received training, on health related matters regarding the management of food premises.
Event Planning meetings.	Meetings were held with Mossel Bay Municipality and all role players before any event, to pro-actively prevent health hazards during events.
Daily Holiday season monitoring meetings.	To coordinate activities, and find solutions and give feedback on any matter that may cause a health hazard.

Highlights	Description
<ul style="list-style-type: none"> <li>• <b>George</b></li> <li>• <b>Health and Hygiene Awareness</b></li> <li>• <b>and Education Crèches.</b></li> </ul>	Presentation and demonstrations on health and hygiene practices.
Basic Subsistence and Evaluation Survey - Syferfontein	Door to door sessions to complete the basic Subsistence and Evaluation questionnaires.
World Food Day Celebrations – Rosemoor Service Centre –	Presentation on safe food handling
Listeriosis awareness and recall	Awareness and education on Listeriosis and monitoring food premises on the recall of food products.
Health standards and requirements inspections and training – CANSA Relay	Health surveillance of premises and food monitoring at CANSA Relay Event
Geelhoutboom Primary School Health and Hygiene education Project.	Health and Hygiene education and awareness presentations and demonstrations in collaboration with other stakeholders.
<b><u>Klein Karoo</u></b> Klein Karoo National Arts Festival (KKNK)	The Klein Karoo Municipal Health Office received a certificate for the rendering of outstanding environmental health services during the 2018 KKNK.
Health and Hygiene Awareness program at Clinic.	Environmental Health Practitioners of Oudtshoorn office co-ordinated an Environmental Health awareness session that was held at Toekomsrus Clinic.
WASH (Water, And Sanitation and Hygiene) PJ Badenhorst Primary School.	Establish a Water, Sanitation and Hygiene committee to promote hygiene practices at the school together with other stakeholders.
Food safety training in Oudtshoorn	EHP's provided informal food safety training to food handlers in Oudtshoorn.
Global handwashing day celebrations in Oudtshoorn	EHP's held an awareness session on the importance of handwashing to school children.
World Environmental Health Day: Indoor and Outdoor air quality awareness at rural Roodewal UCC Primary School.	EHP's held awareness sessions on the importance of good indoor and outdoor air quality to teachers and learners.
Health education to crèche principals and caregivers in Dysselsdorp	Principals and caregivers of nine (9) crèches in Dysselsdorp attended a health education session regarding Diarrhoea and Listeriosis prevention.
Smoking in public places	To educate the owners of restaurants to locate designated areas for the public to smoke.

Highlights	Description
<b><u>Knysna</u></b> Health and hygiene sessions	Education session were held at Dairy related food premises.
• <b><i>Brucellosis intervention and prevention</i></b>	One education session given to workers on Lancewood farm.
• <b><i>Formal food traders</i></b>	Education session were provided to formal food traders.
• <b><i>Successfully held and monitor oyster festival</i></b>	Monitoring food outlets and health and hygiene sessions were held
• <b><i>Removal of asbestos material</i></b>	Saucing of an approved service provider and to render the service of asbestos removal from various areas in Knysna and in Plettenberg bay.
<b><u>Waste Management</u></b> Publication of the Garden Route District Waste Management By-Laws.	Garden Route District Municipality has given affect to its mandate assigned to it by legislation.
Selection of a preferred and reserve bidder	The Bid Adjudication Committee has selected Interwaste as the preferred bidder and awarded as the reserve bidder to construct and operate the regional waste disposal facility
Negotiations have commenced with the preferred bidder.	The negotiations process have been held with Interwaste and will be finalise in July 2018.
Garden Route District Municipality Biomass characterisation study.	Contract was signed with USAID South Africa Low Emissions Development to assist the district municipality with the Biomass characterisation study
<b><u>Air Quality Management</u></b> Appointment of new staff	Appointment of District Air Quality Officer and Administrative Assistant
100% completion of National Atmospheric emissions inventory System (NAEIS)	All 30 industries submitted their NAEIS reports within the required time-frames.
Garden Route Clean fires campaign	Expansion of the awareness raising campaign to primary schools
Mobile Ambient monitoring station	The procurement of a mobile air quality monitoring station and the addition of a methane cell to monitor landfill sites.
Working group meetings and capacity building	Held 4 Industrial forums/ Working group meetings and thereby capacitated the Industry.
Air Quality improvements at Listed Activities	Implementation of various Licence conditions to improve ambient air quality.
South African Atmospheric Emission Licensing and Inventory Portal (SAAELIP)	All new and renew AEL application are handled via SAAELIP

Table F: Health inspection, food and abattoir licensing and inspections

### Fire and Rescue Services

- Station Officer – Fire Prevention and Training appointed.
- Five Platoon Commanders – Operations appointed

- Administrative Assistant appointed
- Budget approved for the building of a new fire station and training academy.
- Budget approved for the purchase of fire-fighting vehicles and equipment.
- Two members completed the Higher Certificate in Fire Technology.
- Five members completed the Diploma in OETDP.
- Four members completed the Certificate in Disaster Management.
- Fleet Manager resigned from the position and the position was subsequently transferred to Corporate Services Department. Position still unfilled.
- Entered into a MOA with Savannah Helicopters for the provision of aerial fire-fighting.
- Advertised tenders for the provision of aerial fire-fighting and for the provision of uniform.
- Equipment and furniture for the fire station which was pledged by the Mayor was purchased.
- Skid Unit purchased with the provincial grant .

#### **Garden Route Disaster Management Centre (Garden Route DMC)**

- This year the Garden Route DMC facilitated local disaster declarations for all seven of the local municipalities, some of these were based on hydro-meteorological drought issues, but all the local municipalities declared due to the agricultural drought conditions.
- During the year, the Garden Route Call Centre updated the old analogue based two-way radio communications platform to a digital system complete with GPS tracking capability. This system is similar to what Provincial EMS, provincial traffic and the South African Police Service uses. Sharing a common two-way radio platform enables the District's DMS to develop an emergency communications platform over the next couple of years.
- The Garden Route DMC assisted the Oudtshoorn-, Kannaland and- the Bitou local authorities during the below normal rainfall period in the second and third quarter of this year. These authorities were allocated disaster grant funding to build water security capacity. This included the drilling as well as equipping of boreholes and the refurbishment of existing infrastructure to ensure that town's c meet the minimum water demand.
- The Garden Route DMC assisted Bitou in the sourcing of R10, 9 mil disaster grant funding to assist with water augmentation projects. This included groundwater exploration, the equipping of boreholes as well as the piping of this water to their water network. Initial results proved that Bitou LM can now augment 7,5 Mega liters per day (5,5 Mega litres from groundwater and 2,0 Mega litres from their Desalination plant) this almost adds up to their restricted demand (level 2) at 7-8 Meg per day.
- In Knysna, much needed maintenance has been done to the Akkerkloof Dam pipeline.

- In order to augment Zoar's bulk water supply an agreement has been reached with CASIDRA for the use of water from the Jongensland Dam ;
- As a pro-active response to the Western Cape Drought disaster all the Water Management Plans of local municipalities were updated with a special focus on preparedness planning for avoiding "day zero".
- In order to address water distress conditions at rural communities and rural crèches the Garden Route DMC purchased 53 x 5000 litre JOJO water tanks to be erected at priority areas identified by the Garden Route EHP's.
- In order to raise public awareness as well as to drive down water consumption a public awareness campaign were launched in collaboration with the Garden Route as well as Provincial communications teams. R170 000 were re-prioritized in the Garden Route disaster management 2017/2018 operational budget to fund the purchasing of billboards that will be placed at the entrances of each town in the district. Visitors will be sensitized in terms of the "save water while we have water to save" message. In addition pamphlets, stickers and radio jingles also formed part of the drought awareness campaign.
- The Garden Route DMC, in collaboration with the PDMC, managed to update the Oudtshoorn, Kannaland and George Local Municipal Disaster Risk Assessments. The update of the Bitou disaster risk assessment is currently work in progress.
- A Disaster Relief Protocol for the District Municipality - This plan sets out the protocol for short-term relief assistance aimed at guiding the activities of both the Local Municipalities as well as the District Municipality and the Department of Social Development;
- The Garden Route Corporate Disaster Management Plan was updated with emphasis on the inclusion of disaster risk reduction by all Departments of the District Municipality;
- In order to ensure the inclusion of Disaster risk reduction and preparedness plans as part of local municipal IDP's a special meeting with all the local municipal IDP Managers were hosted. Guidelines to assist in the main streaming of Disaster risk reduction and preparedness planning were developed and provided to local municipalities at this engagement.
- The Garden Route DMC developed a disaster manager's handbook to be used as guideline by local municipal disaster management officials. This handbook will be rolled-out to all the local municipalities during engagements with their applicable staff .
- Fire, flood and drought awareness campaigns were held in collaboration with the PDMC.
- The Garden Route DMC, in collaboration with the South African National Roads Agency executed two accident simulations on the N2.

- Over the last 5 years the Garden Route DMC has been assisting in building capacity at local authority levels, facilitating formal and informal training sessions, as well as the development of concept plans and guidelines to be used by local authorities.
- The Garden Route DMC played a major role in establishing the Garden Route Rebuild Initiative after the Knysna/Bitou fire disaster. The Garden Route DMC continue to support the initiatives started by the Garden Route Rebuild Initiative with the restoration of not only the dignity of communities in the Knysna and Bitou areas who were affected by the June 2017 inferno, but also to ensure interventions focussing on the environment and to build resilience .

#### **Disaster Risk Reduction and Climate Change Adaptation (Previously Environmental Management)**

- Review and Updating of the Garden Route DM Climate Change Adaptation Plan into New Garden Route DM Climate Change Strategy;
- GRDM Climate Change Vulnerability Assessment in Collaboration with the Department of Environmental Affairs (DEA);
- Mayor signs Durban Commitment on 27 March 2018 for the protection and enhancement of biodiversity at the local level;
- Successful completion of three week Environmental Management Inspectorate (EMI) Training ;
- Release of a draft Garden Route Climate Change Summary Report by the Department of Environmental Affairs (DEA);
- Garden Route DM nominated as one of the top 5 finalist for Eco-Logic Biodiversity Awards for it Local Action for Biodiversity (LAB) Wetlands South Africa Project;
- Release of draft Gouritz Estuary Management Plan in Collaboration with the Department of Environmental Affairs and Development Planning (DEA&DP);
- BGCMA and GRDM Water Management Collaboration;
- Submission of the Wilderness Blue Flag Application for the season 2018/19;
- Discussions with Water Sector Leaders regarding the Establishment of GRDM as a Water Services Authority;

#### **1.3.1.3 ROADS SERVICES**

Phase one of the Fremersheim multi-year project has been completed, phase two and three are on schedule for completion in July 2019. The department has managed to spend 113% of its R165 million budget for the upgrade and maintenance of roads in the district.

### 1.3.1.4 CORPORATE SERVICES

#### Human Resources

The Human Resources Section consists of the following disciplines:

- Human Resource Management
- Employment Equity
- Recruitment and Selection
- Human Resources Administration & Conditions of Service
- Regional Task Administration
- Training and Development
- Labour Relations
- Occupational Health and Safety
- Wellness and Employee Assistance

Human Resource role is vital in ensuring optimally, adequate, qualified and skilled staff in the organization for meeting the diverse needs of planning, in line with the organization's strategic goals. HR provides guidance and direction in shaping the size and skill-levels of the personnel so that the organization is staffed with efficient and compact strength of manpower. The training needs of the staff in the organization is also addressed, the growth plan for the employees, objective performance evaluation, staff retention / incentives and other associated issues, without compromising and in coherence with the above objectives.

The demand for HR services continues to grow. Organizational challenges must be addressed that have management, workforce and development, technological, and especially financial sustainability for the Garden Route District Municipality. How we respond to these challenges will impact our ability to position the Garden Route as an employer of choice that maximizes organizational and individual potential. These trends and challenges include:

- **Reduced Financial Resources - Identifying efficiencies and innovations to address the structural budget deficit.** As Garden Route takes steps to reduce costs, there will be increased stress on departments and their employees. Although the Garden Route's workforce may decrease, customer needs for HR support services are expected to grow, requiring increased productivity gains through technology, as well as the adoption of other innovative solutions to meet demand.

- **Changing Workforce/Strategic Talent Management – Designing and implementing succession and performance management programs to increase organizational capacity and respond to a changing workforce.** Preparing for this change will require the delivery of targeted training programs, including the use of e-learning solutions where possible. Demographic shifts within our geographic area, as well as within our

existing workforce, will require appropriate marketing and communication strategies to attract qualified and diverse candidate pools. We plan to continue the implementation of our current succession planning activities.

- **Stabilizing Labour and Benefits Costs - Identifying efficiencies / budget reduction strategies to maintain/reduce labour costs.** The HR Section, in partnership with our stakeholders, will continue to negotiate with labour organizations to implement structural budget changes that are aligned with our current and anticipated economic conditions and operational needs. We will also continue to promote wellness programs and employee incentive options as a cost-effective health and productivity management strategy for the Garden Route that will also yield important benefits to our individual workers and their families.

- **Expanding Strategic Partnerships - Identifying and enhancing opportunities to collaborate with customers to increase organizational effectiveness.** The HR Section will continue to broaden its service focus to include a consultative approach to human resource management, and not just an administrative approach. There is a notable increase in management and supervisory skills across many departments as a result of Garden Route's ongoing investment in training and development. This additional capacity, along with the increased use of self-service information technology, has allowed our staff to more personally adds value and help departments carry out their strategic plans using their human capital.

- **Managing Complex Employment Laws and Issues— identifying and addressing legal trends and employer-employee changes to determine impact to the organization.** We expect that anticipated changes to laws that expand employee rights will require the Section to respond to an increase in employee relations cases. We will continue to be proactive in addressing employment issues by offering regular training and consultations with employees, supervisors, and managers. Changes in labour organization leadership will require the Section to expand outreach efforts to ensure that the communication between all stakeholders remains open and constructive.

- **HR Technology – Maximizing technology to streamline HR transactional activities.** The HR Section is committed to streamlining our business processes in order to decrease costs and improve service. We plan to fully leverage our information technology resources to offer flexible, user-friendly and integrated systems, including the expanded use of employee self-service. This will allow our Section to move beyond just transaction processors to become more consultative partners with our customers.

### **Auxiliary Services**

In terms of the approved organizational structure of Council, the Section Auxiliary Services comprises of:

- Records Management
- Reproduction services
- Access Control
- Switchboard Services
- Office cleaning and Messenger services.

Garden Route District Municipality has, as all other organizations, essential administrative and other support functions that are not necessarily statutory prescribed but that are necessary in order for organizations to function. These functions are referred to as Auxiliary Services. A new position for the Supervisor Records was created and will be filled in January 2019.

In terms of section 9(2) (c) of the Provincial Archives and Records Service of the Western Cape Act, 2005 (Act 3 of 2005), the Manager Records must ensure that the legislative requirements with regards to records management practices in the Municipality are adhered to. The following compliance activities took place and was approved in the last financial year namely:

- Records Management Policy was approved by council on 22 January 2018.
- Each municipality must in terms of the Provincial Archives Act (Act 3 of 2005) do regular disposal procedures, destroy and transfer of records that includes financial as well as other records.
- Annual Disposal program- 3 unemployed young people were appointed for 3 months from 3 April 2017 to 30 June 2017.

According to archival legislation all records of the municipality must be filed and stored on steel shelving. The steel shelving was part of the Capital Projects for the section for 2017/2018 and it was successfully completed.

On 2 June 2018 the Western Cape Archives and Records Service conducted a Records Audit in the Municipality. The outcomes was very positive and only minor changes were proposed.

The objective of the inspection was to measure how efficiently and accurately the physical Records Management System of the Municipality is being maintained.

## **ICT**

The Garden Route ICT function is currently serving 350 (ICT-related) users with computer and network services within the Garden Route District Municipality.

Our coverage area consists of Garden Route DM Head Office, Roads, Health Environment, Fire stations in George, Disaster Management, Remote Offices, Calitzdorp Spa, De Hoek Resort, Swartvlei, Kraaibosch, and we are also directly involved with the B Municipalities in our region with regards to strengthening Intergovernmental relations (Shared Services).

The ICT component are active members of the following forums:

- Western Cape ICT Managers forum
- Garden Route regional ICT Forum
- Garden Route ICT Steering Committee
- GISSA, SAGI, SAGC
- Western Cape GIS forum and

- Garden Route regional GIS discussion groups

## **Governance**

With reference to, the implementation of the approved ICT Governance Policy Framework, the following policies was approved and implemented which was a huge achievement;

- Municipal Corporate Governance of ICT Policy;
- ICT Governance Charter;
- Risk Management Policy that included the management of Municipal-related ICT risks;
- Internal Audit Plan that includes ICT audits;
- ICT Management Framework;
- ICT Disaster Recovery Plan informed by Municipal Continuity Plan and Strategy.
- Data Backup and Recovery policy.
- ICT Service Level Agreement Management policy.
- ICT User Access Management policy.
- ICT Security Controls policy.
- ICT Operating System Security Controls policy.

## **GIS**

### **Spatial data services:**

With regards to Council Properties the following was done with great success;

- Provision of electronic and hardcopy maps for property section of Garden Route DM
- Calculation of property sizes and provision of coordinates
- Provide onsite assistance with the alien clearance project of council
- Prepare maps and reports as per requirement of customer section.

### **Other GIS Projects which were delivered.**

#### **Land Use Survey**

- Provision of Land Survey information/data for the Program Management section of Garden Route DM
- Calculation of property sizes and provision of coordinates
- Provide onsite assistance for the land use survey conducted in the Kannaland Municipal area.
- Capture and mapping of land use data for project manager

#### **Locality Maps**

- Provision of directional maps for Garden Route DM employees travelling to meetings outside of the Garden Route DM region.
- Provision of locality maps for meetings scheduled for provincial and national departments attending meetings within the Garden Route DM boundaries.
- Provide spatial data assistance to B-Municipalities within the Garden Route DM region.

### **Change Detection Project**

- Provide spatial data/intelligence assistance to the Provincial Department of Environmental Affairs and Development Planning.
- The GISc section of Garden Route DM together with the EPWP section forms part the project team tasked to development the standard operating procedure for the establishment of and data intelligence hub for municipalities in the Western Cape.
- Mapping of all EPWP projects in the Garden Route DM region form part of the scope of the project.

### **Legal Services**

- Financial Delegations was approved
- Delegation register was approved
- Policy register is updated and on the website.
- Policy Workshop was held – 02 May 2018

### **1.3.1.5 FINANCIAL SERVICES**

- Clean Audit report 2015/16.
- Unqualified Audit report 2016/2017
- Improvement of cash and financial position.
- Improvement in cash reserve ratio balances.
- Implementation of mSCOA 1 July 2017
- Implementation of new financial system 1 July 2017 due to mSCOA implementation and previous financial system ceased system developments April 2017 for mSCOA
- Cash funded budget approved by council
- Restructuring of finance departments, from two sections to three sections.

### **Supply Chain Management**

- Use of National Treasury's CSD for sourcing quotations.
- SCM made use of the National Treasury's central electronic tender bulletin.
- Majority of the SCM officials completed their certificates.
- Procurement plans submitted by HOD's
- Review of SCM Policy and approved by council May 2018.

### 1.3.1.6 PLANNING AND ECONOMIC DEVELOPMENT SERVICES

#### EPWP

Garden Route District Municipality signed Protocol Agreement with National Department of Public Work in 2014 – 2019 and the Council committed to institutionalise EPWP within the Municipality. EPWP Section under the Department of Planning and Economic Development Services manage to achieve the below targets;

- GRDM Council approved EPWP Policy on 05 December 2017 and this Policy will enforce the institutionalisation of EPWP
- GRDM strive to achieve the objectives of the 3<sup>rd</sup> phase EPWP and the approved GRDM EPWP Policy. Therefore, Council approved the organisational structure which included EPWP on permanent bases and report to the Executive Manager Planning and Economic Development
- GRDM submitted EPWP Business Plan to National Department of Public Works for grant funding and signed the Incentive Grant Agreement as per Division of Revenue Act . This funding was spend 100% on the work opportunities
- GRDM implemented 23 EPWP projects with a total of 499 work opportunities that were created through the EPWP Integrated Grant, GRDM own funding, GRDM Roads Department and other stakeholders
- All EPWP beneficiaries received formal and informal training. The core focus on training was to minimised the risk towards the Council and this training was funded by Human Resources Training Section. GRDM applied for training (Financial Sector Conduct Authority) on 20<sup>th</sup> June 2018 at National Department of Public Works and it was approved to capacitate 105 beneficiaries.
- The objectives of the training will forms part of the EPWP long term strategy which will assist the beneficiaries with access to the labour market and to pave plans for exit strategy from EPWP programme
- GRDM EPWP Section engage with the Provincial Department of Public Works for the funding of Labour Intensive training for the new financial year.
- GRDM EPWP achieved high targets with regards to the designated group (People with Disability) in the Garden Route Region
- EPWP of the Garden Route District Municipality managed to be the highest remunerating (Paying)municipality for the beneficiaries in the region for 2017/18 financial year

#### IDP, IGR & PP

- The IDP, IGR & PP section is working towards aligning IDP Budget and PMS. In order to achieve the aforementioned, various forums have been established to ensure that this alignment is achieved.

- On 22 & 23 May 2018 an IDP/Budget and PMS Representative Forum Meeting was held in preparation of the 2018/2019 IDP reviews. At this meeting Mayors presented the status of their respective municipalities in relation to IDP/Budget and PMS and Sector Departments presented on their various projects and programmes for the 2018/2019 financial year.
- Furthermore, the district hosted IDP Budget Processes as per the relevant IDP legislative framework Managers Forums in order to assess the readiness of the Municipalities in terms of the various IDP and
- A strong working relationships between IDP/Budget and Performance is important hence regular Steering committee meetings is held to ensure that proper planning and implementation takes place for alignment of IDP/Budget and PMS purposes.

### **Property, Maintenance and Resorts**

- **Calitzdorp Spa**
  - Existing Contract of kiosk has been extended
  - Manufactured picnic benches for visitors
  - Upgrading of Electrical/Plumbi Chalets 20
  - Replacement of 28 geysers
  - Various replacements of water filters
  - Replacement of sewerage pump
  - Install netball poles on the tennis court.
  - Purchasing of 5 new refrigerators
  - Life Saver were appointed through December 2018 period
- **De Hoek Mountain Resort**
  - Maintenance upgrading of kiosk and reception
  - Installed play park for children under the age of 15
  - Manufactured picnic benches for visitors
  - Upgrading of 10 Chalets
  - Upgrading of Water pump System and Borehole pump
  - Prohibit all alcohol from swimming pool areas by installing signage
  - Life Savers were appointed through the festive season
  - Installation of new electrical power points on campsites
  - Purchasing of 5 new refrigerators
  - Replacemendts of 22 geysers
- **Swartvlei Caravan Park**
  - Replaced 8x200liters geysers
  - Installed new 8000l sewerage tank
  - Painting of ablution facilities
  - Upgrading of all electrical points on campsites
  - Replaced window frames with aluminuim
- **Victoria Bay Caravan Park**
  - Replaced the existing fences on the Western and Sea Breeze terraces

- Upgrading of window frames and shower doors
- Painting of ablution facilities
- Installed new gate motors
  
- **General projects applicable to all resorts**
  - Carry out general maintenance budgeted for in the 2017/2018 financial year
  - Procured capital replacement items budgeted for in the 2017/2018 financial year
  - Extended applicable lease contracts to six months subject to a 30 day notice period
  - Revised the concession policy has been approved and implemented
  - Installation of high quality security cameras on various premises
  - Ensure focused marketing of all the resorts
  - Request and motivate budget provision for items and projects not budgeted for in the 2017/2018 financial year
  - Procure 24/7 security services from 1 December to 15 January and during events where the resorts are fully booked.
  - Ensured first aid training to personnel at all the resorts
  - Servicing of Airconditionings, PV Plant, Geysers, waterpumps, generators, UPS Systems ect.
  - Continuous repairs and maintenance of buildings within the Garden Route District area's

### Properties

- A 20% increase was approved on the following properties. Levies on the 2016/2017 leases were continued until 31 May 2018 and will be paid by the applicable lessees.
- The following leases were accepted by the lessees and will be levied monthly from 1 June 2018 to 31 May 2019.

Property Leases July 2018			
Property	Lessee	Monthly 2016/2017	Monthly June 2018 to May 2019
Farm 233 Moerasrivier	Sunny Herbs CC	R 2,705.00	R 3,246.00
Farm 2233/64/1 Moerasrivier	JH Stander	R 2,215.81	R 2,658.97
Farm 233/64/2 +3 Moerasrivier	JAJ Coleman	R 5,345.18	R 6,414.22
Farm 291 de fontein	Jireh Boerdery	R 6,050.00	R 7,260.00
Erf 2027 Riversdale	FS Calitz Pumpcor	R 4,815.00	R 5,778.00
Erf 884 Heidelberg	J Pistorius	R 3,031.88	R 3,638.26
Total	Monthly Levy Total	R 24,162.87	R 28,995.45

**Table G**

- Some of the lessees indicated that they would submit offers to purchase their applicable properties. No offers have been received yet.
- The following lease SLA will be presented to Oudtshoorn Local Municipality for consideration and if accepted will be levied monthly:

St John Street Bulding	Oudtshoorn Municipality	R	20,00	R	23 850,00
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## **District Economic Development**

### **Garden Route Growth and Development Investment Conference**

Garden Route District Municipality hosted an Investment Conference in the region for the region, hoping to attract national and international investors for a variety of catalytic projects across the region to the advantage of all B-Municipalities and private sector alike. The DM ran a number of workshops during the year to guide the process towards an investor ready district and individual municipality – including a workshop in August where DEDAT, Wesgro, Treasury and SCEP, amongst others, highlighted certain key areas to be aware of. This was followed up by business engagements in collaboration with B-municipalities during October and November 2017 to ascertain business inputs on skills requirements and sector investment opportunities. These processes were embarked upon to enable this District to position itself as a destination of choice for investment.

The overarching objective of the conference was to attract national and international investors to the Garden Route region and to showcase the investment potential and opportunities that exist within the following sectors:

- Agri-Processing & Timber Economy
- Tourism & Film Industry
- Oil & Gas, Energy and Water, Waste Management
- SMME Development
- Integrated Transport and Infrastructure
- Information, Communication and Technology (Smart City Concept)
- Real Estate & Human Settlements

With the active participation of the various municipalities, through showcasing their various opportunities and projects, the Conference created a comprehensive and cohesive picture of the economic growth prospects.

An average of 300 people attended the conference over the two days. Emerging entrepreneurs, small businesses and established businesses constituted about 65% of delegates. A total of thirty scheduled meetings were facilitated by Garden Route District Municipality between local businesses and national and international investors. A consequence of this is that there is currently significant progress towards concluding business agreements between local businesses, SMME's and one of the Chinese delegations.

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### South Cape Economic Partnership (SCEP)

SCEP remains a highlight as a critical partnership between municipalities, business chambers and sector specialists in the region to ensure that effective impact is made on the inclusive growth and development of the regional economy of the Garden Route District.

The successful implementation of all economic development projects and processes remain highly dependent on efficient and effective partnering, partnership facilitation and project coordination. Table below indicates task teams and progress for 2017/18.

Task team Leader	SCEP TASKS TEAMS 2017/18					Outcomes Achieved
	Partners / members	Deliverable/ Output	Expected Outcome (Short-term Impact)	Measurement (Indicator)	Impact (Long-term Impact)	
<b>1. Creative Industries</b>  Natalie Raubenheimer / GRKK Film Office	GRKK Film Office NPC, District and local municipalities, SCEP, industry members, Wesgro	Garden Route & Klein Karoo Film Strategy implementation	Formation of a centralised film office, film website and creation of an entity (NPC)	Approved strategy to implement the development of film industry.  Physical presence and staffed office.	Joint film strategy for the region and centralised office to the benefit of the region	<ul style="list-style-type: none"> <li>Fim Industry Website completed</li> <li>Film Office Entity registered</li> <li>Entity Bank account opened</li> <li>Budget compiled in terms of Funding requirements for Film Office</li> </ul>
<b>2. Waste Management</b>  Morton Hubbe / Martin Loubser	Garden Route DM, local municipalities, Provincial DEA&DP, USAID SA-LED, NMMU, SCEP and industry members, GreenCape & international support agencies	Conversion of Organic waste to Fuel, Energy or Fertilizer	Characterisation and feasibility study completed on organic waste products for conversion to other alternative options.	Detailed report from the appointed consultant through USAID SA-LED ( Including Alien vegetation desk top study)	Private sector driven and supported by government structures to minimise waste to landfill, alternative energy, fuel, gas or product opportunities	<ul style="list-style-type: none"> <li>Waste Characterisation Study report – August 2018</li> </ul>
<b>3. Oil, Gas and Marine</b>	Garden Route DM, Mossel Bay Municipalities, Portnet,	Completed application for the Mossel Bay SEZ in the Oil and	Collaborative approach to applying for SEZ status	Comprehensive completed application approved by all	Re-establishing the Oil and Gas sector as an important	<ul style="list-style-type: none"> <li>Pre-feasibility –</li> <li>July 2017</li> <li>Concept note –</li> <li>May 2018</li> </ul>

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Task team Leader	SCEP TASKS TEAMS 2017/18					Outcomes Achieved
	Partners / members	Deliverable/ Output	Expected Outcome (Short-term Impact)	Measurement (Indicator)	Impact (Long-term Impact)	
Mossel Bay Municipality	Transnet, Eskom, SAOGA, PetroSA, SCEP, GreenCape and industry members	Gas sector		relevant parties before submission	catalyst for the region	<ul style="list-style-type: none"> <li>Approval –end 2018</li> <li>Implement from 2018 - 2020</li> </ul>
<b>4. Timber Economy</b>  Ilse van Schalkwyk / Deloitte	Knysna and George Municipalities, Timber industry members, MTO, SanParks, DTI, SCEP, Deloitte, NMU, Chambers, PG Bison and TNPA	Completed application to the Dti and Jobs fund for the Timber Economy of the region – linked in part to the Waste to? project	Collaborative approach to applying for grant funding	Completed application to the DTI and supported by the Timber Economy and local government	Re-establishing the timber economy as an important growth component in the region across the value chain, and specifically the furniture companies	<ul style="list-style-type: none"> <li>Timber economy workshop – Oct 2018</li> <li>DTI and jobs fund application– May 2018</li> <li>Approval – July 2018</li> <li>Implement – Sep 2018</li> </ul>
<b>5. Agri Processing</b>  Clyde Lamberts / Albert Ackhurst	Honey Bush industry members CoP (WC and EC), Garden Route DM and local municipalities, Department of Agriculture, SCEP, SAHTA, SanParks	Establishment of the Honey bush tea industry in the region and across provincial borders	Identification of industry role players, and the establishment of an industry body together with a regional strategy	Completed strategy and registered industry body	Joint focussed approach to streamlining the industry for local and international markets	<ul style="list-style-type: none"> <li>Industry meetings – June 2017 to May 2018</li> <li>Industry body – Nov 2017</li> <li>Strategy – May 2018</li> </ul>

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SCEP TASKS TEAMS 2017/18						
Task team Leader	Partners / members	Deliverable/ Output	Expected Outcome (Short-term Impact)	Measurement (Indicator)	Impact (Long-term Impact)	Outcomes Achieved
<b>6. Tourism</b>  Amagene Koeberg / Melanie Wilson	District and local municipalities, LTO's SCEP, industry members, Wesgro, DEDAT, McKinsey	Review Tourism Strategy for the Garden Route & Klein Karoo to include the Garden Route Brand and linkages to Wesgro as potential DMO.	Collaborative approach to regional marketing	Completed and approved strategy and Events calendar completed	Destination branding and coordinated branding effort through centralized destination marketing organisation	<ul style="list-style-type: none"> <li>• Industry workshop – Aug/Sept 2017</li> <li>• Link to GRRI - Feb 2018</li> <li>• Workshop with regional partners – May 2018</li> <li>• Implement – rest of 2018</li> </ul>
<b>8. ICT and Broadband development</b>  Beverly Pothier (lasernet)	Garden Route DM, George & Knysna Muni's, SCEP, private sector, international development agencies, Deloitte	Creative spaces, Incubators, ICT Innovation Hubs, and Research Centres investigated and established across the region.	Identification of industry and governmental role players, and the establishment of a regional strategy through a needs analysis, industry requirements and prioritisation and focussed approach on development and sustainable SMME growth	Completed and approved strategy Establish forums where the Garden Route Job Creation Think Tank and intergenerational planning and interaction can take place with the youth	"Global Leadership Institute" established with the incubators for mentoring and access to VC	<ul style="list-style-type: none"> <li>• Part of investment readiness workshop March 2018</li> <li>• Strategy completed by end May 2018 to apply for jobs fund grant</li> </ul>

**Table H**

### Garden Route and Klein Karoo Film Office

The Garden Route and Klein Karoo Film Strategy was compiled, approved and adopted by the Garden Route District Council and the film office entity was registered as a Non-profit company (NPC). 31 members have since joined from Industry and together with the 8 municipalities as partners, and with Wesgro's support, the Film Office is off to a good start. An AGM is planned for August 2018.

The Garden Route DM fulfils a financial partnership role and support with strategic coordination where necessary.

- **Vision:** Making GR&KK a film location destination of choice and be the local hub for the film and television industry.
- **Mission:** To facilitate and enhance an enabling environment that allows the film and television industry to play a meaningful role in the development of the region

### 4 focus areas

- Sector profile database
- Skill training opportunities, Seta accreditation, internships, learnerships and enterprise development
- Legislative and regulatory environment – permits, by-laws and integration into strategy
- Film office formation – websites, roles and responsibilities, permit issuing.

### Film Industry Internships

The Garden Route District Municipality appointed a film training service provider in the previous financial year (2016/17) to provide basic film making training to 40 previously disadvantaged, unemployed young people in the Garden Route District, for them to ultimately become entrepreneurs in the film industry by developing community media in their own areas, provide audio visual material and by so doing building up a small business for themselves.

The programme strived to prepare the learner to think entrepreneurially, empowering them to create their own opportunities and boosting their self-confidence.

Under an over-arching umbrella of empowering entrepreneurial thinking, this program outlined theoretical and practical, experiential learning components in respect of occupational skills, as well as basic, generic life skills and furthermore introduced the learner to the profoundly important role they play in the development of the film sector of the Garden Route District, in which economic opportunities are currently on the increase.

Learners who showed the most potential during the training were placed on practical internships at private companies and firms in the film and media production industry within the district, to obtain practical work experience in the film industry.

### Official visit to China

Against this background, the Garden Route District Municipality was invited by the Managing Director of Shanghai Golden Up Technology Company Co. Ltd., Mr Perry Pang, to engage with relevant Chinese business and government stakeholders based on previous discussions with Dr Cheng, leader of the Chinese Business delegation who visited Garden Route District in October 2016.

During the discussions in 2016 it was indicated by Dr Cheng that their intention is to establish trade relations with Garden Route in terms of Agriculture and Agri-processing, Renewable Energy Technologies, as well as Cultural Tourism, but also any other interest that Garden Route DM wants to table in terms of trade relations and investment. Dr Cheng and business representatives also travelled to

South Africa especially to attend the Garden Route DM Investment Conference that took place on 07 and 08 March 2018. Council approved this official fact-finding visit and the following Garden Route District Municipality delegates formed part of the delegation to China:

- Executive Mayor: Cllr. Memory Booysen;
- Municipal Manager: Mr Monde Stratu;
- Executive Manager Planning and Economic Development: Mr Lusanda Menze;
- Manager in the Office of the Executive Mayor: Mr Sipiwe Dladla;
- Manager District Economic Development and Tourism: Ms Melanie Wilson.

A range of meetings and site visits took place from the 22<sup>nd</sup> to 26<sup>th</sup> of June 2018 in Shanghai. The team was hosted by Dr Hongbin Cheng from China-South Africa Bridge (CSA) who facilitated business meetings with the Shanghai Business Chamber representatives. The team was joined by the Trade Commissioner from South Africa's Consulate-General's Office in Shanghai, Mr Thulani Mpetsheni who provided support in the various meetings held. The various businesses included in these meetings were:

- CSA Business Platform;
- Jiangsu Huimin Gas Group Co., Ltd.
- Shanghai Golden Up Technology Company;
- Realmx;
- China Travel Service co. Ltd;
- Shanghai Pharmaceuticals Holding Co.Ltd/Shanghai Traditional Chinese Medicine Co. Ltd.

#### **Meeting with CSA Bridge (Dr Cheng and business representatives) - Shanghai**



Meeting with Golden Up Technologies/Realmax, Shanghai



Meeting with Shanghai Pharmaceuticals Holding Co.,Ltd, Shanghai



**Executive Mayor and MM at Belt and Road Summit, Hong Kong**



The meetings with the above companies was also attended by Ms Rehana Boolay, Investment specialist for China Trade and Investment facilitator between China and the Western Cape.

Envisaged outcomes of these meetings include the following:

- Memorandum of Agreement to be signed with Shanghai Golden Up Technology Company and Realmx based on their extensive knowledge base in the high technology sector and intelligent technology to benefit the Garden Route region;
- Memorandum of Agreement to be signed with China Travel Service to collaborate on increasing Chinese Tourists to the Garden Route region;
- Provision of extensive information with regards to International Trade regulations and policies relevant to trade amongst the BRICS Countries to Shanghai Pharmaceuticals Holding Co., Ltd;
- Relevant information to Shanghai Pharmaceuticals Holding Co., Ltd with regards to the natural indigenous plants with medical properties that is growing in our area i.e. honey bush, buchu, aloe, with possible collaboration in future.
- The list of all investment opportunities as received from the private sector, as well as municipalities (including Garden Route DM investment opportunities) was made available to China-South Africa Bridge for perusal by their members and interest in specific opportunities will be communicated back to Garden Route DM for further discussion.

Furthermore, Garden Route District Municipality was invited by the Hong Kong Trade Development Council to attend the Belt and Road Summit on the 28th of June 2018. The Belt and Road Summit is an initiative to drive the

global economy by fostering the development of regional infrastructure and connectivity, as well as, investment and economic co-operation. This summit was attended by all the five Garden Route District Municipality delegates as mentioned above.

During the summit, Garden Route District Municipality connected with various businesses with regards to investment opportunities in our region, as well as, in collaboration with Wesgro to promote the region as an investment destination. The aim of this was to sell the potential in which the district has, as it was tabled by various B-Municipalities during the Garden Route Investment Summit, held in Oubaai in March 2018. The region as a tourism destination was vigorously promoted, not only to Chinese and Hongkong representatives to the summit, but also other internationals who attended the summit.

Some of the companies for example, Mr Cheng Zhou, General Manager of JSTI International Co. Ltd in, an infrastructure solution provider company from China.

An Africa investment round table discussion was hosted and facilitated by the Hong Kong Trade Development Council on the 28<sup>th</sup> of June 2018, to provide the opportunity to African representatives to present their investment opportunities to various companies in China and Hong Kong for possible collaboration and partnerships, ranging from infrastructure to tourism opportunities.

The team lead by the Executive Mayor, also met with South Africa's Consul-General to Hong Kong, Mr Madoda Ntshinga, who linked up the District with possible investment opportunities, in Hong Kong and China mainland. The Consul-General further committed to invite the District together with businesses to various marketing platforms in Hong Kong.

The list with all the investment opportunities flowing from the Garden Route Investment conference that took place in March 2018, was provided to Dr Cheng who will distribute the opportunities to the rest of his business contacts and will revert back in this regard.



**Garden Route DM delegates at the Wesgro stall at Belt and Road Summit**



**Representatives from Africa with Hong Kong Trade Development Council representatives: African Round Table – Belt and Road Summit**

**Tourism**

**CUSTOMER CARE TRAINING 2017**

The Department of Economic Development and Tourism has rolled out the CATHSSETA Customer Services Training Programme on the N12 Route in the Western Cape in the 2017/2018 financial year. This Programme was developed by NDT and CATHSSETA after the Customer Service Excellence Report was concluded. It was identified that there is a need for a more intense programme to ensure that the industry's need to decrease the inconsistent levels of customer service.

This programme was a 7-day training programme and is was rolled out as follows:

**GEORGE & OUDTSHOORN (20-21 July 2017, 27-28 July 2017 and 15-17 August 2017)**(Minimum of 25 Beneficiaries)

20-21 July 2017 (Week 1)

27-28 July 2017 (Week 2)

15-17 August 2017 (Week 3)

Garden Route District Municipality's Tourism Unit as well as Oudtshoorn & George Municipality's (LED and Tourism) assisted with the recruitment of the participants for the training programme.

**National Parliament Portfolio Committee On Tourism Western Cape Oversight Visit**

The National Parliament Portfolio Committee on Tourism visited the Garden Route & Klein Karoo region on 01 and 02 August 2017. The purpose of the oversight visit was to assess the state of tourism in the Province and to follow up on some of the projects funded by the National Department of Tourism. Further to this, the two day visit was dedicated to meetings, project site visits, briefings, interaction with relevant tourism stakeholders, and visits to

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tourist attractions. Each municipality was requested to prepare a presentation which highlighted the status of tourism in the area including planned projects and challenges experienced by the municipality in delivering the Tourism mandate.

### Tourism Strategy workshop



### **Garden Route Cater Care Project**

The Garden Route District Municipality made the amount of R200 000 available to train 20 previously disadvantaged individuals in the tourism and hospitality sector. In partnership with the Francois Ferreira Academy and the Garden Route DM EPWP this training was done during the period September 2017 to May 2018. The EPWP pays students stipends whilst working and attending the course, whilst the training was done by Francois Ferreira Academy.

### **Cater Care certificate ceremony 2018**



### **Regional Tourism Strategy**

The Tourism unit is in process of developing a new tourism strategy for 2018- 2023 in order to stay up to date with the ever changing tourism environment and the economy. This document has a strong focus on stakeholder engagement, in order to ensure that it is an inclusive process and will include a clear implementation plan which will consist of marketing and development plan to streamline all activities of the regional office.

One- on -one meetings were scheduled with each municipal area Local Economic Development Department, Local Tourism Organisations and Private sector stakeholders to ensure that all stakeholders buy in-to the strategy and that the document is inclusive of all in the district .

McKinsey consulting firm have assisted the District Municipality to compile a comprehensive document for the region as part of their commitment to and involvement in the Garden Route Rebuild Initiative started in June 2017. The Garden Route DM Tourism unit has collated all the information and compiled it in a draft strategic document that will be processed through relevant Council Committees for approval.

## Marketing Platforms

- **WORLD TRAVEL MARKET AFRICA**

World Travel Market Africa is the leading B2B (business to business) exhibition for the inbound and outbound African travel & tourism markets. It is a very important platform for the region to engage directly with trade, in order to promote the destination.

The following towns exhibited with the regional tourism office on the Wesgro stand under the banner of Garden Route & Klein Karoo: George Tourism, Plett Tourism, Oudtshoorn Tourism and Calitzdorp Tourism. Mossel Bay Tourism and Knysna Tourism had their own stand with private sector products joining them.



- **ANNUAL TOURISM INDABA**

Garden Route & Klein Karoo Tourism attended the Indaba on the Cape Town and Western Cape Stand with Wesgro, for the 7th year this year. Indaba 2018 was attended by the Ms. Amagene Koeberg, Mr. Denver Johnson (both from GRKK tourism office), Ms. Aneli Gerber (Mossel Bay Tourism), Ms Joan Shaw (George Tourism), and Ms Corleen Barnard (Oudtshoorn Tourism) representing the Garden Route and Klein Karoo on the Cape Town and Western Cape stand.



#### Coordination Of Events Funding Through Wesgro

The Regional Tourism Office coordinated the obtaining of tourism funding for events through Wesgro. Garden Route and Klein Karoo received 16 events applications from LTO's for endorsement by the Regional Tourism office and undersigned by our Municipal Manager Mr. Monde Stratu. Of the 16 event applications submitted, Wesgro has supported 10 events in our area and contributed approximately R430 000.00 towards these events for the Garden Route and Klein Karoo.

## 1.4 FINANCIAL HEALTH OVERVIEW

Refer to Section 3 of the annual report for the highlights and challenges of the finance department as contained in the annual performance report.

Financial Overview: 2017/18 R'000			
Details	Original budget	Adjustment budget	Actual
<b>Income:</b>			
<b>Grants:</b>	152 945	160 545	155 063
<b>Other:</b>	192 284	223 555	240 357
<b>Sub Total:</b>	345 229	384 100	395 420
<b>Less: Expenditure</b>	342 764	379 419	389 433
<b>Net Total*</b>	2 465	4 681	5 987
*Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	56
Repairs & Maintenance	0.82
Finance Charges & Impairment	0
T 1.4.3	

#### **COMMENT ON OPERATING RATIOS:**

##### **Employee Costs: 56%**

The employee related costs are higher than the norm, as the majority of the core functions must have a minimum of employees as stated in legislation to perform the functions. This ratio is calculated on the consolidated financial statements, including the Roads agency function.

##### **Repairs and maintenance: 0.82%**

There are limited funding available to allocate to repairs and maintenance. Another challenge was that there were no maintenance plans in place.

The challenge still remains of funding to source the increased maintenance. The main source of income increases 3-5% which is not aligned to the average CPIX.

This ratio is calculated on the consolidated financial statements, including the Roads agency function.

##### **Finance Charges and Impairment: 0%**

No new loans have been taken up for a number of years. The majority of the finance charges are for old loans with DBSA and finance leases.

#### **COMMENT ON CAPITAL EXPENDITURE:**

The majority of the budget includes the purchase of:

- Mayor Vehicle
- Fire Vehicle
- Council Chamber – Upgrade – Acquisition of furniture
- Purchase of Computer equipment
- Purchase of Major Incident Alert SMS System

## **1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW**

The Human Resources Section, located within the Department Corporate Services, delivers a support service to the other departments in Human Resource Management. Its primary function is to co-ordinate all Human Resource activities in order to achieve Garden Route District Municipality's objectives of service delivery of which enhancement of staff performance plays a fundamental role.

In line with the constitutional mandate of Local Government, the legislative requirements for Human Resources, the Human Resources Section at Garden Route District Municipality regards its mission to serve and support the interest of all personnel. In this regard, the HR strives to:

- Empower employees towards maximizing their personal potential, deliver on, and exceed organizational requirements.
- Continuously align the HR Strategy and the Organisational Strategy (IDP), legislative Requirements and best practices in the HR fields
- Promote and practice “Putting people first” Equity, fairness, objectivity and consistency.
- Committed to professional conduct, and
- Develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

### **1.5.1 BACKGROUND AND OBJECTIVE**

The efficient and effective management of the human capital in the public sector is widely recognised as one of the key pillars of service delivery in South Africa. Globally, there are currently no comprehensive statements of what constitutes good HR management, which will realize the potential of human capital.

The South African Board for People Practices has taken the lead globally and has compiled, through a carefully crafted membership consultation/participation process, the South African HR Management Standard. This Management Standard sets out what needs to be in place in order to ensure compliance and good management of people in the workplace.

This HR Management Standard has been acclaimed internationally and locally and although it was officially launched only in August 2013, South African organisations are adopting it and tertiary institutions are in the process of incorporating these HR Competency and Standards into their curricula.

### **1.5.2 BENEFITS OF HR STANDARDS**

The vision of the project is to set national HR standards in order to improve the quality of HR work, irrespective of the location of a HR professional, or industry and organisational differences. Ultimately, HR professionalism will be enhanced by reducing inconsistencies in the profession.

**The goals of the project are as follows:**

- To improve standardised approaches to professional HR practices and thus promoting HR professionalism;
- To develop a national HR scorecard with specific HR measurements and metrics, supported by a National HR Research and Benchmarking Centre;

- To create a National HR Academy with a standardised HR Curriculum;
- To ensure that HR features in integrated reporting;
- To develop a foundation for integrating HR in the King IV Code of Governance.

## 1.6 AUDITOR GENERAL REPORT

### 1.6.1. AUDITED OUTCOMES

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/2018
Status	Unqualified with matters	Clean Audit	Clean Audit	Clean Audit	Unqualified with matters	Unqualified with matters

## 1.7 STATUTORY ANNUAL REPORT PROCESS

### *Annual Process Plan as per Circular 63 of the MFMA*

Activity	Process Owner/Role Player	Time Frame
Consideration of next financial year's Budget and IDP Process plan.	MM assisted by other Section 56 Managers & the CFO	July
Implementation and monitoring of approved Budget and IDP through the approved SDBIP commences	MM assisted by other Section 56 Managers & the CFO	
Finalise 4 <sup>th</sup> quarter report of previous financial year	MM assisted by other Section 56 Managers & the CFO	
Submit draft previous financial year Annual Report and evidence to Internal and the Auditor General including annual financial statements and financial and non-financial information	MM & CFO	
Submit Annual Report including annual financial statements and Annual Performance Report to the Combined Audit/Performance Committee	MM & CFO	July/August
Combined Audit/Performance Committee considers unaudited annual Report of municipality and entities	Audit and Performance Audit Committee	August/September
Mayor tables the unaudited Annual Report in Council	Mayor	
Municipality submits Annual Report including final annual financial statements and annual performance report to Auditor	CFO	

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General for auditing purposes by 31 August 2018		
Council to submit unaudited tabled annual report to MPAC for vetting and verification of council's directive on service delivery & the committee to evaluate senior managers' performance against agreement entered into	HODs/CFO	
Commencement of IDP analysis of institutional services and infrastructure provision, backlogs and priorities. Unaudited Annual Report as submitted to Auditor-General to be used as input into the IDP strategic phase process and community verification & input by MPAC on reported performance. Such information includes that of various entities incorporated into the information of the parent entity	Council	
Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the municipality/municipal entity	Auditor General	November
Annual Report and oversight report process for adoption to be used as input into public participating meetings for the IDP review process	Council	September November
Auditor General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed.	MM	November/December(depending on date of the Audit Report)
Auditor General review the audited report	Auditor General	
Mayor tables audited Annual Report and financial to Council	Mayor	
Audited Annual Report is made public, e.g. posted on municipality's website.	MM	
Oversight committee finalises assessment on Annual Report within 7 working days of receipt of AGs report.	Oversight Committee	
Council adopts oversight report	Council	December/January
Oversight report is made public	MM	

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Oversight report is submitted to Legislators, Treasuries and DCoG	Mayor	
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## CHAPTER 2

### GOVERNANCE



## CHAPTER 2: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### Introduction to Governance

Garden Route District Municipality has, as all other municipalities, essential administrative and other support functions that are not necessarily statutory prescribed, but that are necessary in order for the organization to function. These functions are referred to as support services functions.

Good governance ensures Excellent, Accurate, Effective and Efficient administrative and secretarial/support service to Council, Mayoral Committee, Section 79 and 80 Committees and other standing Committees.

### Introduction to Political and Administrative Governance

Garden Route DM's Corporate/Strategic Services ensures that Council, Executive Mayoral Committee, Portfolio Committees and other standing Committees meets regularly as by approved Council's meeting schedule.

The directorate also arranges special meetings, as and when required to do so.

Agendas of all Council and Committee meetings are compiled, produced and distributed to thirty five (35) Councillors, Management and officials. Minutes of all meeting proceedings are recorded and safeguarded for record purposes and future reference.

## POLITICAL STRUCTURE



Executive Mayor  
Cllr Memory Booyesen



Executive Deputy Mayor  
Cllr Rosina Ruiters



Speaker  
Cllr Mark Willemse  
Speaker Cllr Tertuis Simmers  
(1 May - 30 May 2017)



## CHIEF WHIPS



CHIEF WHIP: DA  
Cllr Rowan Spies



CHIEF WHIP: ANC  
Cllr Piet van der Hoven



CHIEF WHIP: PBI  
Cllr Virgil Gericke



CHIEF WHIP: ICOSA  
Cllr Theresa Fortuin

## PORTFOLIO CHAIRPERSONS



Cllr Rosina Ruiters  
Portfolio Chairperson:  
District Economic  
Development and Tourism



Cllr Isaya Stemela  
Portfolio Chairperson:  
Corporate Services



Cllr Jerome Lambaatjeen  
Portfolio Chairperson:  
Financial Services



Cllr Joslyn Johnson  
Portfolio Chairperson:  
Property Management &  
Development



Cllr Khayaletu Lose  
Portfolio Chairperson:  
Community Services



Cllr Rowan Spies  
Portfolio Chairperson:  
Roads & Transport Planning  
Services



Cllr Erica Meyer  
Portfolio Chairperson:  
Strategic Services

## COUNCIL 2016/17 - 2021/22



Cllr Memory Booysen  
DA



Cllr Rosina Ruiters  
DA



Cllr Mark Willemse  
DA



Cllr Albertus Rossouw  
DA



Cllr Barend Groenewald  
DA



Cllr Bernardus van Wyk  
DA



Cllr Doris Xego  
ANC



Cllr Clodia Lichaba  
ANC



Cllr Daniel Saayman  
DA



Cllr Liza Stroebel  
DA



Cllr Erica Meyer  
DA



Cllr Isaya Stemela  
DA



Cllr Ivan Mangaliso  
ANC



Cllr Jerome Lambaatjeen  
DA



Cllr Joslyn Johnson  
DA



Cllr Khayaletu Lose  
DA

## COUNCIL 2016/17 - 2021/22



Cllr Klaas Windvogel  
ANC



Cllr Luzuko Tyokolo  
DA



Cllr Mputumi Mapitiza  
ANC



Cllr Mzukisi Molosi  
ANC



Cllr Nomhiki Jacob  
ANC



Cllr Sharon May  
DA



Cllr Nontsilelo Kamte  
ANC



Cllr Piet van der Hoven  
ANC



Cllr Raybin-Gibb Figland  
DA



Cllr Rowan Spies  
DA



Cllr Ryk Wildschut  
DA



Cllr Sebenzile Mbandezi  
ANC



Cllr Simon Odendaal  
DA



Cllr Steven de Vries  
ANC



Cllr Anne Windvogel  
DA



Cllr Theresa Fortuin  
ICOSA

## COUNCIL 2016/17 - 2021/22



Cllr Thersia Van Rensburg  
DA



Cllr Tobeka Teyisi  
ANC



Cllr Virgil Gericke  
PBI

## 2.1 COMPOSITION OF COUNCIL

### 2.1.1 GARDEN ROUTE DISTRICT MUNICIPAL COUNCIL CONSISTS OF 35 COUNCILLORS

Democratic Alliance (DA)	African National Congress (ANC)	Plaaslike Besorgde Inwoners Demokratiese Party (PBI)	Independent Civic Organisation of South Africa (ICOSA)
21	12	1	1

### 2.1.2 COUNCIL COMPILATION (REFER TO APPENDIX A & B)

Proportional Councillors	George Municipality	Kannaland Municipality	Knysna Municipality	Hessequa Municipality	Mossel Bay Municipality	Oudtshoorn Municipality	Bitou Municipality
14	6	1	3	2	4	3	2

### 2.1.3 COMPOSITION OF COUNCIL

Below is a table that categorised the Councillors within their specific political parties and municipalities

Political Party	Councillor Name & Surname	Type of Councillor
Democratic Alliance (DA)	Memory Booysen	Proportional Representation
	Daniel Saayman	
	Bernardus Nicholson Van Wyk	
	Rowan Emerson Spies	
	Thersia Van Rensburg	
	Anne Windwogel	
	Albertus Johannes Rossouw	
	Khayaletu Sabelo Lose	
African National Congress (ANC)	Clodia Ntabiseng Lichaba	
	Doris Xego	
	Stephen De Vries	
	Nontsikelo Frieda Kamte	

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Political Party	Councillor Name & Surname	Type of Councillor
	Mputumi Patco Mapitiza	
ICOSA	Theresa Fortuin	Proportional Representation

**Direct representation from the seven (7) local municipalities**

Local Municipality		Name(s)	Party	Number of Councillors
Kannaland	1	Joslyn Patricia Johnson	DA	1
Hessequa	1	Ivan Trevor Mangaliso	ANC	2
	2	Simon Marthinus Odendaal	DA	
Mossel Bay	1	Sebenzile Stanford Mbandezi	ANC	4
	2	Barend Hendrik Jacobus Groenewald	DA	
	3	Erica Meyer	DA	
	4	Rosina Henrietta Ruiters	DA	
George	1	Isaya Stemela	DA	6
	2	Elizabeth Hendrika Stroebel	DA	
	3	Pieter Jacobus van der Hoven	ANC	
	4	Raybin-Gibb Sylvester Figland	DA	
	5	Tobeka Teyisi	ANC	
	6	Virgill Gericke	PBI	
Oudtshoorn	1	Klaas Windvogel	ANC	3
	2	Jerome Ceaser Lambaatjeen	DA	
	3	Ryk Raymond Wildschut	DA	
Bitou	1	Nomhiki Cynthia Jacob	ANC	2
	2	Memory Booysen	DA	
Knysna	1	Mzukisi Victor Molosi	ANC	3
	2	Mark Sydney Willemse	DA	
	3	Luzuko Tyokolo	DA	

**2.1.4 RACE AND GENDER REPRESENTATION IN COUNCIL**

During the year under view, political parties were represented as follows:

**Note: A = Africans, C = Coloured, I = Indians and W = Whites**

Political Party	Male				Female				TOTAL
	A	C	I	W	A	C	I	W	
Democratic Alliance (DA)	4	7	0	4	1	3	0	2	21
African National Congress (ANC)	4	2	0	1	5	0	0	0	12
Plaaslike Besorgde Inwoners (PBI)	0	1	0	0	0	0	0	0	1
Independent Civic Organisation of South Africa (ICOSA)	0	0	0	0	0	1	0	0	1
<b>TOTAL</b>	<b>8</b>	<b>10</b>	<b>0</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>35</b>

During the year under review (1 July 2017 to 30 June 2018), the following numbers of meetings and total agendas distributed, took place:

Type of meeting	No.	Agendas Distributed (Cllrs and officials)
Council	6	330
Special Council	6	330
Executive Mayoral Committee	8	200
Finance Service Committee	5	125
Corporate Services Committee	5	125
Community Services Committee	4	80
Roads Services Committee	4	60
Strategic Services Committee	5	105
District Economic Development & Tourism Committee	5	100
Property Management & Development Committee	3	66
Governance Committee	3	36
Occupational Health & Safety Committee	4	120
Training & Development Forum	7	105
Local Labour Forum	6	180
Special Local Labour Forum	3	45
Municipal Public Accounts Committee (MPAC)	5	100
Audit and Performance Audit Committee (APAC)	8	200
Budget Steering Committee	2	24
<b>Total of meetings held and agendas distributed</b>	<b>89</b>	<b>2331</b>

### 2.1.5 EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor is at the centre of the system of governance; therefore executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. (Refer to Section 60 of the Structures Act).

Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in consultation with the Mayoral Committee. The Mayoral Committee is chaired by the Executive Mayor.

The name and portfolio of each member of the Mayoral Committee, is listed in the table below for the period 1 July 2017 to 30 June 2018:

Name of Member	Capacity
RE Spies	Roads and Transport Planning Services
JC Lambaatjeen	Financial Services
KS Lose	Community Services
RH Ruiters	District Economic Development and Tourism
JP Johnson	Property Management and Development
I Stemela	Corporate Services
E Meyer	Strategic Services

### 2.1.6 COMMITTEES

The Municipal Structures Act allows a municipal council to establish two types of committees - Section 79 and Section 80 Portfolio Committees.

Section 79 Committee, also known as council committees, meet every second month and report their oversight outcomes to Council, via the MAYCO. Garden Route DM has the following Section 79 Committees:

- Governance
- MPAC
- Training & Development
- Occupational Health & Safety
- Local Labour Forum; and
- Disciplinary Committee.

Section 80 Portfolio Committees meet on a monthly basis to discuss matters referred to them and to make suitable recommendations to the MAYCO. Members are appointed to assist the Executive Mayor with his/her duties. Garden Route DM has the following Section 80 Committees:

- Roads & Transport Planning Services
- Financial Services
- Community Services
- Property Management & Development
- District Economic Development & Tourism
- Corporate Services; and
- Strategic Services.

## 2.1.7 SECTION 79 AND 80 COMMITTEES

Section 80 Committees					
Committee	Functions	Chairperson	Deputy Chair	Executive Manager	Other political representation
Roads and Transport Planning	Roads, Maintenance Planning, RRAMS, Regional Integrated Public Transport Planning, EPWP related to roads projects	RE Spies	JP Johnson	CJ Ottervanger	SM Odendaal (DA) D Saayman (DA) BN Van Wyk (DA) NF Kamte (ANC) PJ Van der Hoven (ANC) V Gericke (PBI)
Financial Services	Income and Expenditure, Supply Chain, BTO, Revenue Management, Asset Management, Stores, Financial Statements, GRAP Statements	JC Lambaatjeen	RE Spies	L Hoek	RE Spies (DA) RR Wildschut (DA) L Tyokolo (DA) MP Mapitiza (ANC) D Xego (ANC) V Gericke (PBI)
Community Services	Fire and Rescue, Disaster Management, Municipal Health, Environmental Management (Waste Management/Air Quality), EPWP, Fleet Management, Call Centre	KS Lose	E Meyer	C Africa	RR Wildschut (DA) L Tyokolo (DA) T Van Rensburg (DA) CN Lichaba (ANC) SS Mbandezi (ANC) T Fortuin (ICOSA)
Property Management and Development	Regional Economic Development, Tourism, Arts and Culture, Youth	JP Johnson	KS Lose	L Menze	RE Spies (DA) EH Stroebel (DA) BHJ Groenewald (DA) S De Vries (ANC) MV Molosi (ANC) V Gericke (PBI)
District Economic Development and Tourism	Property Planning and Maintenance, Resorts, Strategic, Investment Properties, Regional Bulk Infrastructure Planning, Rural Development	JP Johnson	I Stemela	C Africa	RE Spies (DA) NS Ndayi (DA) EH Stroebel (DA) NF Kamte (ANC) K Windvogel (ANC) V Gericke (PBI)
Corporate Services	Human Resource Development, Support services (Records / Telephone Management / Access Control), Committee Services, Legal Services, Gender / Disability related matters, HIV (Garden Route staff).	I Stemela	RH Ruiters	B Holtzhausen	RGS Figland (DA) BHJ Groenewald (DA) AJ Rossouw (DA) IT Mangaliso (ANC) T Teyisi (ANC) T Fortuin (ICOSA)
Strategic Services	IGR, Communications, IDP, Information Communication & Technology, Shared Services, Funding Mobilisation, Strategic Properties	E Meyer	JC Lambaatjeen	L Menze	RGS Figland (DA) T Van Rensburg (DA) D Saayman (DA) NC Jacob (ANC) MP Mapitiza (ANC) V Gericke (PBI)

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Section 79 Committees			
Committee	Chairperson	Other political representation	Unions
Budget Steering	JC Lambaatjeen	T Fortuin (ICOSA), D Xego (ANC), V Gericke (PBI)	-
Appeals Committee		E Meyer (DA), RH Ruiters (DA), T Van Rensburg (DA), PJ Van der Hoven (ANC), V Gericke (PBI)	-
Governance	MS Willemse	RE Spies (DA), PJ Van der Hoven (ANC), T Fortuin (ICOSA), V Gericke (PBI)	-
MPAC	V Gericke	T Van Rensburg (DA), AJ Rossouw (DA), RE Spies (DA), BN van Wyk (DA), CN Lichaba (ANC), D Xego (ANC)	-
Training & Development	-	RE Spies (DA), RGS Figland (DA), S De Vries (DA)	2 Imatu 2 Samwu
Occupational Health & Safety	-	D Saayman (DA), NF Kamte (DA), V Gericke (PBI)	2 Imatu 2 Samwu
Local Labour Forum	-	BHJ Groenewald (DA), D Saayman (DA), T Teyisi (ANC), PJ Van Hoven (ANC), V Gericke (PBI), R Spies(DA), S Mbandezi(ANC)	5 Samwu 3 Imatu
Disciplinary Committee	-	-	L Stroebeel (DA), B Groenewald (DA) S Odendaal (DA) MP Mapitiza (ANC) CN Lichaba (ANC) T Fortuin (ICOSA)

Other Committees in terms of legislation				
Affiliation / Role	Workplace Restructuring	Basic Conditions of Service	Human Resource Development Committee	Audit and Performance Audit Committee
Chairperson	P Van der Hoven	P Van der Hoven	P Van der Hoven	Dr A Potgieter
Members	-	-	-	Adv D Block Ms. N Bulabula Mr G Stenekamp
DA	D Saayman	BHJ Groenewald E Meyer RH Ruiters	I Stemela	-
ANC	MP Mapitiza	S De Vries	IT Mangaliso	-
ICOSA	-	-	-	-
BPI		-	V Gericke	
SAMWU	M April N Nkasayi	NW Nkasayi N Sthunda	M April	-
IMATU	H Herwels	P Koopman	P Koopman	-
Total	6	8	6	4

Other Committees			
Affiliation / Role	Public Transport Council representatives	Road agency	District Assessment Committee (DAC)
<b>Chairperson</b>	<b>Public Transport Council representatives</b>	<b>Road Agency</b>	District Assessment Committee (DAC)
<b>DA</b>	-		RH Ruiters
<b>ANC</b>	-	-	-
<b>ICOSA</b>	NF Kamte	PJ Van der Hoven	S De Vries
<b>BPI</b>	T Fortuin	-	-

### 2.1.8 POLITICAL DECISION-MAKING PROCESS

<b>Step 1</b>	Executive Managers	Submit Reports to Portfolio Committee
<b>Step 2</b>	Council Committees	For notice and/or Recommendations
<b>Step 3</b>	MAYCO Prelim	Technical Review / Interrogate Reports
<b>Step 4</b>	Mayoral Committee	Recommendation
<b>Step 5</b>	Council	Approve / Consider
<b>Step 6</b>	Executive Manager	Execution

All decisions taken by Committees or Council are forwarded to the relevant Executive Manager for execution.

## 2.2 ADMINISTRATIVE GOVERNANCE

### 2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is regarded, in terms of legislation, as the head of administration and is responsible and accountable for the management of the municipality's administration. The Accounting Officer must at all times act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs.

**The Management team comprises of the following officials:**

Municipal Manager	Mr MG Stratu
Executive Manager: Community Services	Mr C Africa
Executive Manager: Corporate Services	Ms B Holtzhausen
Executive Manager: Financial Services	Ms L Hoek
Executive Manager: Roads and Transport Planning	Mr JC Ottervanger
Executive Manager: Planning & Economic Development	Mr L Menze

In order to ensure that administrative governance is enforced and elevated, a number of departmental structures have been put in place viz:

- Senior Management meetings (ManCom);
- Middle Management meetings (Reflection group);
- Operation Clean Audit (GRAP / OPCAR);
- Excellence Enhancement Initiative Task Team; and
- Departmental Management meetings.

The administration ascribes to the Batho Pele Principles and the values are contained in the vision and mission of the Municipality.

Senior Management is continuously striving at elevating the corporate culture of the administration, by inculcating corporate values, high levels of integrity and professionalism.

### **2.2.2 TOP ADMINISTRATIVE STRUCTURE**



Mr Monde Stratu  
Municipal Manager



Mr Clive Africa  
Executive Manager  
Community Services



Ms Trix Holtzhausen  
Executive Manager  
Corporate Services



Ms Louise Hoek  
Executive Manager  
Financial Services



Mr Lusanda Menze  
Executive Manager  
Planning & Economic  
Development



Mr Hans Ottervanger  
Executive Manager  
Roads and Transport  
Planning Services

Performance Agreement Status		
Name of official	Department	Performance Agreement Signed? Y/N
M Stratu	Municipal Manager (From 1 March 2017)	Yes
B Holtzhausen	Executive Manager: Corporate-/Strategic Services	Yes
C Africa	Executive Manager: Community Services	Yes
L Hoek	Executive Manager: Financial Services	Yes
JC Ottervanger	Executive Manager: Roads and Transport Planning	Yes
L Menze	Executive Manager: Planning & Economic Development	Yes

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

#### 2.3.1 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Garden Route DM, via the utilisation of its Intergovernmental Relations function and established functions, seeks to achieve the following:

- To promote horizontal and vertical partnership building towards coherent governance for the effective provision of municipal services and the realization of national priorities;
- Co – ordinate and partake in district, provincial and national intergovernmental structures;
- The implementation, reporting and monitoring of the Back – to Basics – Programme;
- To co-ordinate and facilitate good relationships with municipalities and Provincial and National spheres of government;
- To ensure that internal departments and sections build strategic developmental partnerships with their technical counterparts;
- To co-ordinate the sharing of best practices, knowledge and information amongst municipalities; and
- To enhance both municipal human and financial resources capacity, leading to improved municipal service delivery.

#### 2.3.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Garden Route DM also serve on various provincial government platforms and structures mainly to report and share local experiences, best practices and identify practical solutions to enhance its developmental local government responsibility.

### 2.3.3 Relationship with Municipal Structures

Various internal municipal platforms are utilised by the Garden Route DM to enhance departmental accountability. These include:

- Mayoral Committee
- Council's Section 79 and Section 80 Committees
- Management Committee
- Municipal Public Accounts Committee (MPAC)
- Audit and Performance Management Committee
- Budget Steering Committee
- Garden Route IDP Task Team
- Garden Route Risk Committee
- Occupational Health and Safety Committee
- Training and Development Committee

### 2.3.4 DISTRICT INTERGOVERNMENTAL STRUCTURES

The following table provides an overview of Intergovernmental Relations Structures that are currently operational and co-ordinated by Garden Route DM. Garden Route DM serves 19 IGR Forums. The MEC of Local Government, during the 2014/2015 IDP review, has commented on and requested the Garden Route DM to strengthen the IGR Forums.

Of the 19 IGR Forums, it is reported that all Forums have been strengthened with the exception of the Youth, Legal and Speakers Forum. The District IDP Co-ordinator currently co-ordinates the IGR function in collaboration with the Office of the Municipal Manager. The IGR structures assist in aligning municipal planning and development initiatives, promotes an approach which fosters shared service agreements and collaborates on matters of mutual concern to the district. Joint long term planning, Indaba Agreements and cross border development initiatives through a district support register have proved successful in improving relations and collaboration on municipal challenges. The Joint Planning Initiative is a good example of Intergovernmental Relations at work in ensuring a cooperative and integrated approach to long term planning. The initiative has been spearheaded under the leadership of the Western Cape Provincial Government and involves constant dialogue, consensus and investigation of lucrative developmental opportunities for future implementation.

It is envisaged that these long term planning instruments be supported with short term operational action planning mechanisms through indaba agreements leading to the successful implementation and realization of what have commonly become known as "game changers" for the Garden Route district. The Garden Route DM

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has hosted a number of successful community engagements (Anti-Fraud Hotline Campaign; Western Cape Supply Chain Database Campaign; Water Campaign in Kannaland; Garden Route LED Genesis Workshop and NCOP).

Garden Route District Forums				
Forum name	Frequency of meetings	Purpose	Composition	Chairperson
IDP Managers Forum	Quarterly	Platform to engage on the IDP process of the district & local B - Municipalities in the district; share best practices on IDP. Aim for alignment between the IDP of District & B – Municipalities.	IDP Managers Assistant IDP Offices Relevant Stakeholders	Garden Route DM, IDP Manager: Mr M Cekiso
IDP, Budget and PMS Representative Forum	Quarterly	All Mayors of Local Municipalities will present the status of their Municipalities relating to IDP, Budget and Performance Management. Sector Departments will also present all their proposed projects and programmes for the Garden Route District jurisdiction	District Mayors, Sector Departments, Ward Committees, Relevant Stakeholders	All Mayors from Local Municipalities, HOD of sector departments
LED Managers Forum	Quarterly	Platform for Economic Development Practitioners to discuss best practices for the implementation of LED project and programs to stimulate the local economy.	LED Managers SEDA, REDDOOR, and Relevant Stakeholders	Garden Route DM, LED Coordinator: Ms N Raubenheimer
District Public Participation and Communicators Forum	Quarterly	Platform for local communications in the district to discuss plans, strategies and best practices for public participation and communications.	Public Participation Official Communication Officers GCIS DPLG – Public Participation Directorate	Garden Route DM, IDP Manager: Mr M Cekiso
District Co-ordinating Forum	Quarterly	To identify and implement programs aimed at realising one of the key objectives of local government, i.e. to deepen local democracy.	Mayors, Municipal Managers and Provincial Departments (when requested)	Garden Route District, Executive Mayor: Mr M Booysen
Garden Route Municipal Managers Forum	Quarterly	To discuss matters of Municipal interests.	Municipal Managers, and Provincial Departments	Garden Route DM, Municipal Manager: Mr M Stratu
Integrated Communications and Technology	Quarterly	To discuss and strategize issues with regard to IT.	Local Municipalities IT Specialists and Administrators	Garden Route DM, K Nieuwoorth
Public Transport Technical Steering Committee	Quarterly	To discuss Integrated Public Transport related issues regionally.	District and local municipalities and Relevant Provincial Department	Garden Route DM, Roads Manager: Mr H Ottervanger

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Garden Route District Forums				
Forum name	Frequency of meetings	Purpose	Composition	Chairperson
Garden Route Waste Management	Bi-Monthly	To discuss matters related to waste management.	Provincial Waste Managers District Waste Managers Environmental Officers	Garden Route DM, Waste Manager: Mr Morton Hubbe
Garden Route Disaster Management Forum	Quarterly	To discuss the district's disaster management related issues.	District and local municipalities Head of Departments Provincial and local Head of Departments in Government	Garden Route DM, Disaster Management Manager: Mr Gerhard Otto
Local Tourism Forum	Quarterly	To plan for the impact upon, improve and monitor tourism development.	Tourism Portfolio Councillors Tourism Officials Technical Committee Members (LTO Members)	Garden Route DM, Tourism Co-ordinator: Ms Amagene Koeberg
Town Engineers Bulk Infrastructure Forum	Quarterly	To discuss any matters related to bulk infrastructure in the district.	Department of Public Works Town Engineers Municipal Managers Cape Nature Department of Environmental Affairs	Rotational
Legal Advisors Forum	Bi- Monthly	To discuss legal matters in the district.	District and Local municipalities Legal Advisors	Garden Route DM, Legal Advisor
Garden Route/ Central Karoo HR Forum	Bi - Monthly	To discuss Corporate issues.	District and local municipalities HR Managers and Labour Relations Officers	Garden Route DM, HR Managers
District GIS Forum	Quarterly	GIS related matters.	District and B-Municipalities	Garden Route GIS Co-ordinator
Regional Skills Development Facilitators Forum	Quarterly	Skills development in the region (Central Karoo and Garden Route).	Garden Route, B-Municipalities and Central Karoo	Skills Development Facilitator: Mr R Salmons
Labour Relations Forum	Quarterly	Labour relations good practice.	Garden Route and B-municipalities	Ms P Dingiswayo
Internal Audit and Risk Management Forum	Quarterly	Simultaneously facilitating and sharing best practices and support	Garden Route and B-municipalities	Mr L Fourie (George Municipality)

**COMPONENT C: PUBLIC ACCOUNTABILITY**

**Overview of Public Accountability and Participation**

MSA section 15 (b) requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (i) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance.

Section 18 (i) (d) requires a municipality to supply its community with information concerning municipal governance, management and development.

**The participation outlined above is required in terms of:**

- the preparation, implementation and review of the IDP;
- the preparation, implementation and review of the municipal SDF;
- the drafting of the municipal budget;
- strict adherence to Section 27 of the Municipal Systems Act;
- MPAC and APAC oversight committee;
- notifying the public on council meetings;
- publication of Performance Agreements on the municipal website;
- Supply Chain Management procedures and processes;
- the development, implementation and mitigation of municipal risks through a risk register;
- implementation of iComply Eunomia to ensure legislative compliance;
- the monitoring of the Garden Route Anti-Fraud Hotline; and
- the municipal annual report

## **2.4 IDP PARTICIPATION & PERFORMANCE ALIGNMENT**

<b>IDP Participation and Alignment Criteria</b>	<b>Yes/No</b>
Does the municipality have 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 IDP KPIs 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
* Section 26, Municipal Systems Act 2000	

### **COMPONENT D: CORPORATE GOVERNANCE**

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

## 2.5 RISK MANAGEMENT

### 2.5.1 GOOD GOVERNANCE: RISK MANAGEMENT

To maintain an overall positive perception of the municipality and confidence in the municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the district. Garden Route DM has instituted Risk Management as a systematic and formalised process in order to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, Risk management is essentially a good governance measure instituted to ensure the municipality accomplishes its vision, mission and strategic plans.

Risk refers to a beneficial or unwanted outcome, actual or potential, to the organisation's service delivery and other performance objectives, caused by the presence of risk factors. A risk factor is seen as any threat or event which creates, or has the potential to create risk, i.e. it is the root cause of the risk. The occurrence of these risks would be an example of a factor that could hamper service delivery. Some risk factors also present upside potential, which management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk.

### 2.5.2 BENEFITS OF RISK MANAGEMENT

Risk management is a valuable management tool which increases an institution's prospects of success through minimising negative outcomes and optimising opportunities.

Instituting a system of risk management may have the following beneficial outcomes for Garden Route DM:

- More sustainable and reliable delivery of services;
- Informed decisions underpinned by appropriate rigour and analysis;
- Achievement of strategic goals as set out in the Integrated Development Plan;
- Reduced waste;
- Prevention of fraud and corruption;
- Better value for money through more efficient use of resources; and
- Better outputs and outcomes through improved project and program management.

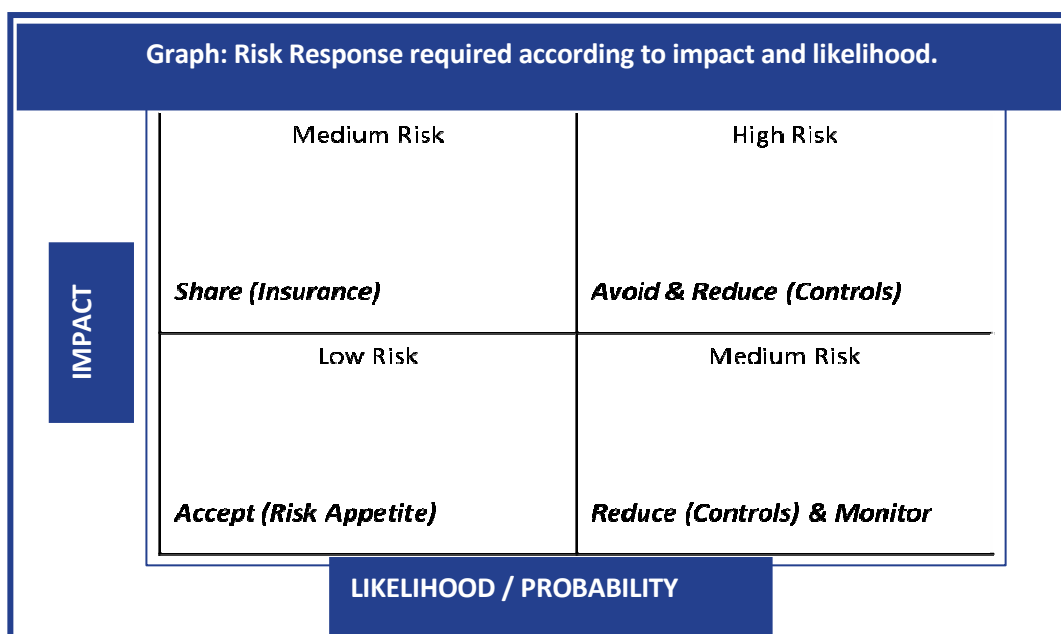
### 2.5.3 LEGISLATIVE REQUIREMENTS

Sections 62(1)(c)(i) and 95(c)(i) of the MFMA specifically require Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management.

## 2.5.4 THE RISK MANAGEMENT PROCESS

The risk management process is the basic skeleton structure that guides the entire risk management unit and consists of 8 vital steps:

- Step 1: Internal Environment** – the municipality’s internal environment is the foundation of all other components of risk management and needs to be thoroughly assessed.
- Step 2: Objective Setting** – this is a precondition to event identification, risk assessment and risk response. There must first be objectives before management can identify risks to their achievement and take necessary actions to manage the risks.
- Step 3: Event identification** – as part of event identification management recognises that uncertainties exist, but does not know when an event may occur, or when its outcome should occur.
- Step 4: Risk Assessment** – management considers the mix of potential future events relevant to the municipality and its activities. This entails examining factors including the municipality’s size, complexity of operations and degree of regulation over its activities that shape the municipality’s risk profile and influence the methodology it uses to assess risks. Individual risks are assessed on inherent and residual levels, and on impact and likelihood of occurrence.
- Step 5: Risk Response** – this involves identifying and evaluating possible responses to the risks identified. Evaluation of likelihood and impact of risks is done then plotted on the following graph (which is used to categorise risks as low, medium or high) in order to gauge the type of response needed.
- Step 6: Control Activities** – three types of control activities are recognised in risk management. These are preventative controls (striving to eliminate the occurrence of certain risks), detective controls (striving to identify and bring attention to risks that have already occurred or materialised), and corrective controls (striving to counteract the effects of risks that have already occurred or materialised). In order for activities and operations to run effectively and efficiently Garden Route DM must optimally distribute its resources according to significance of those activities and operations.
- Step 7: Information and Communication** – information should be delivered to personnel in a form and timeframe that enables them to carry out their risk management and other responsibilities.
- Step 8: Monitoring** – risk management operates in an ever-changing and dynamic environment. Management needs to regularly determine whether the functioning of each risk management component continues to be effective.



It should be noted that the below risks were identified during the annual risk assessment and has not been approved by council yet.

As at 30 June 2018, the top ten risks to the municipality, in no particular order			
No.	Risk Group	Risk	Cause of risk (root cause)
1.	Promote good Governance	Litigation wrt excessive alien vegetation in the District	<ul style="list-style-type: none"> <li>•Alien infestation not being eradicated due to no Alien invasive species, monitoring, control and eradication plan</li> <li>•Droughts,</li> <li>•unharvestable fields/crops</li> <li>•Non maintenance of fire breaks</li> <li>•Excessive alien invasive plant growth in the entire district.</li> </ul>
2.	Promote good Governance	Loss of Roads Agency Function	There are discussion of taking the function back to province Receiving R150m
3.	Ensure Financial Sustainability.	Financial System Failure - Phoenix	<ul style="list-style-type: none"> <li>•Failure to implement new financial system and mSCOA regulations</li> <li>•Failure to implement an integrated Financial System as per mSCOA regulation</li> <li>•Irregular expenditure</li> <li>•Failure to provide credible AFS</li> </ul>
4.	Inadequate standards of service delivery.	Negative Audit Opinion	<ul style="list-style-type: none"> <li>•Failure to implement an integrated Financial System as per mSCOA regulation</li> <li>•Irregular expenditure</li> <li>•Failure to provide credible AFS</li> <li>•Failure to properly administrate payments</li> <li>•Ineffective systems control procedures with regards to capturing of data</li> <li>•Lack of / no service delivery with regard to key areas within the finance department</li> <li>•Incorrect treatment of VAT resulting in over-or under payment to SARS</li> <li>•Lack of implementation of the new financial system</li> </ul>

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As at 30 June 2018, the top ten risks to the municipality, in no particular order			
No.	Risk Group	Risk	Cause of risk (root cause)
5.	Ensure Financial Sustainability	Grant Dependency	<ul style="list-style-type: none"> <li>• Limited own revenue sources</li> <li>• Lost opportunity of income due to minimal or no payments of Council properties</li> <li>• The Possible loss of the Agency Function</li> </ul>
6.	Promote sustainable environment and public safety.	Climate Change	<ul style="list-style-type: none"> <li>• Greenhouse gases</li> <li>• Changes in temperature</li> <li>• Changes in weather patterns</li> <li>• Human fingerprint</li> </ul>
7.	Ensure Financial Sustainability.	Litigation	<ul style="list-style-type: none"> <li>• Incorrect legal advice</li> <li>• Possible litigation as a result of district fire ( R500m)</li> <li>• Non Compliance with legislation and policies</li> <li>• Lack of knowledge/understanding</li> <li>• Poor Contract Management</li> <li>• Lack of life savers at resorts</li> <li>• Poor service</li> </ul>
8.	Ensure Financial Sustainability	Failure to properly dispose of waste	Long process before the establishment of the land fill site Appeals process
9.	Promote sustainable environment and public safety.	Lack in economic growth in the district	<ul style="list-style-type: none"> <li>• Ineffective facilitation and coordination of district economic activities, projects and programmes across the region.</li> <li>• Lack of funding;</li> <li>• Lack of investor confidence in GRDM – insufficient or ineffective investment promotion; Absence of investment incentive policies</li> <li>• Capacity constraints at B or C municipal level;</li> <li>• Lack of buy in from stakeholders;</li> <li>• Misalignment of programs;</li> <li>• Lack of coordinated strategic plan to grow the district;</li> <li>• Failure of b municipalities to regularly attend LED / IGR Forums;</li> <li>• Outdated Growth and Development Strategy for the district.</li> </ul>
10	Ensure Financial Sustainability	Non Compliance with legislation and policies	<ul style="list-style-type: none"> <li>• Lack of knowledge and understanding</li> <li>• Lack of resources</li> <li>• Inaccurate reporting</li> <li>• Red tape</li> <li>• Lack of training</li> <li>• System failures</li> <li>• Incorrect decisions</li> </ul>

### 2.5.5 RISK MANAGEMENT: ACCOMPLISHMENTS AND THE WAY FORWARD

Risk management remains an ongoing process and an important factor in change management in Garden Route DM. Also, best practices are being formulated and evaluated within the field of risk management on a provincial level on a continuous basis. The Garden Route District Internal Audit and Risk Management Forum was established which includes all B Municipalities in the district. This allows all members to give constructive inputs into risk discussions that affect the whole district.

mSCOA implementation for municipalities was a big challenge but most municipalities curbed this momentous change in legislation and are moving forward with great strides.

The Landfill site completion for the District is currently high on the risk radar. Cost related queries by the different B municipalities remain a concern as this will have a huge impact on their customers.

All staff members are involved in the identification of risk and the input of controls within their respective departments. Risk champions are constantly rotating to give all officials the platform to provide inputs and learn from the leadership of Garden Route DM.

Full circle communication has been established and the communication gap with the mitigation of risks within Garden Route DM is getting smaller with each engagement. Each official accepts their role and include risk management in their day-to-day activities in order for full integration to take place, especially with the rollout of mSCOA in municipalities.

Additional budget has been approved to procure an electronic Risk and Audit system to streamline the integration between Risk Management, Internal Audit and Performance Management. This will allow the municipality to have a hands on approach to all risk identified, the monitor and evaluation thereof and the audit processes.

## **2.6 ANTI-CORRUPTION AND FRAUD**

Section 83(c) of the Municipal Systems Act (MSA) refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), Section 112(1) (m) (i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) (b) of the MFMA further states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system, to minimize the likelihood of corruption and fraud.

### **2.6.1 GARDEN ROUTE ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY**

The tender with KPMG was cancelled by Garden Route District Municipality.

A new tender for the implementation of the Anti-Fraud / Anti-Corruption Hotline was advertised but has to be re-advertised since the tender amount exceeds R200 000.00, therefore the formal, not the informal tender process has to be followed. The re-advertisement of the tender is in process.

## 2.7 SUPPLY CHAIN MANAGEMENT

For most institutions like ourselves, Garden Route DM, our litmus test moment is captured in the audit outcomes from the Annual Regularity Audit as conducted by the Auditor General. 2017/18 financial year started on a soberly tip of a regression in clean audit status from the 16/17 financial year that was a serious low considering the prior 3 year clean audit outcomes that had been achieved. The Audit report had other matters that in part were findings on Supply Chain compliance matters that were not fully complied with. One must understand the operational space that we operate within and the delicate balance that's constant reality between meeting the onerous legislative requirement and in the same breath making financial decisions that ordinarily would be appreciated as value for money and good business practise. These two do not always coincide and such the public perception within its limited understanding takes a dim view of us based on Auditor general's finding without much adequate platform to interrogate some of the issues at hand. As such despite all great intentions compliance to legislation remains a non-negotiable reality as part of not only compliance by but good governance.

For 2017/18 financial year we have had to do some introspection on certain applications and to take compliance matters at heart with each and every transaction and not base our premise only on obtaining value for money for the organisation.

As per norm Supply Chain and the entire procurement value chain remains the heartbeat of the organisation and such a strategic enabler to achieving organisational strategic and operational goals. Effort has been made to institutionalise Supply Chain in to the organisation and ensure that pillars of Supply Chain as entrenched in the Constitution of the Republic are upheld, Council continues to endeavour to uphold a fair, transparent, competitive and cost effective Supply Chain Management Policy and procurement systems. Compliance to regulatory framework and prescribed regulations remains the premise and perimeters of undertaking in all transactions undertaken.

Proper planning and internal control process has been the primary focus of the organisation and as such the intention to mitigate and reduce the trend in the number of deviations as might have been the case in the past. It goes without saying that challenges remain part of our reality and the test to any organisational maturity is how well it manages the balance between timely service delivery while remaining within the bounds of regulatory framework and yet still delivery quality service and be deemed to uphold good governance.

### **Central Supplier Database**

Council fully adopted the use of Central Supplier Database as at the 01 July 2017, in line with the Circular as published by the National Treasury. Central Supplier Database (CSD) is a national supplier database managed by National Treasury, where all potential suppliers are registered and vetted and given the green card to do business with any of the government spheres or government entities. CSD is a one stop shop for prospective suppliers of

goods and services where they register once and are not required to register anywhere else in comparison to the past where they had to register with each and every government institution with which they wished to render their services to.

We as Garden Route Council advertise our tenders both formal quotes and informal on the e-tender thus widening our reach to as wide and as far as possible. E-tender is the electronic version of government bulletin that is linked to CSD. The expansion with CSD has been in leaps and bounds and reducing the red tape and cost drastically for those entities looking to render services or sell goods to government. Therefore council will continue to encourage prospective suppliers of goods and services to register on CSD if they are to enjoy the potential of transacting with government.

### 2.7.1 SUMMARY OF BEE COMPANIES DIFFERENTIATING BETWEEN CAPITAL AND NON-CAPITAL ITEMS FOR FORMAL TENDERS

Capital projects exceeding R 1 000 000				
Type	Total number of tenders awarded for the year	Total No. of companies <b>with</b> BEE Certificates to whom tenders were awarded	Total No. of companies <b>without</b> BBE Certificates to whom tenders were awarded	Percentage of BEE Certified Companies
Formal: Garden Route	1	1	0	100%
Formal: Roads	0	0	0	0%
S32 Application	0	0	0	0%

Non-Capital projects exceeding R 1 000 000				
Type	Total number of tenders awarded for the year	Total No. of companies <b>with</b> BEE Certificates to whom tenders were awarded	Total No. of companies <b>without</b> BBE Certificates to whom tenders were awarded	Percentage of BEE Certified Companies
Formal: Garden Route	3	3	0	100%
Formal: Roads	18	13	5	72%
Section 32	2	2	0	100%

Capital projects less than R 1 000 000				
Type	Total number of tenders awarded for the year	Total No. of companies <b>with</b> BEE Certificates to whom tenders were awarded	Total No. of companies <b>without</b> BBE Certificates to whom tenders were awarded	Percentage of BEE Certified Companies
Formal Garden Route	7	7	0	100%
Formal Roads	3	3	0	100%
Informal Tender Garden Route	3	3	0	100%
Informal Tender Roads	3	3	0	100%

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Capital projects less than R 1 000 000				
Type	Total number of tenders awarded for the year	Total No. of companies <b>with</b> BEE Certificates to whom tenders were awarded	Total No. of companies <b>without</b> BBE Certificates to whom tenders were awarded	Percentage of BEE Certified Companies
Quotations	2	n/a	n/a	n/a
S32 Application	1	1	0	100%

Non-Capital Projects (Less than R 1 000 000)				
Type	Total number of tenders awarded for the year	Total No. of companies <b>with</b> BEE Certificates to whom tenders were awarded	Total No. of companies <b>without</b> BBE Certificates to whom tenders were awarded	Percentage of BEE Certified Companies
Formal Garden Route	7	6	1	85%
Formal Roads	22	21	1	96%
Informal Tender Garden Route	10	9	1	90%
Informal Tender Roads	8	8	0	100%
Quotations	12 482	n/a	n/a	n/a
S32	0	0	0	0%

Note:

a) Capital projects consist of all capital related items:

b) Non-capital refers to all service providers and small quotations for all goods and services procured other than non-capital.

Detailed summary of HDI and BEE companies				
Type	Total number of tenders awarded for the year	Total No. of companies <b>with</b> BEE Certificates to whom tenders were awarded	Total No. of companies <b>without</b> BBE Certificates to whom tenders were awarded	Percentage of BEE Certified Companies
Formal Garden Route	18	17	1	94%
Formal Roads	43	37	6	85%
Informal Tender Garden Route	13	12	1	92%
Informal Tender Roads	11	11	0	100%
Quotations	12 484	n/a	n/a	n/a
Section 32	3	3	0	100%

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Annual Deviations			
Department	Annual Deviations 2018	Annual Deviations 2017	Change in Percentage
Community Services	8 060 687.43	5 492 822	+29%
Corporate Services	4 865 658.91	17 543 478.75	-86%
Financial Services	281 960.80	352 172.51	-67%
Planning and Economic	120 433.44		n/a
Roads	8 188 181.74	2 947 400.74	+78%
Office of the MM	103 440.75	90 885.79	+874%
Office of the Political Staff	1 221 582.83		n/a
Total	22 824 953.21	26 426 760.69	-40%

### 2.7.2 THE WAY FORWARD

Section 217 of the Constitution of the Republic of South Africa, 1996, When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective. Subsection 1 does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for, categories of preference in all allocation of contracts and the protection of advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

The adoption of the Preferential Procurement Policy by council will give new meaning to implementation of section 217(2) of the Constitution of the Republic of South Africa, Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –

- a) Categories of preference in allocation of contracts and
- b) The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination

Adoption of the Preferential Procurement Policy by council is intended to assist council in realising its mission of: 1.Unlocking resources for equitable, prosperous and sustainable development, and 2. Provide strategic leadership towards inclusive / radical / rigorous socio-economic transformation to address social, economic and spatial injustice.

Implementation process will require a close working relationship between Supply Chain Management Unit, Local Economic Development Unit and Extended Public Works Programme Unit (EPWP). The focus into 2018/19 financial year will require active participation by the units involved to ensure council realises its objectives.

## 2.8 MUNICIPAL WEBSITE

Section 75 of the Municipal Finance Management Act requires municipalities to place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Sections 21 (a) & 21 (b) of the Municipal Systems Act also obliged municipalities to convey specific documents and information to the public, displaying these documents on the municipality's official website.

Based on the abovementioned, the Communication Unit strive to place all relevant and update information on the website. The Municipality views its website as an integral part of communication infrastructure and strategy. The website serves as a tool for community participation, information sharing and disclosure information about decisions taken, council's finances and activities.

Documents published on the Municipality's / Entity's Website	Yes/No
Current annual and adjustments budgets and all budget-related documents (2017/18)	Yes
All current budget-related policies for the 2017/18 budget	Yes
The annual report for 2016/17	Yes
The annual report for 2017/18 to be published	March 2019
All performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2017/18) and resulting scorecards	Yes
All supply chain management contracts above a prescribed value	Yes
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) during Year 1	Nothing disposed
Contracts agreed in Year 1 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120 made in Year 1	No
All quarterly reports tabled in the council in terms of section 52 (d) during Year 1	Yes

T2.10.1

## CHAPTER 3

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)



## CHAPTER 3: OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

### 3.1 OVERVIEW

Performance management is a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

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

The Constitution of South Africa (1996), Section 152, dealing with the objectives of local government, paves the way for performance management with the requirements for an “accountable government”. The democratic values and principles in terms of Section 195(1) are also linked with the concept of performance management, regarding the principles of inter alia:

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

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

#### **Legislative Requirements:**

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

### 3.1.1 ORGANISATIONAL PERFORMANCE

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

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP per strategic objective and the National KPI's prescribed in terms of Section 43 of the MSA, 2000.

### 3.1.2 THE PERFORMANCE SYSTEM FOLLOWED FOR 2017/18

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

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

Council approved and adopted a Performance Management Framework and Policy in April 2007. The Municipality reviewed the policy during April 2015 which was approved by Council on 23 November 2015 (Council resolution: DC 943/11/15). The policy was adjusted during the 2016/17 financial year In line with the implementation of Individual Performance Management. The Policy was workshopped with Council on 18 September 2017. The Policy/Framework was approved on 5 December 2017.

### 3.1.3 THE IDP AND THE BUDGET

The reviewed IDP and budget for 2017/18 was approved by Council on 29 May 2017

The IDP process and the performance management process are integrated. The strategic objectives that were identified in the reviewed 2017/18 IDP is aligned with the National KPA's. The strategic objectives are linked to the outcomes for 2017/18.

The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

#### 3.1.4 THE SDBIP

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and at directorate levels.

The Top Layer SDBIP was approved by the Executive Mayor on 23 June 2017

The Top Layer SDBIP was revised with the adjustments budget in terms of Regulation 26(2)(c) of the Municipal Budget and Reporting Regulations. These adjustments were approved by Council on 26 February 2018.

The following were considered in the development of the amended Top Layer SDBIP:

- *Areas to be addressed and root causes of the Auditor-General Management Letter, as well as the risks identified during the 2016/17 audit*
- *Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives*
- *Alignment with the adjustments budget*
- *Oversight Committee Report on the Annual Report of 2016/17*
- *The risks identified by the Internal Auditor / Risk Manager during the municipal risk analysis*
- *The recommended changes by the Internal Auditor*
- *The requested changes by departmental Heads of Departments*
- *The noted system descriptions*

A second revision was requested by the Heads of Departments (HOD's) taking in consideration the internal audit reports and performance monitoring and evaluation. The second adjustment was approved by Council on 29 May 2018. Hence the adjusted Top Layer SDBIP on the website.

#### 3.1.5 ACTUAL PERFORMANCE

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

- *The actual result in terms of the target set*
- *A performance comment*
- *Actions to improve the performance against the target set, if the target was not achieved*

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

## 3.2 PERFORMANCE MANAGEMENT

### 3.2.1 ORGANISATIONAL PERFORMANCE

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

- *The approved Top Layer SDBIP was approved on 23 June 2017 and loaded on an electronic web-based system*
- *The web-based system sends automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against KPI targets by the pre-determined day of every month for the previous month's performance*
- *The performance system administrator reminded all departments monthly to update their actual performance on the web-based system*
- *The actual results against monthly targets set, are discussed in one-on-one session with the Municipal Manager and Executive Managers to determine early warning indicators and take corrective measures if needed*
- *Performance reports are submitted on a quarterly basis to the Municipal Manager and Council. The Section 72 report, as prescribed by the MFMA, was submitted to the Mayor and Council for approval*

### 3.2.2 INDIVIDUAL PERFORMANCE MANAGEMENT

#### a) Municipal Manager and Managers Directly Accountable to the Municipal Manager

The MSA, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with all the S57-employees and that performance agreements must be reviewed annually. This process and the format is further regulated by Regulation 805 (August 2006). The performance agreements for the 2017/18 financial year were signed before or on 31 July 2017.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2017/18 financial year (1 January 2018 to 30 June 2018) will take place during October 2018 and the mid-year performance of 2017/18 (1 July 2017 to 31 December 2017) was completed on 29 January 2018.

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805 and consisted of the following people:

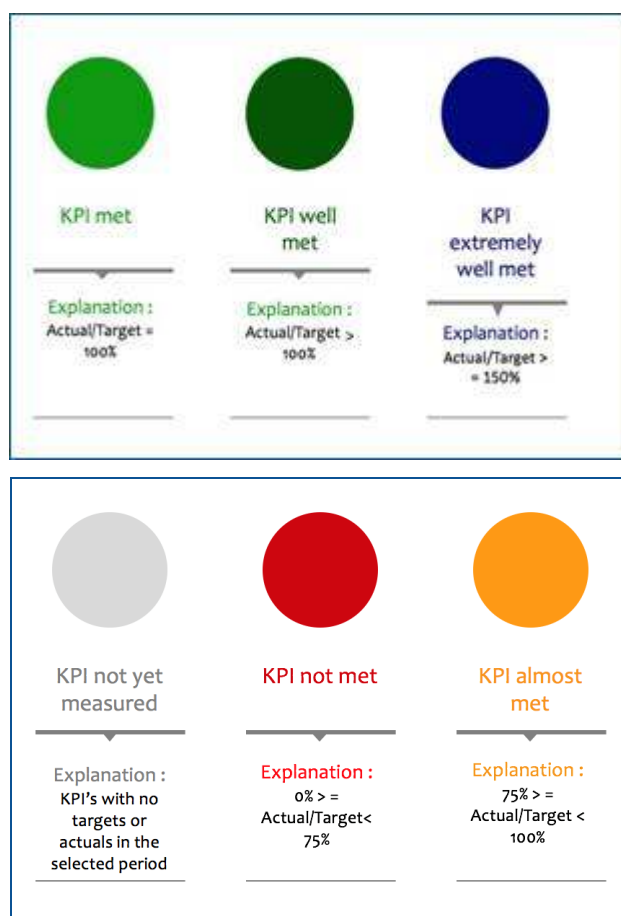
- *Executive Mayor*
- *Portfolio Chairperson*
- *Municipal Manager*
- *Chairperson of the Audit Committee*
- *Municipal Manager from another municipality*

**b) Other Municipal Personnel**

The Municipality is in process of implementing individual performance management to lower level staff in annual phases.

### 3.3 SERVICE DELIVERY PERFORMANCE

This section provides an overview of the key service achievements of the Municipality that came to fruition during 2017/18 in terms of the deliverables achieved compared to the KPI's and objectives in the IDP. It furthermore includes an overview on achievement in 2017/18 compared to actual performance in 2016/17.



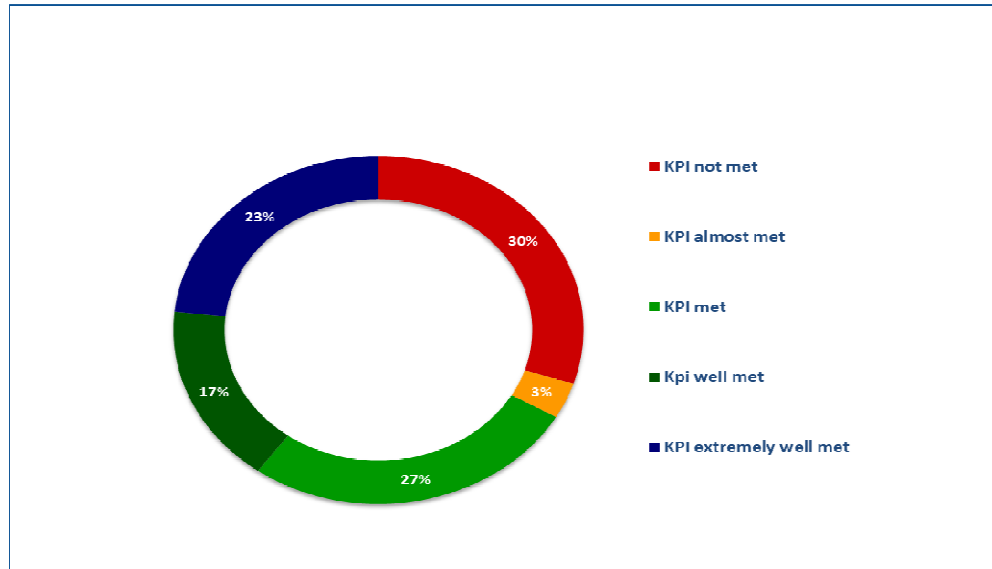
**Figure 1 SDBIP Measurement Categories**

The above indicates the method by which the overall assessment of actual performance against targets set for the KPI's of the SDBIP is measured.

### 3.3.1 STRATEGIC SDBIP (TOP LAYER)

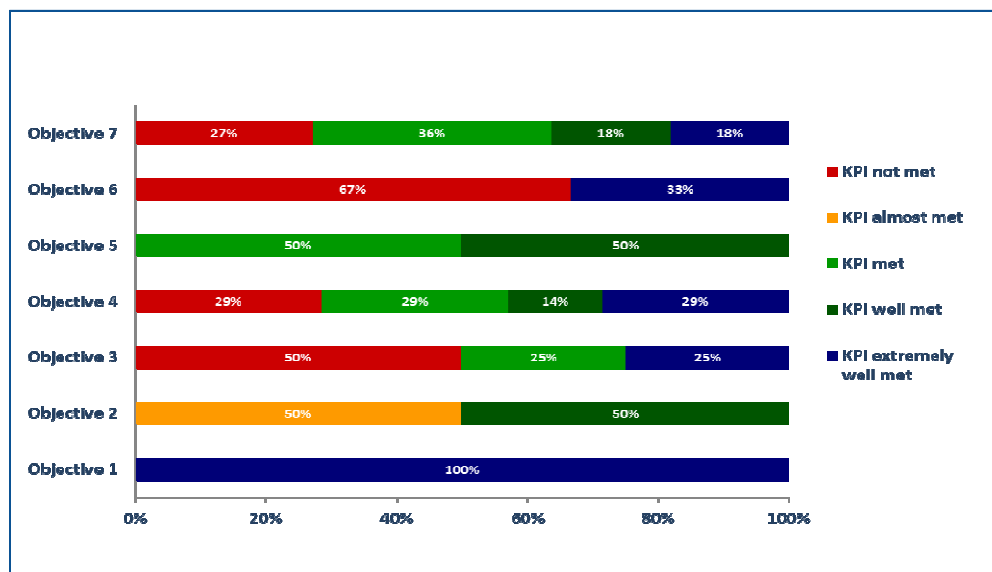
The graphs below give an indication of how the Municipality performed in terms of their Top Layer SDBIP:

a) Overall Performance per Strategic Objective for the 2017/18 Financial Year



Graph 1: Overall Performance per Strategic Objective for the 2017/18 Financial Year

b) Performance per Strategic Objective



Graph 2: Overall Performance per Strategic Objective

The table and figures below give details of the descriptions of the objectives and how the Municipality performed during the past financial year:

Measurement category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7
	A Skilled Workforce and Communities	Bulk Infrastructure Co-ordination	Financial Viability	Good Governance	Growing an Inclusive District Economy	Healthy and Socially Stable Communities	Sustainable Environmental Management and Public Safety
KPI Not Met	0	0	2	2	0	2	3
KPI Almost Met	0	1	0	0	0	0	0
KPI Met	0	0	1	2	1	0	4
KPI Well Met	0	1	0	1	1	0	2
KPI Extremely Well Met	1	0	1	2	0	1	2
Total	1	2	4	7	2	3	11

Table 1: Top layer SDBIP performance as per Strategic Objective

### 3.3.2 ACTUAL PERFORMANCE PER STRATEGIC OBJECTIVE AND CORRECTIVE MEASURES TO BE IMPLEMENTED

#### a) A Skilled Workforce and Communities

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL2	Spent 0.5% of personnel budget on training by 30 June 2018 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training	All	0.93%	0%	0%	0%	0.50%	0.50%	1.17%	B

Table 1: A Skilled Workforce and Communities

#### b) Bulk Infrastructure Coordination

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL9	The percentage of the municipal	% of capital budget spent	All	93.43%	0%	0%	0%	90%	90%	70%	O

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	capital budget spent on capital projects by 30 June 2018 (Actual amount spent on capital projects /Total amount budgeted for capital projects)	by 30 June 2018									
Corrective Action			HOD's are responsible for Capital spending. Section 52 for June has been tabled at Council in July 2018								
TL14	Spent 95% of the roads maintenance budget allocation by 30 June 2018 (Actual expenditure divided by approved allocation received)	% of the roads maintenance budget spent by 30 June 2018	All	95.61%	0%	0%	0%	95%	95%	113%	<b>G2</b>

**Table 2: Bulk Infrastructure Coordination**

**c) Financial Viability**

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL10	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June 2018 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long	% of debt coverage	All	1%	0%	0%	0%	30%	30%	1%	<b>B</b>

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	Term Lease) / Total Operating Revenue - Operating Conditional Grant)										
Corrective Action			<p>The target date should be changed in the future to September after AFS has been submitted to 31 Aug. Given the challenges with the new financial system and the issue of credibility of data, it was discussed at Mancom during the prelim where the S52 report was discussed and it was agreed that based on the issue of credibility of information the ratio's must remain at 0 and be updated after the AFS has been submitted to AG 31 August</p>								
TL11	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months that available cash is sufficient to cover the monthly operating expenditure	All	5	0	0	0	3	3	5	R
Corrective Action			<p>The target date should be changed in the future to September after AFS has been submitted to 31 Aug. Given the challenges with the new financial system and the issue of credibility of data, it was discussed at Mancom during the prelim where the S52 report was discussed and it was agreed that based on the issue of credibility of information the ratio's must remain at 0 and be updated after the AFS has been submitted to AG 31 August</p>								

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL12	Submit the annual financial statement of 2016/17 to the auditor-General by 31 August 2017	Annual financial statements of 2016/17 submitted by 31 August 2017	All	1	1	0	0	0	1	1	G
TL13	Achieve a current ratio of 1 (Current assets : Current liabilities)	Number of times the municipality can pay back its short term-liabilities with its short-term assets	All	3.17	0	0	0	1	1	3.17	R
Corrective Action			<p>The target date should be changed in the future to September after AFS has been submitted to 31 Aug. Given the challenges with the new financial system and the issue of credibility of data, it was discussed at Mancom during the prelim where the S52 report was discussed and it was agreed that based on the issue of credibility of information the ratio's must remain at 0 and be updated after the AFS has been submitted to AG 31 August</p>								

**Table 3: Financial Viability**

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**d) Good Governance**

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL1	Number of people from employment equity target groups that will be appointed in the three highest levels of management during the 2017/18 financial year in compliance with the municipality's approved employment equity plan	Number of people appointed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	0	0	0	0	5	5	7	G2
TL3	Limit vacancy rate to 15% of budgeted post by 30 June 2018 (Number of funded posts vacant divided by number of budgeted funded posts)	% vacancy rate	All	10.07%	0%	0%	0%	15%	15%	8.07%	B
TL4	Review the organisational structure and submit to Council by 31 May 2018	Organisational structure reviewed and submitted to Council by 31 May 2018	All	1	0	0	0	1	1	1	G
TL5	Award 2 external bursaries to qualifying candidates by 31 March 2018	Number of external bursaries awarded	All	11	0	0	2	0	2	8	B
TL6	Compile and submit the final annual report and	Final annual report and oversight	All	1	0	0	1	0	1	1	G

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	oversight report for 2016/17 to Council by 31 March 2018	report for 2016/17 submitted to Council									
TL7	Develop a 5 year District Economic Development Strategy and submit to Council by 31 March 2018	District Economic Development Strategy submitted to Council	All	New performance indicator for 2017/18. No comparative audit results available	0	0	1	0	1	0	R
Corrective Action			No funding allocated for development of the strategy. This KPI will be re-looked at during the 2018/19 financial year subject to available funding								
TL8	Develop a 5 year District Tourism Marketing and Development Strategy and submit to Council by 31 March 2018	District Tourism Marketing and Development Strategy submitted to Council	All	New performance indicator for 2017/18. No comparative audit results available	0	0	1	0	1	0	R
Corrective Action			Tourism strategy consultations sessions were held from March to April 2018. The last consultation session, in the form of a stakeholder workshop was held on 25 April 2018, and at the Local Tourism Organisation Forum meeting held on 29 August 2018 comment on the draft strategy was requested from all stakeholders present. The draft strategy has been compiled and will be submitted through Council approval processes. The Strategy to serve at next Portfolio Committee meeting scheduled for February 2019								

**Table 4: Good Governance**

**e) Growing an Inclusive District Economy**

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL24	Submit the EPWP business plan to the National Minister of Public Works for all internal projects by 30 June 2018	EPWP business plan submitted to the National Minister of Public Works by 30 June	All	1	0	0	0	1	1	1	G

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
		2018									
TL41	Create 367 job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2018	Number of Job opportunities created through the Expanded Public Works Programme (EPWP) by 30 June 2018	All	140	0	0	0	367	367	499	<b>G2</b>

**Table 5: Growing an Inclusive District Economy**

**f) Healthy and Socially Stable Communities**

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL34	Raise Public Health awareness through 8 sessions with the community by 30 June 2018	Number of session held by 30 June 2018	All	8	2	2	2	2	8	13	<b>B</b>
TL35	Compile and submit a Municipal Health By-Law for Council approval by 30 June 2018	By-law submitted to Council for approval	All	New performance indicator for 2017/18. No comparative audit results available	0	0	0	1	1	0	<b>R</b>
Corrective Action			The Municipal Health By-Law will be submitted to Council on 30 October 2018								
TL36	Compile and submit a Municipal Health Plan for Council approval by 30 June 2018	Municipal Health Plan submitted to Council for approval	All	New performance indicator for 2017/18. No comparative audit results available	0	0	0	1	1	1	<b>R</b>
Corrective Action			The Municipal Health Plan will be submitted to Council on 30 October 2018								

**Table 6: Healthy and Socially Stable Communities**

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**g) Sustainable Environmental Management and Public Safety**

Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL25	Record and refer 85% of all calls received in 2017/18 in the Call Centre (% calculated by the system)	% of calls recorded and referred in 2017/18	All	New performance indicator for 2017/18. No comparative audit results available	85%	85%	85%	85%	85%	86.20%	<b>G2</b>
TL29	Execute 2 emergency preparedness exercises by 30 June 2018	Number of emergency preparedness exercises executed by 30 June 2018	All	New performance indicator for 2017/18. No comparative audit results available	0	1	0	1	2	3	<b>B</b>
TL30	Submit bi-annual status reports from the electronic disaster management tool maintained to the Municipal Managers Forum	Number of status reports submitted	All	New performance indicator for 2017/18. No comparative audit results available	0	1	0	1	2	2	<b>G</b>
TL31	Implement 4 emission testing (air quality) initiatives by 30 June 2018	Number of emission testing (air quality) initiatives implemented by 30 June 2018	All	New performance indicator for 2017/18. No comparative audit results available	1	1	1	1	4	4	<b>G</b>
TL33	Raise environmental awareness through 4 awareness sessions with the community by 30 June 2018	Number of sessions held by 30 June 2018	All	New performance indicator for 2017/18. No comparative audit results available	1	1	1	1	4	5	<b>G2</b>
TL39	Provide 8 first aid	Number of	All	New	3	1	1	3	8	17	<b>B</b>

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	training sessions by 30 June 2018	first aid training sessions provided by 30 June 2018		performance indicator for 2017/18. No comparative audit results available							
TL43	Develop and submit a Climate Change Response Plan to Council for approval by 30 June 2018	Number of Climate Change Response Plans developed and submitted to council by 30 June 2018.	All	New performance indicator for 2017/18. No comparative audit results available	0	0	0	1	1	0	R
Corrective Action			The Climate Change Response Plan will be submitted to Council on 4 December 2018								
TL45	Appoint a service provider for the building, operating and construction of a regional landfill site by 30 June 2018	Number of Service Providers appointed by 30 June 2018.	All	New performance indicator for 2017/18. No comparative audit results available	0	0	0	1	1	1	G
TL46	Develop a Turnaround Strategy for the De Hoek Mountain Resort and the Calitzdorp Spa and submit to Council for approval by 30 June 2018	Number of turnaround strategies developed and submitted to Council by 30 June 2018	All	New performance indicator for 2017/18. No comparative audit results available	0	0	0	1	1	0	R
Corrective Action			This will be followed up in the new financial year. There was an Garden Route District Municipality Revenue Enhancement Report Project led by PWC, therefore the department allowed that process to be undertaken to obviate duplication. Albeit, PWC not developing a comprehensive Turn Around Strategy, there are recommendations provided in that report which will be utilised for the development of Turn Around Strategies for the Resorts and Properties of the Municipality in the new financial year								

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Ref	KPI	Unit of measurement	Area	Actual performance of 2016/17	Overall performance 2017/18						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL47	Develop a Turnaround Strategy for prioritised investment property and submit to Council for approval by 30 June 2018	Number of turnaround strategies developed and submitted to Council by 30 June 2018	All	New performance indicator for 2017/18. No comparative audit results available	0	0	0	1	1	0	R
Corrective Action			<p>This will be followed up in the new financial year. There was an Garden Route District Municipality Revenue Enhancement Report Project led by PWC, therefore the department allowed that process to be undertaken to obviate duplication. Although, the PWC not developing a comprehensive Turn Around Strategy, there are recommendations provided on that report which will be utilised for the development of Turn Around Strategies for the Resorts and Properties of the Municipality in the new financial year. In-view of the foregoing, in March 2018, the District Municipality convened Investment Conference for the Garden Route, wherein all the properties were tabled to potential investors, inquiries on some of the properties is still being done, there is nothing concrete at this stage. Part of the conference was to invite prospective investors and developer to invest in our properties. Currently, what has been done in line with recommendations sponsored by PWC is to package our properties per different towns, current tenure arrangements per property and plans or intentions that the municipality has on a particular property. this will further assist in the actual development of a turnaround project and serves as a baseline information</p>								
TL48	Review the SDF and submit to Council for approval by 31 January 2018	Submitted to Council by 31 January 2018	All	New performance indicator for 2017/18. No comparative audit results available	0	0	1	0	1	1	G

**Table 7: Sustainable Environmental Management and Public Safety**

### 3.4 SERVICE PROVIDER STRATEGIC PERFORMANCE

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

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

During the year under review the Municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the Municipality and therefore this report contains no such details. All other contract appointments are regularly monitored in terms of the required legislation which stipulates that vendor performance must be monitored on a regular basis.

### 3.5 MUNICIPAL FUNCTIONS

The municipal functional areas are indicated below:

Municipal function	Municipal function
	Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	No
Child care facilities	Yes, none core
Electricity and gas reticulation	No
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
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	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Bulk infrastructure
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No
<b>Constitution Schedule 5, Part B functions:</b>	

Municipal function	Municipal function
	Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes, only regarding provincial roads
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	No
Local sport facilities	No
Markets	No
Municipal abattoirs	Yes
Municipal parks and recreation	No
Municipal roads	No. Agent for PGWC on provincial roads
Noise pollution	Yes
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	No
Traffic and parking	No

Table 8: Functional Areas

### 3.6 COMPONENT A: BULK INFRASTRUCTURE PLANNING

#### 3.6.1 BULK INFRASTRUCTURE PLANNING

With District Municipalities not receiving Municipal Infrastructure Grant (MIG) funds, it is difficult to implement capital item related projects referring to bulk infrastructure. The Municipality mainly played a coordinating role in the district and has established a District Bulk Infrastructure Forum which is chaired by Mr Eduard Lotz. Several meetings were held and was well attended by the B-municipalities.

##### a) Highlights: Bulk Services

The following highlight was achieved during the financial year:

Highlight	Description
Bulk Infrastructure Forum meetings	Quarterly Bulk Infrastructure Forum meetings were well attended
Meetings with international delegates from Sweden	A delegation from Sweden visited the Municipality to possibly fund bulk

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Highlight	Description
	infrastructure projects in the district

Table 9: Bulk Services Highlights

### b) Challenges: Bulk Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Lack of engineering capacity at district level	Obtain engineering capacity through the Municipal Infrastructure Support Agency (MISA)
Funding constraints	Funding mobilisation

Table 10: Bulk Services Challenges

### c) Employees: Bulk Services

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	1	0	1	100
19 - 20	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>100</b>

Table 11: Employees: Bulk Services

## 3.6.2 WASTE DISPOSAL SITES

The Municipality is responsible for the hosting of a waste facility for the Bitou, George, Hessequa, Kannaland, Knysna, Mossel Bay and Oudtshoorn Municipalities.

### a) Highlights: Waste Disposal

The following highlights were achieved during the financial year:

Highlights	Description
Garden Route District Waste Management By-Laws and Garden Route District Waste Management Policy	The Garden Route District Waste Management By-Laws were published on the 1st of September 2017. Council approved an Garden Route District Waste Management Policy. The Municipality has given affect to its mandate assigned to it by legislation
Selection of a preferred and reserve bidder	The Bid Adjudication Committee has selected a preferred bidder and selected the same preferred bidder as the reserve bidder to construct and operate the regional waste disposal facility as a private public partnership (PPP) agreement for a period of ten years
Implementation of alternative waste management technologies	As part of the agreement with the preferred bidder, selective alternative technologies will be implemented at the regional landfill facility

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Highlights	Description
Biomass characterisation study of the district area	A contract was signed with the United States Agency for International Development (USAID) South Africa Low Emissions Development (SA-LED) to assist the Municipality to identify, quantify and select alternative technology to accommodate the organic portion that ends up at landfills. Several international companies have already shown interest to develop alternative technology in the Garden Route District municipal area based on the information made available in the characterisation study

**Table 12: Waste Disposal Highlights**

**b) Challenges: Waste Disposal**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Contract extension with Petroleum, Oil and Gas Corporation of South Africa, SOC Ltd (PetroSA)	Extension of existing municipal disposal contracts with PetroSA are expiring on 31 December 2018 and needs to be extended to 1 September 2019
Timeline to complete PPP process and construction of facility	Existing available landfill space and the completion time needed to have a facility available to accommodate waste from the participating municipalities must be established

**Table 13: Waste Disposal Challenges**

**c) Employees: Waste Disposal**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	2	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

**Table 14: Employees: Waste Disposal**

### 3.7 COMPONENT B: ROADS AND TRANSPORT

#### 3.7.1 ROADS

##### a) Introduction to Roads

The main objective is to provide an excellent service to the principle, which is the Provincial Department of Transport and Public Works. This is done through consistent planning and monitoring and regular feedback to the Provincial Government of the Western Cape (PGWC) with regards to expenditure, production and quality.

The major success is to meet the requirements of the principle but simultaneously meet the requirements of the public that use the roads. This comes down to effective spending, high quality maintenance and quick response to public complaints.

The major challenge for this department as maintenance authority is the lack of funding and skilled personnel to adequately maintain the road network. Funding is on a downward spiral as the increase of funding on a year to year basis is less than previous years due to the effects of inflation. This constraint is also applicable to PGWC. The effective “shrinkage” of funds has the effect that the quality of our roads is going down and it could reach a stage where it will not be reversible.

##### b) Highlights: Roads

The following highlight was achieved during the financial year:

Highlights	Description
Phase 1 Fremersheim completed	Upgraded 7.5km road to permanent surface

Table 15: Roads highlight

##### c) Challenges: Roads

The table below indicate the challenge faced during the financial year:

Description	Actions to address
Lack of funding	To work more effective, efficient and economical with allocated funds received
Lack of skilled personnel	In-house training and mentoring

Table 16: Roads challenge

##### d) Roads Service Delivery Statistics

The following table indicates the amount of gravel road infrastructure improved and developed:

Gravel road infrastructure: Kilometres				
Financial year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2016/17	4 551.53	0	1	4 551.53
2017/18	4551.53	0	0	4551.53

Table 17: Gravel Road Infrastructure

The following table indicates the amount of tarred road infrastructure improved and developed:

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Tarred road infrastructure: Kilometres					
Financial year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2016/17	686.58	1	49	0	686.58
2017/18	6 87.58	1	37.43	0	687.58

**Table 18: Tarred Road Infrastructure**

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

Financial year	New and replacements	Resealed	Maintained
	R'000		
2016/17	49 328	14 800	79 760
2017/18	68 425	15 160	91 940
<i>The cost for maintenance include stormwater</i>			

**Table 19: Construction and maintenance cost**

### e) Employees: Roads

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	167	181	176	5	2.76
4 - 6	45	49	43	6	12.24
7 - 9	41	47	45	2	4.25
10 - 12	23	26	24	2	7.69
13 - 15	3	8	6	2	25
16 - 18	1	1	1	0	0
19 - 20	1	1	1	0	0
<b>Total</b>	<b>281</b>	<b>313</b>	<b>296</b>	<b>17</b>	<b>5.43</b>

**Table 20: Employees: Roads**

## 3.7.2 TRANSPORT

In terms of the National Land Transport Act, the provision of public transport is a B-Municipal competency. In the Garden Route District, it was decided to establish a forum (Garden Route Public Transport and Technical Steering Committee) where all the municipalities in the area will be represented. The function of the Committee is to assist in the co-ordination of the local integrated transport plans for local municipalities and District Integrated Transport Plan for the Garden Route District.

Since the provincial strategic objectives require monitoring, the Integrated Transport Steering Community has been established which incorporates the Garden Route Public Transport Forum.

### 3.8 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

#### 3.8.1 REGIONAL SPATIAL IMPLEMENTATION FRAMEWORK (RSIF)

**a) Purpose and scope of RSIF**

The purpose of the RSIF:

- *Provide a coherent spatial vision for the Southern Cape functional region considering the environmental, social and economic opportunities and constraints*
- *Provide guidance on the promotion of a rational and predictable infrastructure, economic and land use planning within the region*
- *Coordinate, integrate and align provincial and municipal land use planning, infrastructure and economic development policy, taking a regional approach to address regional environmental management, regional human settlement provision, economic development, regional infrastructure, regional transport, landscape character, a sense of place preservation and heritage*
- *Specifically, the Regional Implementation Framework will give expression to the Provincial Spatial Development Framework at a regional level*

**b) Highlights: Regional Development and Planning**

The following highlights were achieved during the financial year:

Highlights	Description
Garden Route District Municipal Spatial Development Framework (SDF)	The SDF has been approved, adopted and gazetted

*Table 21: Regional Development and Planning highlights*

**c) Challenges: Regional Development and Planning**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Vacant Town Planner position	To fill the vacancy during the 2018/19 financial year

*Table 22: Regional Development and Planning challenges*

**d) Employees: Regional Development and Planning**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	1	1	0	0
4 - 6	0	38	33	5	13.16
7 - 9	0	10	8	2	25
10 - 12	1	1	0	1	100
13 - 15	0	3	0	3	100
16 - 18	1	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>53</b>	<b>42</b>	<b>11</b>	<b>20.75</b>

*Table 23: Employees: Regional Planning and Development*

**e) Capital Expenditure: Regional Planning and Development (Draft Information)**

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Desk: Auxiliary Services	0	5 000	2 733	(2 267)
Urns 20 litre	0	3 500	2 800	(700)
Electronic Safe: Head Office Entrance	0	1 390	1 209	(181)
Vacuum Cleaner	0	7 500	2 982	(4 518)
Office Chair: Auxiliary Services	0	4 890	4 252	(638)
Tea Trolleys: Auxiliary Services	0	6 430	5 589	(841)
<b>Total</b>	<b>0</b>	<b>28 710</b>	<b>19 565</b>	<b>(9 145)</b>

*Table 24: Capital Expenditure: Regional Planning and Development*

**3.8.2 LED**

**a) Introduction to LED**

**i) Vision of the District Economic Development**

The Municipality's vision for economic growth and development continues to develop a diverse, sustainable and shared regional economy through innovation and partnerships. This has stimulated employment and business development opportunities which in turn increases the quality of life for all.

**ii) Current Context**

The focus for district economic development during the financial year under review has been and continues to be investment readiness and investment recruitment for the district economy.

This mission kicked off with a planning and build-up process where the Municipality hosted 4 workshops during August 2017 in collaboration with the South Cape Economic Partnership (SCEP), Green Cape, Wesgro, Department of Development and Tourism (DEDAT) and B-municipalities to assess the status of our district in terms of investment readiness.

The workshops included an investment readiness workshop in Mossel Bay Municipality, a tourism workshop in Bitou Municipality and a Skills Development Workshop in Oudtshoorn Municipality.

The workshop outcomes had to address gaps and shortcomings to make our district more investment friendly to draw more investors (national and international) to do business in our district. Municipalities were supplied with a 60-point investment readiness checklist developed by SCEP as a self-assessment tool to prepare themselves for the conference and readiness for investment.

The conference provided an opportunity for individual municipalities and the private sector to engage on a one-on-one basis with investors on existing and potential investment opportunities.

This process was also linked to a business skills drive to:

- *discuss skills needs within the business sector to support the process of linking skills training directly to skills demand; and*
- *discuss with business the opportunities in terms of investment within our region and linking these outcomes to the planned business conference taking place in March 2018.*

Through all these processes the attendees aimed to:

- *establish whether businesses in our district are ready to make use of the opportunities that could come their way through coordinated and facilitated investment recruitment campaigns;*
- *unpack the region's sector advantage by understanding the implications our SDF has for business nodes and industrial development);*
- *determine the competitive advantage of our area/region in terms of business products and services;*
- *determine key and emerging sectors and additional opportunities within these sectors; and*
- *market what our area/region offers in terms of opportunities, to investors.*

The Municipality is unambiguous about Garden Route or the Garden Route being open for business through active engagement with the private sector, small, medium and micro-enterprises (SMME's) and emerging entrepreneurs, and previously disadvantaged individuals and enterprises.

At the centre of the Garden Route Investment Conference was the message that the Garden Route District wants to grow the region's economy in collaboration with the private sector (domestic and foreign) and all municipalities in the district, as well as national and provincial government and state-owned companies (SOC's), in the pursuit of:

- *job creation and training;*
- *business and skills retention;*
- *increasing quality of life;*
- *industry diversification;*
- *empowerment;*
- *food security;*
- *adequate and diverse housing solutions;*
- *integrated and modern transportation;*
- *sustainable infrastructure and natural resource management; and*
- *protecting and enhancing our environmental and cultural heritage.*

The objectives of the conference were to pursue business development and foster relations with prospective investors and partners and to ensure that measures are being developed for smooth and efficient planning processes, which would contribute to generating investment outcomes through ease of doing business, investment readiness, etc. With the active participation of the various municipalities, through showcasing their various opportunities and projects, the conference created a comprehensive and cohesive picture of the economic growth prospects.

An average of 300 people attended the conference over the two days. Emerging entrepreneurs, small businesses and established businesses constituted about 65% of delegates. A total of thirty scheduled meetings were facilitated by the Municipality between local businesses and national and international investors. A consequence of this is that there is currently significant progress towards concluding business agreements between local businesses, SMME's and some of the relevant business delegations.

During the various stimulating and sometimes heated sector stream meetings, some of the key strategic issues raised were:

- *access to land, finance and funding*
- *the need for more streamlined and efficient decision-making*
- *managing red tape*
- *The need for institutionalised dialogue between government and the private sector and where relevant, labour*
- *developing clarity or better understanding for Public Private Partnerships, especially in the delivery of human settlements and bigger real estate developments*
- *modernising and optimizing Infrastructure*
- *the need to develop coherent regional coordination would be valuable in identifying new markets and grow export strategies and opportunities*
- *critical game changing opportunities in the agriculture sector - honey bush tea, essential oils and berries*

The conference highlighted how imperative it is to support SMME's and emerging farmers with access to funding and finance. Regarding red tape issues, the Municipality and B-Municipalities pledged unequivocally to reduce red-tape, without compromising the guidelines in the MFMA and have one-stop centres for business.

Currently, most of the economic development projects and processes are geared towards implementing and rolling out initiatives to address the outcomes of the investment conference which provided the direction for district economic development.

## LED Strategic Objectives:

### Medium-term partnership objectives:

- *Facilitate constructive interaction between business chambers from neighbouring towns, local authorities and other key stakeholders influencing the business environment and investment recruitment;*
- *Promote and support collaborative leadership and shared growth within the economic delivery system of the South Cape economic region;*
- *Be a channel for communication and managing conflict within the regional business/economic environment;*
- *Serve as a vehicle towards developing strategic collaboration and partnerships with key stakeholders across the region, province and country; and*
- *Provide a platform for the formulation of solutions to pressing business and economic related issues, problems and challenges.*

### b) Highlights: LED

#### i) Garden Route and Klein Karoo (GR&KK) Film Office

The GR&KK Film Strategy was compiled, approved and adopted by Council and the film office entity was registered as a non-profit company (NPC).

The Municipality fulfils a financial partnership role and support with strategic coordination where necessary.

- *Vision: Making GR&KK a film location destination of choice and be the local hub for the film and television industry*
- *Mission: To facilitate and enhance an enabling environment that allows the film and television industry to play a meaningful role in the development of the region*

#### 4 focus areas

- *Sector profile database*
- *Skill training opportunities, Sector Education and Training Authority (SETA) accreditation, internships, learnerships and enterprise development*
- *Legislative and regulatory environment – permits, by-laws and integration into strategy*
- *Film office formation – websites, roles and responsibilities, permit issuing*

#### ii) South Cape Economic Partnership (SCEP)

SCEP remains a highlight as a critical partnership between municipalities, business chambers and sector specialists in the region to ensure that effective impact is made on the inclusive growth and development of the regional economy of the Garden Route district.

The successful implementation of all economic development projects and processes remain highly dependent on efficient and effective partnering, partnership facilitation and project coordination.

**iii) Film Industry Internships**

The Municipality appointed a film training service provider in the previous financial year to provide basic film making training to 40 previously disadvantaged, unemployed young people in the Garden Route district, for them to ultimately become entrepreneurs in the film industry by developing community media in their own areas, provide audio visual material and by so doing building up a small business for themselves.

The programme strived to prepare the learner to think entrepreneurially, empowering them to create their own opportunities and boosting their self-confidence.

Under an over-arching umbrella of empowering entrepreneurial thinking, this program outlined theoretical and practical, experiential learning components in respect of occupational skills, as well as basic, generic life skills and furthermore introduced the learner to the profoundly important role they play in the development of the film sector of the Garden Route district, in which economic opportunities are currently on the increase.

Learners who showed the most potential during the training were placed on practical internships at private companies and firms in the film and media production industry within the district, to obtain practical work experience in the film industry.

**c) Challenges: LED**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Funding	Investment recruitment and co-funded projects with provincial and national departments by June 2019
Local municipality cooperation	Coordinating and facilitating regional projects in a partnership by 30 June 2019

**Table 25: LED challenges**

**d) Strategic Areas**

The LED strategy identifies various issues and strategic areas for intervention:

Strategic areas	Description
Strategic collaboration and partnerships	SCEP to serve as a vehicle towards developing strategic collaboration and partnerships with key stakeholders across the region, province and country and provide a platform for the formulation of solutions to pressing business related issues, problems and challenges
Collaborative leadership and shared growth	A culture of collaborative leadership and shared growth needs to be cultivated and sustained amongst partners i.e. local, provincial and national government, private sector, and academic institutions
Constructive communication and interaction toward problem solving	Facilitate constructive interaction between business chambers from neighbouring towns, local authorities and other key stakeholders influencing the business environment. A channel for communication and managing conflict within the regional

Strategic areas	Description
	business/economic environment. Platforms for the formulation of solutions to pressing business/economic related issues, problems and challenges
Catalytic economic project conceptualisation, scoping and implementation	A collaborative and holistic approach amongst partners towards the conceptualisation, scoping and implementation of cross-border/inter-municipal boundary catalytic economic projects
Financing of projects	Co-financing of resources and projects amongst partners

Table 26: LED strategic areas

e) **Employees: LED**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	3	3	2	1	33.33
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>33.33</b>

Table 27: Employees: LED

f) **Capital Expenditure: LED(Draft Information)**

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Steel Shelves	50 000	53 876	53 876	0
<b>Total</b>	<b>50 000</b>	<b>53 876</b>	<b>53 876</b>	<b>0</b>

Table 28: Capital Expenditure: LED

### 3.8.3 TOURISM

a) **Introduction to Tourism**

The GR&KK are adjacent and overlapping tourism regions within the administrative boundaries of the Garden Route District Municipality in the Western Cape Province. The regions have complementary attractions with the Garden Route stretching along the South Cape coastline and characterized by several scenic places that include beaches, mountains, forests, conservation areas, and heritage sites. The semi-arid Klein Karoo region is home to attractions such as the Cango Caves, ostrich and wine farms, nature reserves, and several art and cultural events.

Both regions offer high quality tourism experiences for road-trippers, adventurers, sportsmen, foodies, and anyone who appreciates nature, art, culture and heritage.

The two regions have been marketed together by the national, provincial and local authorities responsible for tourism marketing and development for several years as GR&KK.

There are seven local municipalities within the district and they all provide funding for local tourism offices (LTOs) which are either independent, non-profit organizations or departments within the municipality. Those with external LTOs use a range of organisational and funding models with some LTOs funded exclusively with public funds, and others that supplement their grant funding with membership fees and corporate sponsorship.

## Tourism Strategic Objectives:

- *To apply the vision of inspiring places to the existing GR&KK brands and develop regional marketing collateral through collaborative projects and sharing of resources. [Outputs should include exhibition material, videos, media reports and social media messages, photographs, stories about inspiring people and places, a regional tourist application (app), maps and other visual resources.]*
- *To implement regional destination management campaigns for a series of priority themes, including: cycling and adventure; slow food and local produce; and heritage.*
- *To coordinate tourism sector development activities across the region including festival and event management and hosting; international and national tourism exhibitions; quality assurance and improvement; and research, monitoring and evaluation.*
- *To promote regional tourism as a community-based and community-driven industry with potential for providing benefits to the community and sustainable local enterprise opportunities.*

### **b) Highlights: Tourism**

#### **i) International and domestic marketing platforms**

Department of Economic Development and Tourism rolled out the Culture, Arts, Tourism, Hospitality, Sports, Sector Education Training Authority (CATHSSETA) Customer Services Training Programme on the N12 route in the Western Cape in the 2017/18 financial year. This programme was developed by the National Department of Tourism (NDT) and CATHSSETA after the Customer Service Excellence Report was concluded. The report identified the need for a more intensive programme in terms of the industry's need to decrease the inconsistent levels of customer service.

The Customer Services Training Programme responds to the need that customer service needs to be matched and sustained to global standards. This project tries to alleviate the inconsistent service levels within the tourism and hospitality industry. The project will focus on the current workforce in the industry.

The 7-day training programme was rolled out as follows:

Date	Area	Minimum beneficiaries
Week 1 - 20-21 July 2017	George and Oudtshoorn	25
Week 2 - 27-28 July 2017		
Week 3 - 15-17 August 2017		

Table 29: CATHSSETA Customer Training Programme information

The Municipality's Tourism Unit as well as Oudtshoorn & George Municipality's LED and Tourism Units assisted with the recruitment of the participants for the training programme.

**ii) National Parliament Portfolio Committee on Tourism Western Cape Oversight Visit**

The National Parliament Portfolio Committee on Tourism visited the Garden Route & Klein Karoo region on the 1st and 2<sup>nd</sup> of August 2017. The purpose of the oversight visit was to assess the state of tourism in the province and to follow up on some of the projects funded by the NDT. The two day visit was dedicated to meetings, project site visits, briefings, interaction with relevant tourism stakeholders and visits to tourist attractions.

The Portfolio Committee requested to meet with all the municipalities, LTO's and private sector representatives in tourism within the region. Each municipality was requested to prepare a presentation which highlighted the status of tourism in the area including planned projects and challenges experienced by the Municipality in delivering the tourism mandate.

**iii) Garden Route Cater Care Project**

The François Ferreira Academy, previously known as the Garden Route School of Culinary Art (ESCA) in association with the Garden Route District Municipality seeks to address the high rate of unemployment within the Garden Route District through the Cater Care Programme. The Garden Route District has the highest levels of youth unemployment amongst the districts within the province and the youth are over-represented among the unemployed (Garden Route IDP 2016/17 review). The ESCA seeks to provide culinary skills training for unemployed people in the Garden Route region. The training is intended to equip people to access jobs in the local hospitality industry and tourism sector.

The Municipality sponsored the Francois Ferreira Academy in George with R200 000 through the Tourism Unit in order to train 20 previously disadvantaged individuals in the tourism and hospitality sector throughout September 2017 to May 2018. The Municipality is responsible for the coordination and mobilising of the trainees through a formal recruitment and selection process. The Expanded Public Works (EPWP) Unit of the Municipality partnered with the Tourism Unit on this programme.

**iv) N12 Treasure Route (N12TR)**

The N12TR was established in 2001 as a domestic and internationally competitive tourism route and destination. The route is 1350 km long and runs through five (5) Provinces, namely Mpumalanga, Gauteng, North West, Northern Cape and the Western Cape. The route includes a 150 km corridor on either side of the road. Improving this route will assist in destination and product development, therefore increasing traffic, business performance and economic growth.

The N12TR incorporates many different products in terms of history, culture, activities and landscape spanning nearly two thirds of the length of South Africa. It demonstrates great potential to not only grow travel and tourism but also to create jobs and help develop SMME's in rural areas dotted along its breadth and length.

The route covers 2 main areas within the Garden Route District municipal area, namely George and Oudtshoorn (De Rust). The Garden Route District Municipality has therefore entered into Memorandum of Understanding with the N12 Treasure Route Association in order to be part of and ensure development of the route within the region.

**v) Annual Tourism Indaba**

GR&KK Tourism attended the Annual Tourism Indaba and was included on the Cape Town and Western Cape stand with Wesgro, for the 7th time this year. The Indaba was attended by Ms. Amagene Koeberg, Mr. Denver Johnson (both from GR&KK Tourism Office), Ms. Aneli Gerber (Mossel Bay Tourism), Ms Joan Shaw (George Tourism), and Ms Corleen Barnard (Oudtshoorn Tourism) representing the Garden Route and Klein Karoo on the Cape Town and Western Cape stand.

**vi) Coordination of Events Funding Through Wesgro**

Wesgro is the official tourism, trade and investment promotion agency for Cape Town and the Western Cape. The Regional Tourism Office coordinated tourism funding for events through Wesgro. The GR&KK Tourism Office also coordinated tourism funding for events through Wesgro. A call for event applications were sent from the regional tourism office on the 31st of January 2018, requesting all LTO's to submit event proposals and applications for events in their respective towns that required funding for the period starting from 1 April 2018 to 31 March 2019. GR&KK received 16 events applications from LTO's for endorsement by the Regional Tourism Office and undersigned by our Municipal Manager Mr. Monde Stratu. Of the 16 event applications submitted, Wesgro supported 10 events in our area and contributed approximately R430 000 towards these events for the GR&KK.

**c) Challenges: Tourism**

Description	Actions to address
Funding	Continued efforts to forge partnerships to implement regional projects, as well as investment recruitment by June 2019
Lack of cooperation from all tourism stakeholders	Strengthen and build relations on a continuous basis through networking efforts and other engagements. Adoption of draft Tourism Strategy to streamline initiatives and strengthen collaborations by October 2018
Competition amongst towns	Continued efforts to promote the GR&KK brand to market through a regional lens

**Table 30: Challenges: Tourism**

**d) Employees: Tourism**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	2	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

Table 31: Employees: Tourism

### 3.8.4 EXPANDED PUBLIC WORKS PROGRAM (EPWP)

**a) Introduction to EPWP**

EPWP phase three will be implemented over the next five years as from April 2014 to June 2019. A Presidential Public Employment Inter-Ministerial Committee has been established to monitor the implementation of phase three. In terms of the national employment target standards of EPWP, of the 6 million work opportunities to be created during phase three, 55% will be women, 55% youth and 2% for people with disabilities.

EPWP is governed by four principles of which the adherence to minimum and employment conditions under the Ministerial Determination and Code of Good Practice define worker selection criteria and minimum labour intensity to all four-appropriate sector programmes.

Project based training aimed at capacitating EPWP participants remains an important part. All municipalities are encouraged to dedicate a portion of their budgets for training opportunities. In response to the high levels of poverty and unemployment within the District, Garden Route's Council recognised the implementation of the EPWP phase three, which aim to draw a significant number of the unemployed into productive work. This will ensure workers gain skills while they work and increase their capacity to earn an income.

The National Development Plan Vision 2030 through the diagnostic report identified nine main challenges facing South Africa. Amongst others are "too few people work and the quality of education available to the majority is poor". The persistently high rate of unemployment in South Africa (25%) is one of the most pressing socio-economic challenges facing government. High youth unemployment means that young people are not acquiring the skills or experience needed to drive the economy forward. This inhibits the country's economic development and imposes a larger burden on the state to provide social assistance

**b) Highlights: EPWP**

The following highlights were achieved during the financial year:

Highlights	Description
EPWP Policy	Council approved EPWP Policy on 5 December 2017. The approval will contribute towards the institutionalisation of the EPWP within the Garden Route District Municipal Departments
EPWP Workshop	The EPWP Unit facilitated a workshop with Council which was attended by National Department of Public Works and Provincial Department of Public Works on 6 June 2018. This session provided overview or understanding of EPWP objectives by Council and Management
Division of Revenue Act (DORA) grant	The EPWP Unit spent 100% of the allocated DORA as per signed incentive grant agreement. This will have a positive spin-off in terms of DORA grant conditions
EPWP projects and job opportunities	The Municipality implemented 20 EPWP projects with a total of 499 work opportunities during the financial year
Training for EPWP beneficiaries	EPWP beneficiaries received formal and informal training during the financial year. Training forms part of the EPWP long-term exit strategy and this will assist the beneficiaries with the access to the labour market.

**Table 32: EPWP Highlights**

**c) Work Opportunities Breakdown in Each EPWP Sector**

The following table gives detail of the EPWP projects that were implemented throughout the financial year:

Focus area	Project name	Project number	Work opportunities created	Funding Source	Start date	End date	Status
Environmental	Fire breaks - Calitzdorp	66 965	19	Own funding	13 November 2017	30 June 2018	Contract ended
Environmental	Fire breaks - Swartvlei	66 949	31	Own funding	13 November 2017	30 June 2018	Contract ended
			40		18 April 2018		
Environmental	Fire breaks – Kleinkrantz	66 963	21	Own funding	13 November 2017	30 June 2018	Contract ended
			40		18 April 2018		
Environmental	Fire breaks – Harkerville	63 250	11	Own funding	4 September 2017	30 November 2017	Contract ended
Environmental	Fire breaks – Kurland	64 547	21	Own funding	4 September 2017	30 November 2017	Contract ended
Environmental	Fire breaks – Victoria Bay	63 030	42	Own funding	4 September	16 March 2018	Contract ended
Environmental	Fire breaks – De Hoek	63 249	29	Own funding	4 September	16 March	Contract ended
Environmental	Fire breaks – Heroldsbay	73 918	68	Own funding	7 May 2018	30 June 2018	Contract ended
Environmental	Cater care	57 318	8	Integrated grant	18 September	15 December	Contract ended

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Focus area	Project name	Project number	Work opportunities created	Funding Source	Start date	End date	Status
			12		7 February 2018	31 May 2018	
Social	Youth community safety and law enforcement	57 313	15	Integrated grant	13 November 2017	30 June 2018	Contract ended
			3		31 May 2018		
Social	People with disabilities	57 312	12	Integrated grant	2 October 2017	27 April 2018	Contract ended
						30 June 2018	
Social	Early childhood development (ECD) practitioners	57 309	17	Integrated grant	1 August 2017	30 June 2018	Contract ended
					1 September 2017		
					28 February 2018		
Environmental	District waste management	57 317	8	Integrated grant	14 August 2017	30 November 2018	Contract ended
					21 August 2017		
Infrastructure	Friemersheim	48 448	72	Provincial Department of Public Works (PDPW)	1 July 2017	30 June 2018	Contract ended
Infrastructure	Sanddrift	N/A	9	PDPW	25 January 2018	30 June 2018	Contract ended
Environmental	Film students	75 154	3	Own funding	7 February 2018	30 June 2018	Contract ended
Social	Learner fire fighter	74 682	10	Own funding	15 December 2017	31 March 2018	Contract ended
Environmental	Camp guards	68 257	4	Own funding	1 December 2017	7 January 2018	Contract ended
Infrastructure	Maintenance	57 315	2	Own funding	1 July 2017	30 June 2018	Contract ended
Resorts	Resort Assistant	74883	2	Own funding	16 December 2017	15 March 2018	Contract ended

**Table 33: EPWP projects**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
The underperformance towards the targets set in the protocol agreement	Capital Budget needs to be aligned to EPWP as this will adhere to creation of work opportunities
To comply with the Mandatory National Invasive Species Monitoring, Control and Eradication Plan for all land under the ownership of the Municipality and alignment with EPWP Policy or objectives	To compile the plan for the Municipality before the end of October 2018 and align the plan with the EPWP projects

**Table 34: EPWP challenges**

**d) Job Creation through the National EPWP**

GRDM has created 499 work opportunities in the 2017/18 financial year via the National EPWP. The table below indicates the number of FTE's created for 2016/17 and 2017/18:

Financial year	Number of EPWP Projects	Number of work Opportunities	Number of training opportunities	Number of training person days	Number of FTE [Full Time Equivalent]
2016/17	10	171	21	N/A	112.22
2017/18	20	499	15	N/A	241.03

*Table 35: EPWP Job Creation*

**f) EPWP Performance against National EPWP Standards**

With regards to the national targets of vulnerable groups, the code of good practice articulates that the specific targets for the share of EPWP participants should be 55% for women, 55% for youth and 2% for people with disabilities. Targets are calculated within targets of work opportunities that were created. The Municipality's focus was on the lesser fortunate communities and areas where unemployment figures are high. These target groups were identified through a combination of geographical and community-based targeting, as well as self-targeting in the region.

The following tables explain the Municipality's projected EPWP performance for the financial year 2017/18

Description of sector programme	Number					% Achieved					
	Job opportunities	FTE's		Person days		Youth		Women		Disabled	
		Target #	Actual *	Target#	Actual *	Target#	Actual *	Target#	Actual *	Target#	Actual *
Environmental sector	499	96	113	367	499	55%	350	55%	243	2%	12
Social sector											
Infrastructure sector											
# National EPWP standard											
* GRDM's actual achievement: The percentage calculated for youth includes males and females aged 16 to 35. Percentage women includes youth and adults aged 36 and above											

Table 36: 2017/18 EPWP Performance against National EPWP Standards

### 3.8.5 MUNICIPAL RESORTS

#### a) Introduction to Municipal Resorts

The District ran four resorts during the financial year:

- **Calitzdorp Spa**
- **De Hoek Mountain Resort**
- **Swartvlei Caravan Park**
- **Victoria Bay Caravan Park**

Kleinkrantz, the fifth resort was not operational during the 2017/18 financial year.

#### b) Description of Resorts

##### i) Calitzdorp Spa

This resort, situated 45 km from Oudtshoorn and 22 km from Calitzdorp on the old cement road linking the two towns is slightly off the beaten track, comprises of 42 self-catering chalets, 30 caravan sites as well as a day visitor area. The resort has cold and natural warm water pools, hiking trails, tennis courts and mountain bikes trails. There are 13 staff members at Calitzdorp Spa.

##### ii) De Hoek Mountain Resort

Situated 33 km north of Oudtshoorn en route to Prince Albert via the historic Swartberg pass, this resort offers visitors 27 self-catering chalets, numerous camping sites and two dormitories which can accommodate 144 persons. There is 12 staff members employed at De Hoek.

##### iii) Swartvlei Caravan Park

Swartvlei is situated just off the N2 and borders on the Swartvlei Lake approximately 25 km from George. The caravan park consists of 156 grassed sites of which 49 are electrified with 4 ablution blocks. Four staff members are employed at Swartvlei.

##### iv) Victoria Bay Caravan Park

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Victoria Bay Caravan Park has 38 caravan sites and is approximately 10 km from George. Four staff members are employed at Victoria Bay.

### v) Kleinkrantz Holiday Resort

Kleinkrantz Holiday Resorts is situated between Wilderness and Sedgefield on the southern side of the N2. The resort has not been in use for many years and has been vandalised substantially. The infrastructure is also vandalized substantially.

A Process to develop and or lease out Kleinkrantz Holiday Resort was started.

### c) Highlights: Municipal Resorts

Highlights	Description
Effective management	The general management of the four resorts were taken to the next level
Semper hospitality system	The Semper hospitality system was used for all bookings during the financial year

*Table 37: Highlights: Municipal Resorts*

### d) Challenges: Municipal Resorts

Challenges	Actions to address
Turnaround Calitzdorp Spa De Hoek Mountain Resort	Continued maintenance upgrading and increased marketing efforts
Kleinkrantz Holiday Resort	Process to call for development proposals
Security at resorts	Installation of security cameras. Security gates and fencing at the resorts included in 2018/19 budget.
Integration between the Semper hospitality system with the financial System	mSCOA and the upgrading of the financial system
Addressing maintenance backlogs at resorts	Project manage maintenance at the resorts

*Table 38: Challenges: Municipal Resorts*

### e) Resorts Income for 2017/18 (Draft Information)

The table below gives a layout of this years' income generated at the resorts:

Month	Calitzdorp Spa	De Hoek	Swartvlei	Victoria Bay
(R)				
July 2017	335 853	39 958	138 230	57 491
August 2017	234 074	70 270	153 610	109 545
September 2017	185 710	77 984	65 404	79 430
October 2017	233 020	140 890	63 735	91 792
November 2017	138 010	148 555	86 536	119 884
December 2017	256 067	301 439	81 446	66 261
January 2018	205 446	160 682	121 005	218 718
February 2018	128 282	85 979	45 207	146 412
March 2018	162 246	276 225	113 798	207 571
April 2018	184 105	61 898	376 059	247 896
May 2018	158 685	54 105	211 330	147 067
June 2018	240 126	34 157	133 212	52 395
<b>Total</b>	<b>2 461 623</b>	<b>1 452 141</b>	<b>1 589 570</b>	<b>1 544 461</b>

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*Table 39: Resorts Income for 2017/18*

**f) Employees: Municipal Resorts**

The table below indicates the number of staff employed by the Unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	1	1	1	0	0
4 - 6	31	35	32	3	8.57
7 - 9	2	4	3	1	25
10 - 12	2	2	2	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>36</b>	<b>42</b>	<b>38</b>	<b>4</b>	<b>9.52</b>

*Table 40: Employees: Municipal Resorts*

**g) Capital Expenditure: Municipal Resorts (Draft Information)**

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Upgrading of Building / Resorts	850 000	119 809	28 543	(91 266)
Swartvlei Septic Tank Project	250 000	240 000	119 250	(120 750)
<b>Total</b>	<b>1 100 000</b>	<b>359 809</b>	<b>147 793</b>	<b>(212 016)</b>

*Table 41: Capital Expenditure: Municipal Resorts*

### 3.9 COMPONENT D: ENVIRONMENTAL PROTECTION

#### 3.9.1 AIR QUALITY CONTROL

##### a) Introduction to Air Quality Control

The natural beauty and unique diversity of Garden Route must be protected from abuse and exploitation if the region is to remain a tourist attraction and preferred residential region in years to come. A key step in this protection is management of the ambient air quality as it is a basic requirement for all living species.

Part B of Schedule 4 to the Constitution lists air quality services as a local government matter to the extent set out in Section 155(6)(a) and (7). Garden Route is the licensing authority for listed activities in the region in terms of the National Environmental Management Air Quality Act NO. 39 of 2004 (NEMAQA). Notwithstanding limitations, the District has succeeded in substantially meeting the diverse tasks and duties associated with air quality management as defined in the Air Quality Management Plan (AQMP), compiled during 2014.

##### b) Highlights: Air Quality Control

The following highlights were achieved during the financial year:

Highlights	Description
Appointment of new staff	Appointment of a District Air Quality Officer and an Administrative Assistant
100% completion of National Atmospheric Emissions Inventory System (NAEIS)	All 30 industries submitted their NAEIS reports within the required time-frames due to municipal assistance
Garden Route Clean Fires campaign	Expansion of the awareness raising campaign to primary schools
Mobile ambient monitoring station	The procurement of a mobile air quality monitoring station and the addition of a methane cell to monitor landfill sites
Working group meetings and capacity building	Held 4 industrial forums/working group meetings and thereby capacitated the industry
Air quality improvements at listed activities	Implementation of various licence conditions to improve ambient air quality in the Garden Route District region
South African Atmospheric Emission Licensing and Inventory Portal (SAAELIP)	All new and renewed atmospheric emission licensing applications are handled via SAAELIP

Table 42: Air Quality Control Highlights

##### c) Challenges: Air Quality Control

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Lack of capital budget funding	Prioritizing air quality function and IDP alignment
Negative amendments of air quality legislation	Improved communication between the Department of Environmental Affairs and licencing authorities

Table 43: Air Quality Control Challenges

##### d) Employees – Air Quality Control

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime)	Vacancies (as a % of

(T-grade)	2016/17	2017/18			
				equivalents)	total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	2	2	0	0
7 - 9	0	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	1	2	2	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0</b>

Table 44: Employees: Air quality Control

### 3.10 COMPONENT E: MUNICIPAL HEALTH

#### 3.10.1 INTRODUCTION TO MUNICIPAL HEALTH

According to the constitution of the Republic of South Africa 1996, the Local Government: Municipal Structures Act (No.117 of 1998) and the National Health Act (No. 61 of 2003) it is the statutory responsibility of the District Municipality to render municipal health services.

Section 24 of the Constitution of the Republic of South Africa entrenches the right of all citizens to live in an environment that is not harmful to their health or well-being. Section 1 of the National Health Act (Act 61 of 2003) defines municipal health services and clearly stipulates the responsibilities of municipalities in the performance of such services.

**Environmental Health** comprises those aspects of human health, including quality of life, that are determined by physical, chemical, biological, social and psycho-social factors in the environment. It refers to the theory and practice of assessing, correcting, controlling and preventing factors in the environment that can adversely affect the health of present and future generations.

**Environmental Health Services** are services that implement environmental health policies through monitoring and controlling, which improves environmental parameters and encourage the use of environmentally friendly and healthy technologies and behaviours. Controlling and monitoring plays a leading role in suggesting and developing new policy areas. (These definitions are in line with the definitions of the World Health Organization).

### 3.10.2 SERVICES RENDERED

Residential, business and public premises are regularly monitored to ensure that there are no health nuisances. This is done to ensure compliance with the applicable legislation, the principles of Agenda 21 and the "Healthy Cities" approach, and the minimisation of any detrimental environmental health risk.

#### Key Performance Areas:

- *Chemical safety*
- *Disposal of the dead*
- *Environmental pollution control*
- *Food control*
- *Health surveillance of premises*
- *Surveillance and prevention of communicable diseases*
- *Vector control/monitoring*
- *Waste management*
- *Water quality monitoring*
- *Administration – general*

### 3.10.3 HEALTH INSPECTION, FOOD AND ABATTOIR LICENSING AND INSPECTION

To fulfil its constitutional and legal obligations, the Municipal Health Services Unit fulfils its mandate through knowledge and expertise of our highly qualified and skilled environmental health practitioners (EHPs). They provide and facilitate comprehensive, pro-active and needs-related services to ensure a safe, healthy and clean environment by preventing and eliminating sources of diseases.

There are functional municipal health offices located in all the local municipalities in the district. The municipal health inspectorate is divided into 4 regions, namely:

- *Klein-Karoo Region (Oudtshoorn and Kannaland)*
- *George*
- *Lakes Region (Bitou and Knysna)*
- *Langeberg (Mossel Bay and Hessequa)*

Municipal health Services is personnel driven function because monitoring, according to the scope of practice of environmental health, forms the basis of performing this function. Performing these functions will add value to "healthier people in healthier places."

#### Main functions:

- *Monitoring of water reticulation*
- *Protection of water sources by enforcement of laws and regulations*
- *Implementation of health and hygiene awareness*
- *Control of food premises by issuing compliance certificates to food premises*
- *Ensure that food is safe and healthy for human consumption by the enforcement of laws and regulations*

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- *The monitoring of the storage, treatment, collection, handling and disposal of the various categories of waste*
- *The identification, monitoring and evaluation of health risks, nuisances and hazards*
- *The promotion of health and hygiene aimed at preventing the incidence of environmental conditions that will result in contagious diseases*
- *Monitoring, identification, evaluation to ensure the prevention of vectors*
- *The identification, evaluation, monitoring and prevention of the pollution of soil, water and air*
- *Monitoring of cemeteries, crematoriums and other facilities for the disposal of corpses*
- *The monitoring, identification, evaluation and prevention of risks relating to chemicals hazardous to humans*

### a) Highlights: Health Inspection, Food and Abattoir Licensing and Inspections

The following highlights were achieved during the financial year:

Highlights	Description
National Department of Health (DOH) listeria investigation: meat processing plants - 20 June 2018	The National DOH introduced stringent control measures for the food industry and embarked on an education campaign to acclimatise EHP's. Focus was directed towards meat processing plants in the district. Thorough inspection and sampling of such premises were conducted
<b>Garden Route</b>	
Informal food trader's project	<p>The Municipality provided education and awareness sessions to informal food traders within the district, with the focus on key elements of food safety:</p> <ul style="list-style-type: none"> <li>• <i>Keep clean</i></li> <li>• <i>Separate raw and cook foods</i></li> <li>• <i>Cook food thoroughly</i></li> <li>• <i>Keep food at safe temperatures</i></li> <li>• <i>Use safe water and raw materials</i></li> <li>• <i>Hand wash demonstration</i></li> </ul>
Pneumonic plague exercise	All EHP's participated in a fictitious pneumonic plague outbreak exercise
<b>Riversdale</b>	
Hepatitis A simulation - 23 March 2018	In light of the increased number of Hepatitis A cases reported in the Hessequa region, a simulation exercise was conducted to prepare and to acclimatise colleagues
Hepatitis A Education Campaign: Heidelberg - 26 February 2018 to 7 March 2018	Schools and crèches in the district were visited to educate scholars on the Hepatitis A virus. During the campaign, proper hand washing techniques was introduced to the scholars
<b>Mossel Bay</b>	
Health education conducted in conjunction with Waste Management department at 120 crèches in Langeberg Region	All educators received health training and practical sessions
Formal health and hygiene training at De Heus feeds	51 participants received certificates of attendance
Formal Hepatitis A training at Protea crèche.	6 educators were trained regarding communicable diseases
Health and hygiene training at Admirals Casino	12 food handlers received training, on health-related matters
Event planning meetings	Meetings were held with Mossel Bay Municipality and all role players before any event, to pro-actively prevent health hazards during events

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Highlights	Description
Daily holiday season monitoring meetings	Meetings held during January/December with Mossel Bay Municipality, S.A.Police, stall holders representatives etc. to coordinate activities, report problems, and find solutions and give feedback the next day on any matter that may cause a health hazard
<b>George</b>	
Health and hygiene awareness and education – Rooibootjie Crèche	Presentation and demonstrations on health and hygiene practices
Basic subsistence and evaluation survey - Syferfontein	Door to door sessions to complete the questionnaires on basic health and hygiene facilities i.e. water provision, toilet facilities, waste management, etc
World Food Day celebrations – Rosemoor Service Centre	Presentation on healthy food practices, hand wash demonstration and education
Listeriosis awareness and recall	Awareness and education on listeriosis and monitoring food premises on the recall of food products as per the directive from National DOH
Health standards and requirements inspections and training – The Cancer Association of South Africa (CANSA) relay	Health surveillance of premises and food monitoring at CANSA relay event
Geelhoutboom Primary School health and hygiene education project	Presentations and demonstrations in collaboration with other stakeholders ie. business sector, George Municipality, Breede Gouritz Catchment Area and the Municipality's Waste Management and Air Quality Units
<b>Klein Karoo</b>	
Klein Karoo National Arts Festival (KKNK)	The Klein Karoo Municipal Health Office received a certificate for the rendering of outstanding environmental health services during the 2018 KKNK. No cases of food poisoning or other food related illnesses were reported
Health and hygiene awareness programme at clinic	EHP's of the Oudtshoorn office coordinated an environmental health awareness session that was held at Toekomsrus Clinic to empower community members to gain proper knowledge and better understanding to look better after their own health
Water, Sanitation and Hygiene (WASH) in Dysselsdorp	The School Manager, educators of PJ Badenhurst Primary School in Dysselsdorp and the Municipal Health Section of the Municipality based in Oudtshoorn, collaborated to establish a WASH Committee to promote hygiene practices at the school
Food safety training in Oudtshoorn	EHP's provided food safety training to food handlers of Oudtshoorn Correctional Services (Women Section) and informal food traders in Oudtshoorn
Global handwashing day celebrations in Oudtshoorn	EHP's held an awareness session on the importance of handwashing to school children of Buffelsdrift Primary School near Oudtshoorn. They informed the learners about the importance of handwashing and critical times for washing hands with soap
World Environmental Health Day: indoor and outdoor air quality awareness at rural school	EHP's held awareness sessions on the importance of good indoor and outdoor air quality to teachers and 60 learners of Roodewal UCC Primary School to increase knowledge of exposure to poor air as risk of childhood pneumonia and lifelong respiratory diseases
Health education to crèche principals and caregivers in Dysselsdorp	Principals and caregivers of nine (9) crèches in Dysselsdorp attended a health education session regarding diarrhoea and listeriosis prevention presented by the Municipal Health Unit
Smoking in public places: Bea Eli Restaurant, Bay View Hotel, LM Restaurant	The owners of restaurants were educated to locate designated areas for the public to smoke, in terms of the Tobacco Products Control Act (Act 83 of 1993) Amended by Act 63 of 2008
<b>Knysna</b>	
Health and hygiene sessions	One education session given to dairy farms at Leewenbosch cheese factory in January 2018. 15 Workers were reached in Rheenendal. One session was held at Dorothy Broster on 24 April 2018 where 14

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Highlights	Description
	workers were reached
Brucellosis intervention and prevention	One education session given to farm workers in Lancewood farm on 28 February 2018 where 40 farm workers were reached
Informal food traders	One informal food trader's education session given to street vendors and caterers in Karatara community on 27 June 2018 where 10 people were reached
Formal food traders	One education session was given to formal food trade e.g. restaurants, take aways, fisheries etc. in the Sedgfield area on 24 October 2017. 35 Chef/cookers and waitresses/ waiters were reached. One session was held at Tapas restaurant on 10 May 2018 where 14 workers were reached
Oyster Festival	One big health and hygiene session was held on Knysna High sport field on 28 June 2018 where ±35 temporal workers were reached. Regular visits were done to the 12 oyster hotspots during the festival
Removal of asbestos material	An approved service provider was sourced to render the service of asbestos removal from various areas in the Knysna and Plettenberg Bay area. Approximately 50-60 tons of asbestos material were removed.

**Table 45: Health Inspection,; Food and Abattoir Licensing and Inspections**

### b) Challenges: Health Inspection, Food and Abattoir Licensing and Inspections

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Insufficient funds for project implementation	More funds to be allocated for projects
Communicable diseases outbreak	Coordinate activities with provincial-, private hospitals and provincial DOH
Budget constrains for sampling	Funds will be made available on the 2018/19 budget
Asbestos management during and after the Knysna fire disaster	The roles and responsibilities regarding the management of asbestos during and after a disaster is not clear and needs to be clarified
Management of listeriosis outbreak	Emergency communication lines must be put in place for future outbreak between the Municipality and the National DOH
Human Resources: Shortage of EHP's	The WHO and National Norms and Standards stipulates 1 EHP per 10 000 population. Garden Route District needs a further 22 EHP's.
Execution of municipal health services	Strengthen partnerships with sector departments and B-municipalities

**Table 46: Health Inspection, Food and Abattoir Licensing and Inspections**

### c) Service Statistics – Health Inspection, Food and Abattoir Licensing and Inspections

The following table indicates the services rendered by the Municipality:

Type of service	2016/17	2017/18
Inspections at food production and/or handling sites formal and informal	7 223	8 030
Inspections at dairies to ensure legislative compliance	225	231
Inspection to informal settlements	361	427
Inspection of sewerage treatment /waste water sites	516	554

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Type of service	2016/17	2017/18
Inspection of farms	383	368
Inspection of non-food premises e.g. garages, crèches, caravan parks	20 591	22 769
Inspection environmental Pollution	3 323	7 552
Inspection conditions promoting breeding and habits of vectors	7 309	7 693
Samples	N/A	3106

*Table 47: Service statistics – Health Inspection, Food and Abattoir Licensing and Inspections*

**d) Employees – Health inspection, food and abattoir licensing and inspections**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	10	8	8	0	0
7 - 9	0	0	0	0	0
10 - 12	27	32	30	2	6.25
13 - 15	8	8	8	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>46</b>	<b>49</b>	<b>47</b>	<b>2</b>	<b>4.08</b>

*Table 48: Employees - Health inspection, food and abattoir licensing and inspections*

**e) Capital Expenditure – Health Inspection, Food and Abattoir Licensing and Inspections (Draft Information)**

The table below indicates the capital m expenditure incurred by the section:

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Laboratory Instruments – Mossel Bay	58 500	58 500	35 652	(22 848)
Laptop 15" - Man. Community	0	15 500	10 670	(4 830)
<b>Total</b>	<b>58 500</b>	<b>74 000</b>	<b>46 322</b>	<b>(27 678)</b>

*Table 49: Capital Expenditure - Health Inspection, Food and Abattoir Licensing and Inspections*

### **3.11 COMPONENT F: FIRE SERVICES AND DISASTER MANAGEMENT**

#### **3.11.1 FIRE**

**a) Introduction to Fire Services**

The Fire and Rescue Service is provided by the Municipality as a requirement of Section 84 (j) of the Local Government: Municipal Structures Act 117 of 1998 which confers the following powers and functions:

Fire fighting services serving the area of the district municipality as a whole, which includes-

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- (i) planning, co-ordination and regulation of fire services;
- (ii) specialised fire fighting services such as mountain, veld and chemical fire services;
- (iii) co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
- (iv) training of fire officers.

The Municipality has established and is maintaining the Fire and Rescue Services as required in terms of the Fire Brigade Services Act 99 of 1987. The area covered in providing the service includes the following local municipalities:

- **George Local Municipality**
- **Mossel bay Local Municipality**
- **Hessequa Local Municipality**
- **Kannaland Local Municipality**
- **Knysna Local Municipality**
- **Bitou Local Municipality**
- **Oudtshoorn Local Municipality**

The Municipality has 3 stations, with the headquarters based in George and 2 satellite stations based in Riversdale and Ladismith. The organogram of the service includes a Chief Fire Officer, a Deputy Chief Fire Officer, 2 Station commanders, 4 Platoon Commanders at George, 1 Platoon Commander per station at Riversdale and Ladismith, 24 Firefighters at George and 6 Firefighters at Riversdale and Ladismith respectively.

The 3 stations are manned as listed below:

Fire Stations			
Name	George Fire Station	Ladismith Fire Station:	Riversdale Fire Station
Members	<p>1 Platoon Officer</p> <p>5 members comprising either of Junior Firefighters, Firefighters or Senior Firefighters per shift.</p> <p>Total operational shift personnel is 24.</p>	<p>1 Platoon Officer working office hours serving the station of Ladismith and Riversdale.</p> <p>3 members, either Junior Firefighters, Firefighters or Senior Firefighters</p>	<p>3 members either Junior Firefighters, Firefighters or Senior Firefighters</p>
Station hours	<p>The shifts are arranged from 06:00 to 18:00 with 4 rest days after 2 consecutive days and nights</p>	<p>Normal working hours apply to the Ladismith Fire Station and provision is made for stand-by duties (4 days on, 4 days off)</p>	<p>Normal working hours apply to the Riversdale Fire Station and provision is made for stand-by duties (4 days on, 4 days off)</p>

**Table 50: Fire Stations in the Region**

The Municipality has a memorandum of agreement in place with 3 of the local municipalities whereby assistance to occurring emergencies are rendered without any cost implications to the municipalities. Services are rendered to other municipalities outside the district for an agreed upon fee.

In terms of the establishment notice of Kannaland, a full function service is provided to the Kannaland Municipality and in addition to the legal mandate of the Garden Route District Municipality, also provides a service for strengthening infrastructure, firefighting, rescues and performing the fire safety function.

The Provincial Disaster Management Centre (PDMC), via the Fire Services Unit, makes aerial firefighting resources available during the fire season which runs from December to March and extends that support into April for the

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District Municipality. This is due to the extended fire season within this area. The support provided by the PDMC allows the District Municipality, and subsequently the local municipalities, to have the aerial support sponsored for the first hour. The support comprises of a chopper (helicopter), a bomber (airplane) and a spotter plane (airplane).

### b) Highlights: Fire Services

The following table provides the highlights achieved during the financial year:

Highlights	Description
Appointments	An Administrative Assistant, Station Officer Fire Prevention and Training and 5 Platoon Commanders: Operations were appointed
Fire Station and Training Academy	Budget approved for the building of a new fire station and training academy
Firefighting vehicles and equipment	Budget approved for the purchase of fire-fighting vehicles and equipment
Training and education	Five members completed the Diploma in Occupationally Directed Education Training and Development Practices (ODETDP)
	Four members completed the Certificate in Disaster Management
	Two members completed the Higher Certificate in Fire Technology and are attempting the Graduate Diploma
Mayors pledge	Equipment and furniture pledged by the Mayor was purchased
Capital equipment	Funds remaining in the capital budget were used to procure additional Incident Command equipment
Aerial firefighting	Entered into a memorandum of agreement (MOA) with Savannah Helicopters for the provision of aerial firefighting
Aerial firefighting and uniforms	Tenders were advertised for the provision of aerial firefighting and uniforms
Skid Unit	Skid Unit was purchased using the provincial grant

**Table 51: Fire Services highlights**

### c) Fires and Incidents

The table below gives an indication of the fire and incidents that occurred during the financial year:

Area	Type of Fire
Knysna Fires	Veld fire
Buffels Bay and Elandskaal	Veld fire
Suiferfontein - George	Grass fire
Stil Bay Fire	Veld fire
Braklaagte in Zoar	Veld fire
Droevlei in Zoar	Veld fire
Nissenville in Ladismith	Public open fire
Malan Street in Calitzdorp	Structural fire
Dr. Garish Street in Ladismith	Structural fire
Elandsvlei in Ladismith	Veld fire
Koenze Street in Ladismith	Veld fire
Gouritzmond	Veld fire
Kraansfontein in Stil Bay	Veld fire

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Area	Type of Fire
Freibersheim/Grootbrak	Grass and Bush
Freibersheim/Grootbrak	Grass and Bush
Riversdale	Fire declared dead on arrival.
Blanco	Structure
Renostervlei in Zoar	Veld fire
Besekop in Calitzdorp	Veld fire
Langverwagt in Calitzdorp	Veld fire
Mossie street in Ladismith	Structural fire
Main Sreet in Zoar	Veld fire
Vermaaklikheid	Veld fire
Riversdale	Structural fire
Riversdale	Structural fire
Dekriet	Veld fire
Riversdale	Structure
Stil Bay	Veld fire
Geelhotboom/Tromonto	Grass and Bush
Witfontein Plantation	Gum Forest on fire
Heidelberg - MW. Boerdery	Grass and bush
Albertinia PA Kamp	Grass and bush
Gouritsmond	Bush fire
Hansmoeskraal	Structural
De Vlught	Bush fire
6 <sup>th</sup> Avenue – Bergsig, Calitzdorp	Structural fire
Bergplaas/Zoar	Veld fire
False call/Zoar	Veld fire
Renostervlei/Zoar	Veld fire
Wesoewer in Calitzdorp	Veld fire
Heidelberg MW Boerdery	Veld fire
Farm Gouritzmond	Veld fire
Plettenberg Bay	Veld Fire
Plettenberg Bay	Grass and bush
Karatara	Veld fire
Next to Ladismith fire station	Veld fire
Renostervlei/Zoar	Veld fire
Frans Visagie Cresent	Ground box fire
Ladismith	Structural fire
Ladismith	Structural fire
Mossie Street Ladismith	Veld fire
Opsoek/Zoar	Structural fire
Mollenrivier	Bush fire

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Area	Type of Fire
Mollenrivier	Bush fire
Jonkersrus/ De Vlught	Grass and bush
De Vlught	Bush fire
De Vlught	Bush/Mountain fire
Avontuur	Bush/Mountain fire
De Vlught	Bush/Mountain fire
Mollenrivier	Grass and bush fire
Borchards/George	Structural fire/assist George fire
Redlands(Tim Newton) Ladysmith	Veld fire
Kerk Street- Ladysmith	Structural fire
Zoar	Structural fire
R62/Barrydale Direction	Truck fire
Garcia Pass	Veld fire
N2- direction Mosselbay	Veld fire
Gouritsmond Crossing	Truck fire
Heidelberg Fire	Veld fire
George	Structural fire
Ladismith	Bush fire
De Dunes	Bush fire
Langvlei Dunes	Bush fire
Langvlei Dunes	Veld and forest
Rosedale	Shack fire
Outeniqua Pass	Mountain fire
Elandsberg Mountain	Veld fire
36 Jonathan Street Ladismith	Furniture burn
Ladismith Country House	Veld fire
Berg Street / Zoar	Veld fire
Gouritz / Gouriwa Reserve	Refuge dump fire
N2 – Heidelberg	Refuge dump fire
Gouritz / Gouriwa Reserve	Veld fire
N2 – Heidelberg	Veld fire
Ruitersbos	Veld and forest
Albertinia / Langkloof	Veld and forest
Avontuur	Veld and forest
De Hoek	Veld and forest
Bergfontein	Veld and forest
Langkloof/Zandkraal	Veld and forest
Kraaibosch	Veld and forest
Avontuur (Prins Alfred Pass)	Veld and forest
Albertina	Veld and forest

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Area	Type of Fire
Ruitersbos	Veld and forest
Kamanasie at Eaglefalls	Veld and forest
Hoeko – Ladismith	Veld fire
Alan Blyth Hospital Ladismith	Vehicle on fire
Hoeku Valley	Veld and forest
The farm Welgevonde/Herbertsdale gravel road	Veld and forest
Gamka West in Calitzdorp	Veld and forest
St. Helena in Calitzdorp	Electrical fire
Bergfontein/Albertinia	Veld and forest
Vlakteplaas	Veld and forest
Kamannasie	Veld and forest
Ruitersbos	Veld and forest
Plettenberg Bay, Uplands	Veld and forest
Muiskraal, Herbertsdale Road	Veld and forest
Vlakteplaas	Veld and forest
Kamannasie	Veld and forest
Ruitersbos	Veld and forest
Plettenberg Bay, Uplands	Veld and forest
Muiskraal, Herbertsdale Road	Veld and forest
Vlakteplaas	Veld and forest
Kamannasie	Veld and forest
Ruitersbos	Veld and forest
Plettenberg Bay, Uplands	Veld and forest
Muiskraal, Herbertsdale Road	Veld and forest
Vlakteplaas	Veld and forest
Kamannasie	Veld and forest
Ruitersbos	Veld and forest
Plettenberg Bay, Uplands	Veld and forest
Muiskraal, Herbertsdale Road	Veld and forest
Vlakteplaas	Veld and forest
Kamannasie	Veld and forest
Ruitersbos	Veld and forest
Plettenberg Bay, Uplands	Veld and forest
Klipfontein Stil Bay	Mountain fire
Goudveld	Mountain fire
Goudveld Knysna	Mountain fire
Pacalsdorp Groeneweide	Grass fire
Sinksabrug R102	Truck fire
Pacalsdorp	Grass fire
Riversdale Kleinkruisrivier	Mountain fire
Pacalsdorp Mission Street	Bush and grass
Booyesen Street in Ladismith	Structural fire
Klipfontein/Still Bay	Veld fire
Garcia Plantation/Kruisrivier	Veld fire
Pacaltsdorp (Assisting George)	House fire

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Area	Type of Fire
Pachaltsdorp/Delville Park	Grass and bush
Plettenberg Bay	Riots
Sedgefield	Riots
Crac's (Riots)	Bush and grass
Jonckersberge Uitkyk	Veld fire
Ou Rademarge	Bush and grass
Knyswagensdrift	Veld fire
Voorbaat	Gas bottle fire
Varkies Kloof	Veld fire

**Table 52: Fires and Incidents**

**d) Challenges: Fire Services**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Absence of a Fleet Manager	Position has been transferred to the Corporate Services Department and has been advertised
Lack of clarity on the mandate between district and local fire services	To be discussed at the Municipal Managers Forum (MMF) and District Coordinators Forum (DCF)

**Table 53: Fire Services Challenges**

**e) Service Statistics for Fire Services**

The following table gives information on the statistical information for services delivered during the financial year:

Service	Description
Average turnout time - urban areas	4 minutes
Average turnout time - rural areas	4 minutes
Fire fighters in post at financial year-end	41 in total (1 Chief Fire Officer; 1 Deputy Chief Fire Officer; 2 Station Officers; 28 Senior Fire Fighters; 2 Fire Fighters and 8 Junior Fire Fighters)
Total fire appliances	15
Reservists and volunteers trained	8
Assistance rendered at special events	2
Assistance rendered at hazmat incidents	6
Assistance rendered at motor vehicle accidents	40
Controlled burns	4
Assistance rendered at other fires	8
Assistance rendered at structural fires	20
Assistance rendered at bush and veld fires	200
Fire hydrant inspections	0
Water deliveries	5
Fire inspections	37
Fire permits issued	10 – Kannaland
Other services rendered	16 (snake removals)
Awareness campaigns	10

Table 54: Service Statistics for Fire Services

d) Employees: Fire Services

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	7	0	7	0	0
7 - 9	3	4	4	0	0
10 - 12	29	35	28	7	20
13 - 15	1	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>7</b>	<b>17.07</b>

Table 55: Employees: Fire Services

e) Capital Expenditure: Fire Services (Draft Information)

The table below indicates the capital expenditure incurred by the unit:

Capital projects	2016/17			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Fire Fighting- Various Equipment Items	150 000	150 000	72 629	(77 371)
Laptop 15" - Fire Services: George	0	15 500	10 670	(4 830)
Emergency Lights / Siren Unit	0	50 000	12 630	(37 370)
Fire Vehicle	0	78 546	13 889	(64 657)
Fire Vehicle	0	571 454	571 454	0
<b>Total</b>	<b>150 000</b>	<b>865 500</b>	<b>681 272</b>	<b>(184 228)</b>

Table 56: Capital Expenditure: Fire Services

### 3.11.2 DISASTER MANAGEMENT SERVICES

a) Introduction to Disaster Management Services




The Municipality has a fully functional Disaster Management Centre (DMC). The centre is equipped with a joint operational command and tactical decision area. To stay abreast with regional emergency related activities, a 24/7 call centre has been established adjacent to the DMC. The 24/7 call centre is operated in conjunction with the Provincial Emergency and Medical Services (EMS) and renders an emergency call taking and dispatch platform servicing the district.

During the year, the Garden Route Call Centre updated the old analog based two-way radio communications platform to a digital system complete with GPS tracking capability. This system is similar to what Provincial EMS,

provincial traffic and the South African Police Services (SAPS) uses. Sharing a common two-way radio platform enables the District's DMS to develop an emergency communications platform over the next couple of years.

The Knysna wildfire disaster, which occurred from the 6th to 11th June 2017 destroyed large tracts of veld and forest, resulting in loss of human lives, the destruction of property and the loss of income. The South African Insurance Association estimates the Knysna wildfire to be the costliest insured natural disaster in South African history. The scale and destructive nature of these wildfires is almost inconceivable and will be recorded as one of the most destructive wildfires in South African history. This year the Garden Route DMC focused its activities around the rebuilding of the affected areas to ensure that we build back better with a focus on creating a more resilient community.

The inability of local government to effectively deal with this type of incidents were a major area of concern highlighting the importance for the building of structures and capacity at local municipal level seen as the governance structure closest to the affected communities. Although district coordination and lines of communication to provincial as well as national spheres of government exist, there is still a substantial amount of work that needs to be done in terms of the current capacity constraints at local municipal level. In this regard the Garden Route DMC developed the following guiding documentation nl:

-  A Local Disaster Manager Handbook, to be used by local municipal officials responsible for acting as first responders in the disaster management capacity;
-  A Disaster Relief Protocol for the District Municipality - This plan sets out the protocol for short-term relief assistance aimed at guiding the activities of both the Local Municipalities as well as the District Municipality and the Department of Social Development;
-  The Garden Route Corporate Disaster Management Plan was updated with emphasis on the inclusion of disaster risk reduction by all Departments of the District Municipality.

The Garden Route DMC strives to deliver cost effective and efficient services to ensure that the District remains a safe and secure destination, not only to its inhabitants, but all those visiting the area. Due to financial constraints, the DMC's management has been forced to "plan out of the box", partnering with existing programs and organisations to achieve economies of scale. The Western Cape Provincial Disaster Management Centre (PDMC) contributed in terms of assistance to update existing local disaster risk assessments and the roll-out of disaster awareness campaigns, focusing on fire and flood awareness. The PDMC funded the appointment of external service providers to assist both the George and Knysna Municipalities with the completion of their community based local disaster risk assessments.

**b) Organisational Structure**

The table below gives the departments structure in terms of the service rendered:

<b>Department:</b>	Community Services
<b>Division:</b>	Disaster Management
<b>Municipal official</b>	<b>Designation</b>
Monde Stratu	Municipal Manager
Clive Africa	Executive Manager: Community Services
Gerhard Otto	Manager Disaster Management
Nina Viljoen	Disaster Risk Reduction and Climate Change Adaptation Practitioner
Wouter Jacobs	Disaster Management Coordinator
Stella Bouwer	Call Centre Supervisor
Call Centre Operators	4 Permanent and 2 ad-hoc
Gail Bekeer	Administrative Assistant
Stenden University final year students	Disaster Management interns focusing on disaster related research
<b>The following people will be activated to render assistance to the DMC when the Garden Route Joint Operational Centre is activated in terms of the District Disaster Response Plan</b>	
<b>Systems support</b>	
IT Section	Koos Nieuwoudt
<b>Spatial information</b>	
GIS Section	Salman Damons
<b>Finance</b>	
CFO	Louise Hoek
<b>Corporate Services</b>	
Executive Manager Corporate Services	Trix Holtzhausen
<b>Roads</b>	
Executive Manager Roads	Hans Ottervanger
<b>Risk and logistics</b>	
DMC Building	Mario Appels
Call Centre	Tippie Bouwer
JOC	Wouter Jacobs

**Table 57: Disaster Management Structure**

**c) DMC's Annual Performance Plan (APP) and Operational Strategies**

The table below reflects the Municipalities annual plan and operational strategies:

<b>Garden Route vision</b>	Garden Route" the leading, enabling and inclusive district, characterised by equitable and sustainable development, high quality of life and equal opportunities for all
<b>DMC departmental vision</b>	Building towards a district of resilient communities where vulnerable people are able to prepare for, mitigate against, recover from and adapt to hazards and a changing climate.
<b>Strategic objectives</b>	<p>The Garden Route DMC believes in the 'added value' and complementarity of working together to achieve shared objectives and goals by undertaking joint actions and mutual support.</p> <p>The interaction between district role-players is guided by shared values of trust, mutual accountability; gender equity; a respect for diverse identities, perspectives and beliefs; a</p>

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	commitment to inclusion and participation; and openness to sharing and learning to build consensus and mutual understanding.
<b>Inputs</b> (what we use to do the work)	Disaster risk assessments, research, GIS mapping, provincial decision support tool, weather data, RADAR data, AFIS data and early warnings.
<b>Activities/mission</b> (what we do)	Building resilience against disaster risk.
<b>Output</b> (what we produce or deliver)	Disaster risk assessments, disaster response and mitigation plans, disaster risk reduction plans. Rehabilitation and reconstruction after disasters to “build back better” as well as to develop a climate smart district
<b>Predetermined outcomes</b> (what we wish to achieve)	Developing a disaster resilient district.
<b>Impact</b> (what we aim to change)	To build the capacity at local authority level to pro-actively plan and implement mitigation as well as adaptation strategies and disaster risk reduction actions to limit the exposure to as well as the possible impact of future disastrous events.

**Table 58: APP and Operational Strategy**

The legislative mandate of the Municipality in terms of disaster management services are:

- ***The 1996 Constitution RSA***
- ***Disaster Management Amendment Act, 16 of 2015 as amended***
- ***Disaster Management Amendment Act, 57 of 2002***
- ***National Disaster Management Framework, GN 654 OF 2005***
- ***The Municipal Systems Act 32 of 2000***
- ***The Municipal Structures Act 117 of 1998***

### **d) Disasters and Major Incidents that Occurred During the Year**

#### **i) Establishment of a regional solid waste site in the District Area**

In terms of section 49 of the Disaster Management Act, Act 57 of 2002 , as amended, the PDMC was informed on the 22nd of March 2016 that a potential disastrous situation was developing in the Garden Route District. The waste site facility at PetroSA, currently used to dump Knysna-, Bitou-, George- and Mossel Bay’s waste, could only be used until the 1st of January 2017 with a possible extension to June 2017, if urgent solid waste reduction interventions could be implemented. Over the last couple of years this date has been extended 4 times and it was only with the assistance of Provincial Government Member of Executive Council (MEC) of Local Government, Environmental Affairs and Development Planning, Anton Bredell that PetroSA agreed to the second last extension. Further interventions between the aforementioned local municipalities as well as the Garden Route District Municipality and PetroSA are still ongoing, but the current usable landfill space at the PetroSA landfill site is extremely limited. Although the Municipality has been facilitating the endeavors to erect a regional waste site next to the current PetroSA site by means of a PPP process the District ran into various administrative challenges that lead into a delay in the erection of a new waste sit and a looming disaster.

Fortunately during this year the administrative challenges between the district and the B-authorities, to be serviced by the regional waste site, could be resolved. This lead to the down-scaling of this initial disaster threat.

The service provider will be appointed in July 2018 and by December 2018 we should be dumping refuse at the new site next to PetroSA.

**ii) Avian Influenza (AI)**

In August 2017 the State Veterinarian from the Department of Agriculture, confirmed that about 1000 birds (ostriches) were positively tested for the H5N8 virus at two farms in the Heidelberg area. Both these farms were placed under quarantine while further testing was done.

On the 5th of October the status quo in terms of the outbreak of AI in the Western Cape was as follow:

- *2 duck farms affected- culled 32 000*
- *10 commercial layer farms*
- *2,5 million birds involved (of 4 million)*
- *7 farms culled*
- *3 in process of culling (1 new one- Grabouw)*
- *1 new suspect*
- *2 commercial broiler breeder farms (85 000 birds culled, another 25000 at risk)*
- *15 ostrich farms: 7 in Heidelberg, 8 in Calitzdorp area (3 new)*
- *Approx. 75 farms under quarantine*
- *17 backyard/ hobby (plus 2 suspect)*
- *World of Birds (ducks, sacred ibis, swan, blue crane)*
- *11 sites with wild birds*
- *pigeon, Spur-wing goose, guinea fowl, dove, blue crane, house sparrow , owl, peregrine falcon, PIED CROW*

The AI outbreak was coordinated by the Garden Route DMC, the Department of Agriculture (DoA) and the PDMC. Currently DoA is conducting research in terms of the economic impact that this outbreak would have on the industry.

**iii) Emergency Breaching of Estuaries**

Following a couple of severe weather alerts during the month of August 2017, preparatory channels were excavated at the Great Brak, Touw as well as Swartvlei estuaries. Fortunately, these estuaries did not have to be breached as the water levels in all these estuaries did not reach the minimum level to allow effective breaching.

It must be noted that we still have a challenge in terms of the provision of a real-time data feed from the radar at Vleesbaai to the Garden Route DMC, who in turn would then disseminate the data to all local municipalities.

It must further be noted that the entire district is not covered by radar coverage leaving us exposed in terms of severe weather events approaching us from the North and North-West. This serious concern was also one of the findings following the radar debriefings done after the previous severe weather events.

#### iv) Disaster Declaration Requests

Some of the local municipalities requested drought disaster declarations due to the hydro-meteorological drought issues, but all the local municipalities declared due to the agricultural drought conditions.

Below a list to put this into context:

Local Municipality	Hydro-meteorological drought	Agricultural drought
Hessequa	X	X
Mossel Bay	No declaration requested	X
George	No declaration requested	X
Knysna	X	X
Bitou	X	X
Oudtshoorn	X (Only for Dysselsdorp and De Rust)	X
Kannaland	X	X

**Table 59: Disaster Declaration Requests**

### Fire Disaster Declarations

The Oudtshoorn, Hessequa as well as Knysna -and Bitou Local Municipalities requested disaster declarations following the fires from January to June 2017.

#### v) Diesel Spill- Meiringspoort

On the 15th of August the Municipality was called to assist at a major diesel spill in Meiringspoort where a diesel tanker on route from Voorbaai to Beaufort West left the road in the port close to Klaarstroom. Approximately 39 000 litres of diesel were spilled.

Cape Nature brought an aquatic specialist to help with the assessment of aquatic impacts. A geo-hydrologist also assisted during the clean-up operations. Fortunately, about 26 000 litres of diesel could successfully be contained and pumped into a secure vessel.

Various spill absorption booms were placed down-stream to mitigate further down-stream pollution. A bubble screen was also installed to aerate water to improve oxygen levels in the river.

This was the fifth major hazardous material incident in this port that occurred in the last year. This should be seen as an early warning and if possible, risk minimisation should be included into future planning.

#### e) Strategic Overview

##### i) Economic Perspective

Garden Route is an important economic growth area for the Western Cape. It has an expanding population because of immigration from other parts of the country, bringing a dynamic mix of skills and cultures to the district. The relatively high percentages of households with no income in areas with higher population density creates several social challenges.

**ii) Basic Services and Infrastructure**

Problems on basic services infrastructure are experienced in the municipalities that have seen rapid population growth. The natural environment and its resources of the Municipality are sensitive and susceptible to over-exploitation or inappropriate use.

**iii) Condition of Natural “Disaster Barriers”**

The Garden Route has largely intact wetlands which attenuate water; prevent erosion and flooding and which naturally purify the water. However, many wetlands are being slowly degraded through illegal channeling, the removal of reeds, peat and other water flora by transgressors who abstract water, mostly for agricultural purposes.

**iv) Seasonal Climate Outlook**

In its Seasonal Climate Watch Report the South African Weather Service (SAWS), along with other international forecasting systems, predicted “the strengthening of an El-Niño episode towards the summer season with the expectation to continue throughout the autumn season”. This indicated that South Africa and the Garden Route District could continue to experience extremely warm and dry conditions for the 2017/18 period. The SAWS also predicted high probabilities of below-normal rainfall from mid-summer, which was expected to continue into autumn with small chances of localized above-normal rainfall, they warned that “the condition could promote a regional or localized drought.”

**v) District Council Commitment**

Garden Route District Municipality Council recognises that if the objective of achieving sustainable development in Garden Route is to be realised, a concerted effort is required to reduce recurrent disaster risks in its area.

This can only be achieved by:

- *creating resilience amongst its people and its infrastructure;*
- *strengthening capacity to anticipate significant events and disasters; and*
- *improving the management of such events in order to limit the effects wherever possible.*

It also requires the development and implementation of appropriate disaster risk reduction (DRR) methodologies and the integration of such methodologies into development plans, programs and initiatives as well as the management of high risk developments. These DRR plans should be included into the IDP and SDF of each local authority with sustainable implementable projects and plans aligned to the budget.

**vi) Macro Disaster Risk Assessment**

During this year attempts to address identified risks mostly centered around the identification of the risk owner as well as to sensitise the risk owners to ensure that DRR planning and DRR actions should be aligned to address the identified risks, in line with the following guidelines:

**Extremely High Risks:**

Should the relative risk priority of a particular hazard event impacting on a community be rated as extremely high, that community faces a potentially destructive risk with a high probability of occurrence, for which they are

unprepared. This combination equates to an extremely high risk and is a disaster in the making. For these extremely high risks you must prepare urgent risk reduction interventions.

**High Risks:**

If the relative risk priority of a particular hazard event impacting on a community is rated as high, the risks to which these communities are exposed are potentially destructive, but the community is modestly prepared for the hazard event occurrence. This combination equates to a high risk and you must prepare a combination of risk reduction interventions and preparedness plans for these risks.

**Tolerable Risks:**

If the relative risk priorities of a particular hazard event impacting on a community is rated as tolerable, it translates into an acceptable risk for a largely prepared community. This combination equates to a tolerable risk and you must prepare preparedness plans for these risks.

**Low Risks:**

Relative risk priorities of a particular hazard event impacting on a community is rated as low risk, it translates into a very small risk for a largely prepared community. This combination equates to a low risk and any hazard preparedness plans are sufficient for these risks.

**f) Highlights: Disaster Management**

**i) Water Crisis- DMC Interventions**

**Oudtshoorn and Kannaland:**

The Garden Route DMC assisted both the Oudtshoorn as well as Kannaland local authorities during the below normal rainfall period in the second and third quarter of this year. Garden Route DMC in collaboration with the Kannaland Municipal Manager convened an urgent meeting with the town's main water consumers to discuss emergency interventions needed to ensure that the town could meet their daily water demand. This was followed up with a meeting and site visit with consulting engineers as well as contractors appointed to assist with the implementation of emergency interventions aimed at addressing both the supply as well as demand concerns. After this meeting various emergency interventions for immediate implementation were agreed-upon to ensure that the town's reservoirs do not run dry. The Garden Route Municipal Manager approved that as an emergency intervention, water tankers should be hired by the Garden Route District Municipality to assist with the tankering of water from the Jongensland dam, in Zoar, to Ladismith. The Garden Route Head of DMC obtained approval from the Head of Department (HOD) at the Cape Agency for Sustainable Integrated Development in Rural Areas (CASIDRA) to use some of the water in the Jongensland dam to assist Ladismith during this crisis. The total cost for this intervention was R47 934.60 (R45.00 per 1000 litres of water transported over 15km)

Fortunately, with the assistance from all spheres of government mitigation and risk reduction measures could be implemented to limit the impact on communities in these areas.

**Knysna:**

To curb water consumption, the Knysna Municipality implemented Level 3 water restrictions. They also appointed 27 water ambassadors in different wards. These water ambassadors were tasked to identify water wasters, water leaks as well as to educate the community on saving water and if required they also installed the water demand management devices. In addition to this, Knysna Municipality spent R22 million to install water meters in rural areas i.e. Rheenendal as previously these areas were never charged for water usage. The removing of all redundant standpipes (taps) in outlying areas and the roll-out of a leaks repair program in the Northern -and outlying areas were rolled-out.

The challenge at Knysna is that they have enough water available in the Knysna River, but they only have limited pumping capacity in the Charlesford pumping scheme to pump enough water to their bulk water retention dam, the Akkerkloof Dam. With the assistance from the Garden Route DMC grant funding to assist the municipality to upgrade the Charlesford pumping scheme could be obtained. Groundwater exploration and investigations with regards to a bulk storage dam as well as a pipeline between Knysna and Bitou has been included as projects for further investigation.

**Bitou:**

Bitou started the enforcement of water restrictions. The Garden Route DMC assisted Bitou in the sourcing of disaster grant funding to assist with water augmentation projects. This included groundwater exploration, the equipping of boreholes as well as the piping of this water to their water network. Initial results proved that Bitou Municipality can now augment 7.5 Mega liters per day (5.5 Mega liters from groundwater and 2 Mega liters from their desalination plant). This almost adds up to their restricted demand (level 2) at 7-8 Meg per day.

**Hessequa:**

Started the enforcement of water restrictions.

**George (Former DMA area):**

Started the enforcement of water restrictions as well as the use of their reclamation plant.

**den District Municipality:**

To address water distress conditions at rural communities and rural crèches the Garden Route DMC purchased 53, 5000 litre

JOJO water tanks to be erected at priority areas identified by the Garden Route EHP's.

In order to raise public awareness as well as to drive down water consumption a public awareness campaign were launched in collaboration with the Garden Route as well as Provincial communications teams. R170 000 were re-prioritized in the Garden Route Disaster Management 2017/18 operational budget to fund the purchase of billboards to be placed at the entrances of each town to sensitize visitors to the areas in terms of the "save water while we have water to save" message. Pamphlets, stickers and radio jingles also formed part of the drought awareness campaign.

During the year the DMC found that towns might report that they are in the clear in terms of water, but their water network is not interlinked, i.e. Ladismith is covered with groundwater, but the network is not linked to Calitzdorp, Zoar and alike. In addition, the rural communities and areas were not assessed by the local municipalities.

The following table shows the dam level percentages for the 2017/18 financial year:

Dept. of Water and Sanitation Dams	% Full at the End of Each Month											
	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Duiwenhoks	59.20	65.64	85.95	91.34	100.00	93.28	84.21	94.67	92.80	100.00	84.03	79.84
Korente Vet	45.43	46.97	52.17	51.54	62.98	59.81	52.62	55.21	55.12	56.63	47.75	42.86
Prinsrivier	13.19	11.40	11.40	6.75	6.75	10.92	10.22	9.99	9.99	6.29	6.75	6.75
Bellair	35.66	35.14	35.14	31.50	31.50	27.92	25.73	22.74	22.74	19.70	17.39	17.39
Floriskraal	4.03	3.73	3.40	2.92	2.34	1.70	1.08	3.34	2.90	2.54	2.34	2.10
Miertjeskraal	0.00	0.00	0.00	0.00	12.65	11.78	10.15	9.43	8.73	8.29	7.77	7.54
Calitzdorp	29.86	23.18	27.93	24.66	24.92	18.04	12.77	10.58	11.38	12.22	12.05	12.84
Leeu-Gamka	15.67	12.23	6.17	0.13	1.37	0.12	19.68	29.87	22.09	15.79	11.61	10.81
Oukloof	9.99	7.45	2.84	0.72	3.12	0.98	0.74	0.07	0.07	0.49	0.49	0.49
Gamkadam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gamkapoort	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.46	0.00	0.00	0.00	0.00
Kammanassie	5.92	5.87	5.72	5.35	5.38	5.13	4.78	4.26	3.96	4.02	3.87	3.78
Stompdrift	4.60	4.52	4.35	3.93	3.57	3.22	2.67	8.07	8.00	7.05	5.96	5.85
Hartebeestkuil	17.95	15.97	13.91	10.90	9.07	7.84	6.73	6.22	6.05	5.83	5.72	4.79
Klipheuwel	50.34	49.21	63.08	76.18	78.79	80.53	77.17	80.62	84.92	90.42	82.57	78.70
Ernest Robertson	53.12	81.11	102.05	100.54	100.00	100.68	100.82	100.54	100.41	99.18	75.75	63.54
Wolwedans	74.90	73.60	80.36	82.16	85.90	83.16	82.08	87.28	90.03	88.97	84.84	82.36
Garden Route	45.46	43.42	53.46	63.01	75.96	75.67	83.55	95.20	100.00	100.00	92.53	86.03
Roodefontein	58.94	63.19	64.76	65.47	73.48	74.38	71.91	70.20	69.46	69.61	66.75	66.89
Haarlem	9.61	14.26	23.47	28.29	59.27	59.03	58.70	63.23	58.95	57.48	50.50	47.57

*Table 60: Dam level percentages*

**ii) Local Municipalities Disaster Risk Assessments and Contingency Plans**

During this year the remainder of the local municipalities risk assessments in the district were completed. Following the Knysna fire disaster in June 2017, it was decided to re-visit the Knysna disaster risk assessment, last completed in 2014, to update their disaster risk assessment in terms of the current risks. This was done mainly to update the disaster management chapter of their IDP and also to include newly identified DRR projects and programs.

**iii) Two Way Emergency Communications Network**

In July 2018, the last of the remaining analogue based two-way radio repeaters will be upgraded to the digital platform. The District Roads Engineer committed to the installation of the server needed to be able to do GPS tracking of all resources at the Garden Route DMC.

Once completed this district wide two-way radio communications platform will be available to all fire and rescue role-players in the district, to be used during unified command operations.

**iv) Garden Route Rebuild Initiative (GRR)**

After the Knysna/Bitou fire disaster the need for the establishment of a disaster rehabilitation coordination platform lead to the Premier of the Western Cape's establishment of the Garden Route Rebuild Initiative (GRR). Garden Route DMC has been actively involved at the GRR to achieve the following objectives:

- *Develop a Garden Route renewal strategy and implementation plan which has the support of all of society;*
- *Ensure that public and private funds support projects prioritised by GRR processes [including donations to Non-Governmental Organisations (NGO's)];*
- *Incorporate "build back better" and climate smart initiatives during all rehabilitation and reconstruction activities in order to create a more resilient Garden Route; and*
- *Coordinate disaster-related activities;*

Challenges and focus areas to be addressed by the GRR included the following:

- *Asbestos removal from all affected areas;*
- *Energy efficiency planning requirements;*
- *Clarity in terms of the assistance that could be provided to the under as well as un-insured (app. 30% of formal structures had no insurance cover);*
- *Soil stabilisation and erosion control;*
- *Eradication of alien invasive plants (Note: The Department of Environmental Affairs confirmed that the Garden Route District is the worst affected district in the country in terms of invasive alien plants);*
- *Preparation of firebreaks around urban fringe areas;*
- *The re-alignment of the N2 past Knysna as well as Bitou (Additional access as well as egress routes);*
- *Finalisation of the emergency procurement procedures as well as the establishment of the business fund;*
- *Compilation of a comprehensive Department of Social Development (humanitarian support) resource database*
- *1 432 families were directly affected and 247 indirectly affected (lost their jobs i.e. worked at B&B) or requested trauma counselling;*
- *Activation of the "training lay-off scheme" for staff that worked at businesses now being rebuilt;*
- *Awaiting a comprehensive report in terms of funding that was received by all Faith Based Organisations (FBO's) NGO's as well as Community Based Organisations (CBO's). Also, to indicate money being spent and on what this was spent;*
- *Progress report with regards to the farm dweller housing to be erected by gift of the givers (60 wendy-houses);*
- *The provision of temporary safe houses for families with children; and*
- *Implementation of the "lighthouse project."*

In addition, the Garden Route DMC has played a pivotal role in the assessment of disaster related damages and the finalisation of the disaster grant application as well as to indicate the funding shortfall in terms of disaster risk reduction projects not covered in terms of the criteria covered by this grant.

In the last quarter of the financial year Council resolved that the GRRRI projects would be mainstreamed into existing projects run by government institutions. The following flagship projects were identified namely:

- *the expansion of off-season tourism events in Knysna as well as Bitou;*
- *the establishment of the Knysna Business Chambers;*
- *the Development of the area as a skills mecca;*
- *to focus on human settlements the environment; and*
- *water infrastructure, waste and transportation.*

**v) Landowner Herbicide Assist Programme (LHAP)**

Following the devastating 2017 fires, the regrowth and spread of invasive alien plants in the burn scar was found to be aggressive and substantial. This led to the development of the LHAP. Facilitated by World Wildlife Fund (WWF) SA and sponsored by Nedbank, the LHAP is aimed at boosting the environmental restoration efforts of the GRRRI. The LHAP is focused on empowering landowners into a position where they will be able to effectively and sustainably control invasive alien plant regrowth on their land.

Landowners' engagement and training session for landowners, participating in the LHAP, was hosted on in the community hall in Brenton-on-Sea.

The aim of the full day session was:

- *to bring landowners up to speed with regards to progress made in terms of invasive alien plants planning and prioritisation in the burn scar;*
- *the provide landowners with the opportunity to engage with the grrri environmental work stream;*
- *to inform landowners of legal compliance matters and provide them with an opportunity to engage with compliance officers from the DEA;*
- *to provide theoretical background to the use of herbicide, and to address concerns on possible negative environmental impacts and health and safety risks and concerns;*
- *to inform landowners on the administrative backbone to the LHAP and what is required from them in order to qualify;*
- *to educate landowners in the drawing up of an invasive alien plant management plan; and*
- *to participate in a practical application session with an herbicide specialist.*

**vi) Visit by the Head of the National Disaster Management Centre (NDMC)- Dr Mmaphaka Tau**

In April 2018 the Head of the National Disaster Management Centre, Dr Mmaphaka Tau; visited the Garden Route DMC. The visit's main objectives were to:

- *assess the extent of the implementation of Section 2.1 (b) of the Disaster Management Act 2002 (Act 57 of 2002) across the DRM value chain and particularly in dealing with the aftermath of the storm incidents of 2017;*
- *assess the progress and impact of interventions put in place following the storm and fire incidents and support required for enhancement of interventions;*
- *identify policy and practice lessons to be drawn out of the work being done;*
- *promote the renewal of inter-governmental relationships and the consolidation of commitment to action narrative and thought leadership in line with the New Dawn mantra characterised by hope, renewal, unity and radical socio-economic transformation; and,*

- *the assessment of the potential of the Municipality to be visited by the Minister for support.*

The following action steps in terms of issues to be taken forward by the NDMC were identified:

- *the safety of infrastructure at the Kannaland borehole field;*
- *to facilitate engagements with ESKOM on the fast track of emergency power connections when required to address drought related priority projects;*
- *to facilitate engagements with Department of Water and Sanitation (DWS) on the building of the proposed Swartberg Dam at Ladismith;*
- *to discuss the installation of a weather Radar in the Klein Karoo to improve coverage of weather forecasting to support disaster risk management efforts especially with regards to flash flooding in Meiringspoort;*
- *to engage with national stakeholders on the need for the Community Worker Program (CDW) and Working for Water (WWF) to become more involved to support the GRRI; and*
- *to do a recommendation to Minister Mkhize to visit the Garden Route District as part of his provincial roadshows and walkabouts.*

**vii) Integrated Disaster Management Information Management System**

Provision has been made on the Garden Route DMC multiyear budget to procure an integrated disaster management information management system. (R750 000 per year for the next three years). In order to ensure compatibility and alignment with Provincial systems the PDMC has been requested to advise on their intentions in terms of the roll-out of a provincial software platform.

**viii) Garden Route Environmental Restoration Seminar**

The Garden Route DMC in collaboration with partners including GRRI (Environmental Working Group), the Knysna- and Bitou Municipalities, DEA and the Southern Cape Landowners Initiative (SCLI) hosted seminar on 6 and 7 June 2018 aimed to reflect on the 2017 Knysna/ Plettenberg Bay fires, as well as the prevailing regional drought. The aim was to review progress made over the past year, since large parts of the Garden Route were devastated by fire during the first week of June 2017, and the program focussed on regional and national efforts aimed at ecological restoration of natural infrastructure systems.

**ix) Disaster Risk Reduction & Preparedness**

- *During this year the DMC focused on the update of regional preparedness plans to address communicable diseases as well as capacity building amongst first responders with specific reference to addressing any foreseen communicable disease outbreak;*
- *The enhancement of water resources for both the towns Ladismith, Zoar and Oudtshoorn (Dysselsdorp as well as De Rust) to augment current domestic water supply during extended periods of below normal rainfall.*
- *As part of Garden Route's commitment to ensure a safe and healthy environment for all its inhabitants as well as the visitors to the area a comprehensive capacity building program to train first aiders were launched a couple of years ago. This program is continued every year, training on average more than 300 disaster management volunteers per year. The focus of the training is on building local capacity in terms of first aid but basic disaster risk avoidance as well as how to develop a disaster contingency plan for each household is also addressed. This group includes temporary staff employed as part of the Garden Route extended public works program as well as all the newly recruited lifesavers working on the beaches of the George Local Municipality.*

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Below is a list of first aid training sessions that took place as part of disaster management awareness campaign:

Date	Venue	Number of Students
3 - 7 July 2017	DMC, Joint Operation Centre	23
17 – 21 July 2017	DMC, Joint Operation Centre	23
28 August – 1 September 2017	DMC, Joint Operation Centre	23
4 – 8 September 2017	National Sea Rescue Institute (NSRI) station 23 - Wilderness	5
4 – 8 September 2017	Calitzdorp Spa	29
26 – 29 September 2017	Friemersheim Community Hall	19
2 - 6 October 2017	DMC, Joint Operation Centre	11
30 October – 3 November 2017	DMC, Joint Operation Centre	14
11 – 15 December 2017	DMC, Joint Operation Centre	23
15 – 19 January 2018	Calitzdorp Spa	25
22 – 26 January 2018	Calitzdorp Spa	32
29 Jan – 2 February 2018	Calitzdorp Spa	26
19 – 23 February 2018	DMC, Joint Operation Centre	12
12 – 16 March 2018	DMC, Joint Operation Centre	13
9 – 13 April 2018	DMC, Joint Operation Centre	19
14 – 18 May 2018	DMC, Joint Operation Centre	14
11 – 15 June 2018	DMC, Joint Operation Centre	20
<b>Total Students Trained</b>		<b>331</b>

*Table 61: First Aid Training Sessions*









### x) Weather Alerts Received by the South African Weather Services.

Weather alert received	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18
Veld fire conditions	0	0	0	0	0	0	0	2	3	3	7	4
Heavy rain	0	0	0	0	2	0	0	0	0	0	0	0
Flooding-	0	0	0	0	2	0	0	0	1	0	0	0
Severe thunderstorms	0	0	0	0	0	0	0	0	1	1	1	0
Damaging winds	1	1	0	1	0	0	0	0	0	0	1	0
High seas	0	3	0	0	0	0	0	0	0	0	3	0
High discomfort values	0	0	0	0	0	1	0	0	0	0	0	0

*Table 62: Weather Alerts*

**g) Challenges: Disaster Management**

**Challenges identified:**

-  The lack of dedicated disaster management officials at local authority level to ensure effective implementation of all the sectors of the disaster management continuum i.e. preparedness, mitigation, prevention, development recovery and response
-  The willingness of local authorities in the district to establish a multi-disciplinary one stop emergency call center
-  The absence at national, provincial and local level of a fund aimed specifically at reducing disaster risk
-  The lack of disaster risk reduction projects listed as part of the local authority level IDP and included into multiyear budgets
-  No real-time data feed from the radar at Vleesbaai to the Garden Route DMC
-  The entire district is not covered by radar coverage leaving the district exposed in terms of severe weather events approaching from the North and North-West
-  Meiringspoort flash flooding - no automatic rainfall sensing in place to be able to do effective severe weather alerts
-  Drastic increase in hazardous materials (HAZMAT) incidents in Meiringspoort, response capacity needs to be beefed-up

**h) Opportunities: Disaster Management**

- *The DMC included a 24/7 emergency call centre that could be used as a one stop emergency call taking and dispatch facility for the entire District*
- *The DMC is in direct communication with not only the SAWS but also other early warning institutions to ensure 24/7 response to and coordination of any major hazards*
- *The DMC is equipped with a Joint Operational Command (JOC) platform that provides a platform from where regional emergency situations could be coordinated*
- *The DMC has well established lines of communication to both Provincial (PDMC) as well as National (NDMC) counterparts that can be used to disseminate information to the highest level of decision making*
- *The Disaster Management legislation, as amended, gives the DMC the legislative mandate to cut across departments involved with disaster risk management as well as to report failures to address disaster risk issues to the highest level of decision making*
- *The DMC has the potential to render shared disaster management services to all the local authorities in the district*

**i) Objectives for 2018/19**

- (i) To empower political stakeholders in terms of the concept of disaster risk reduction (DRR) as well as the implementation of the amended disaster management act on both local as well as district level
- (ii) To work towards the closing the implementation gap that exists between national policies – what is intended, and local practices – what actually happens
- (iii) To align the Garden Route DMC action planning to the goals set by the Sendai framework nl:
  - *to develop an understanding of the context of DRR and resilience at each local authority as well as an understanding of the organisational and institutional roles relating to DRR and resilience;*
  - *to ensure a much broader engagement of stakeholders, especially the most vulnerable groups are empowered and capacitated at a local level;*
  - *to assist local authorities to convene local platforms to address DRR;*

- *to focus on the concept of “Build Back Better”, which enables synergy with the ecosystem and community-based adaptation; and*
- *to involve more strategic partners in order to spread the current risk i.e. insurance industries.*

- (iv) Since the opening of the Garden Route DMC, a range of collaborative platforms have been established to influence policies and practices at national, provincial and local levels. The intention would be not only to build on the existing but also to establish more platforms to critically evaluate and to develop new policies to disaster proof the district as well as the institutional strengthening of existing networks and facilitating formation of new networks at regional, provincial and national levels for enhanced collaboration
- (v) By sharing experiences and knowledge gained during these collaborative actions, as well as to identify key challenges still to be addressed
- (vi) To build on the engagement with risk owners to ensure that risk avoidance strategies take into account local realities, such as complexity and vulnerability
- (vii) The focus in the next 5 years would be to be instrumental in the roll-out of the amended Disaster Management Act and to build partnerships with local authorities
- (viii) Another focus area would be the strengthening of public education campaigns and raising awareness at all levels of society

**j) Coordination structures:**

The Section consults regularly at various platforms with other government departments. The Municipality has a fully functional District Disaster Management Advisory Forum (DMAF) as well as a Safety and Security Cluster Joint Structure that meets on a quarterly basis, with B-Municipalities and other stakeholders. These meetings are followed up with quarterly attendance of both the Heads of Disaster Centre as well as the Provincial Advisory Forum meetings. At these meetings regional matters that could not be addressed at district level is escalated to provincial- as well as national governmental level.

Frequent meetings are held with senior officials from the DSD, Water Affairs, DEA, Education and Training, Health, Agriculture and Transport as well as NGO's including the Red Cross, Garden Route Initiative, SCLI etc. In addition to this local engagement with major role players i.e. Airports Company South Africa (ACSA), PetroSA, Cape Nature, San Parks, SCFPA, the local industry i.e. Cape Pine, PG Bison etc. is held.

The following table shows the various coordination structures:

Forum name	Terms of reference?	Is forum active?	Frequency of meetings	Forum purpose	Forum composition	Forum chairperson
DMAF	Yes	Yes	Bi -annually	Discuss regional disaster management issues	Regional	Garden Route Portfolio Chairperson
Provincial Disaster Management Advisory Forum (PDMAF)	Yes	Yes	Quarterly	Discuss provincial disaster management issues	Provincial	Head of Centre
SAPS Cluster Joints	Yes	Yes	Bi-monthly	Discuss district safety and security concerns	Regional	Maj. Gen. Reddy
Climate Change Adaptation	Yes	Yes	Bi -annually	Discuss district climate change adaptation matters	Regional	Head of Garden Route DMC
SCLI	Yes	Yes	Bi -annually	Discuss invasive alien plant eradication	Regional	Kobus Meiring
SCFPA	Yes	Yes	Quarterly	Discuss the roll out of fire protection associations, integrated fire management and pro-active fire response.	Regional	Paul Gerber

Table 63: Disaster Management Coordination Structures

**k) Preparation and Regular Updating of Disaster Management Plans and Strategies by Municipal Organs of State Involved in Disaster Management**

The following table depicts the status quo of current plans for Garden Route District Municipality:

Municipality	Name of Plan	Date
Garden Route District Municipality	Corporate Disaster Management Plan	2018 (To be submitted to Council in Aug 2018)
Kannaland Municipality	Disaster Management Plan	2018 (To be completed and submitted to Council)
Knysna Municipality	Disaster Management Plan	2016
George Municipality	Disaster Management Plan	2017
Mossel Bay Municipality	Disaster Management Plan	2017
Oudtshoorn Municipality	Disaster Management Plan	2018 (To be completed and submitted to Council)
Hessequa Municipality	Disaster Management Plan	2016
Bitou Municipality	Disaster Management Plan	2018 (To be completed and submitted to Council)

Table 64: Status quo of Disaster Management plans in the District

**Garden Route District Municipality Corporate Disaster Management Plan**

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During this year each sector department at the Municipality started with the compilation of their departmental response/contingency plans. Once completed these plans will be added to the current district corporate Disaster Management Plan to be used as the District's comprehensive pro- as well as re-active disaster management plan.

**I) Service Statistics for Disaster Management Services**

The tables below indicate the services rendered by the Municipality:

Call Answering Statistics – Garden Route District and Metro Emergency Medical Services			
Month	Average Answering Speed	Incoming Calls	% Answered
July 2017	0.80	21 660	88.84
August 2017	0.70	20 649	91.00
September 2017	0.80	21 461	91.40
October 2017	0.80	15 570	88.89
November 2017	0.90	21 275	89.60
December 2017	0.80	27 280	92.03
January 2018	0.80	24 603	90.93
February 2018	0.80	22 086	90.63
March 2018	0.90	25 860	88.16
April 2018	0.90	23 822	88.12
May 2018	0.70	23 394	87.57
June 2018	0.90	24 626	86.19
<b>Total</b>	<b>0.80</b>	<b>272 286</b>	<b>89.44</b>

*Table 65: Disaster Management Call Answering Statistics*

Emergency calls received						
Month	Structure / Hazmat	Fires	Vehicle Accidents	Special services	Rescue	Medical 10177
July 2017	0	20	1	2	0	23 031
August 2017	2	17	2	0	0	20 649
September 2017	2	21	4	2	0	20 684
October 2017	3	6	2	0	0	14 947
November 2017	1	10	8	1	1	20 260
December 2017	0	18	2	2	0	26 481
January 2018	0	24	3	4	1	23 533
February 2018	1	12	6	2	1	21 384
March 2018	2	6	6	1	0	25 234
April 2018	2	4	4	1	0	23 327
May 2018	4	7	1	1	0	22 671
June 2018	3	10	3	0	0	23 845
<b>Total</b>	<b>20</b>	<b>155</b>	<b>42</b>	<b>16</b>	<b>3</b>	<b>266 046</b>

Table 66: Emergency Calls Received

Details of calls received	2016/17	2017/18
Flooding	None	None
Structure / Hazmat calls	12	20
Fires calls	287	155
Motor Vehicle Accidents calls	63	42
Special services calls	27	16
Rescue calls	3	3
Medical calls	235 084	266 046

Table 67: Disaster Management Services Data

**m) Employees – Disaster Management Services**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	4	4	0	0
7 - 9	4	1	1	0	0
10 - 12	3	2	2	0	0
13 - 15	0	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0

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(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
<b>Total</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>0</b>	<b>0</b>

*Table 68: Employees – Disaster Management Services*

**n) Capital Expenditure – Disaster Management Services (Draft Information)**

The table below indicates the capital expenditure incurred by the unit

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
MIA (Major Incident Alert) SMS System	160 000	188 000	188 000	0
Aeroquille Mobile Analyzer	50 000	50 000	49 070	(930)
Fridge/Freezer	3 000	3 000	2 631	(369)
<b>Total</b>	<b>213 000</b>	<b>241 000</b>	<b>239 701</b>	<b>(1 299)</b>

*Table 69: Capital Expenditure: Disaster Management*

## 3.12 COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.12.1. EXECUTIVE AND COUNCIL

**a) Employees: Executive and Council**

The table below indicates the number of staff employed by the unit:

Political employees	2016/17	2017/18
Councillors	32	35
Administrative staff (contract employees employed in the Office of the Executive Mayor)	5	5

*Table 70: Employees: Executive and Council*

**b) Capital Expenditure – Executive and Council (Draft Information)**

The table below indicates the capital expenditure incurred by the unit

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Council Chambers	350 000	160 298	122 120	(38 178)
Council Chamber	0	575 000	533 306	(41 694)
Office Equipment: MM/Strategic Manager	0	23 500	21 078	(2 422)
Mayor Vehicle	0	650 000	615 552	(34 448)
Printer HP 4 in 1 B/W (PA - Deputy Mayor)	0	3 700	3 617	(83)
<b>Total</b>	<b>350 000</b>	<b>1 412 498</b>	<b>1 295 673</b>	<b>(116 825)</b>

Table 71: Capital Expenditure: Executive and Council

**3.12.2 FINANCIAL SERVICES**

**a) Introduction to Financial Services**

Financial Services 2017/18 priorities:

- *Cash backed credible budget presented to council for approval by end of May.*
- *Timeously submission of all required reports by prescribed due date.*
- *Timeously submission of GRAP compliant annual financial statements by 27 August.*
- *Submission of draft financial statements to the internal audit unit and the audit committee for review by 25 August.*
- *Implementation of the credit control and debt management policy to ensure debt is recovered.*
- *Review of all debtors to ensure correct billings are raised and receipts are correctly allocated to ensure correct balances.*
- *Revision of the SCM policy and implementation thereof.*
- *Review of all current finance policies.*
- *Compilation of new policies not yet in place and presented to council for approval.*
- *Review of electronic SCM and contract management system to eliminate irregular expenditure as identified by the Auditor-General and ensure all relevant SCM procedures are followed. This is the responsibility of all personnel involved in the procurement of goods and services, starting with the user department.*
- *Workshops by SCM to familiarize all involved of the correct processes and procedures to follow to ensure adherence to the SCM Policy and SCM Regulations.*
- *Creditors paid within 30 days after receipt of invoice/statements as required by the MFMA.*
- *Optimal interest generated on investments.*
- *Salary payments by the 25th of each month.*
- *Adequate asset management.*
- *Safeguarding of assets by all personnel.*
- *Ensure GRAP compliant Fixed Asset Register are maintained.*
- *Ensure compliance to GRAP requirements/standards with regards to assets.*
- *Annual asset count to ensure all assets is physically verified annually.*
- *Ensuring the safeguarding of inventory/stock items.*

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- *Ensure minimum stock levels are maintained for service delivery.*
- *Revision of cash management processes and procedures.*
- *Ensure cash received are correctly captured onto the system.*
- *Safeguarding of cash*
- *Timeously deposit of cash receipts.*
- *Reconciliations of cash received.*
- *Support services rendered to the other departments.*
- *Workshops/training provided to other departments as requests are received.*
- *Implementation of mSCOA*

### b) Highlights: Financial Services

The following highlights were achieved during the financial year:

Highlights	Description
Improvement of cash and financial position	Increase in cash balances/financial ratios
Improvement in Capital Replacement Reserve (CRR) balances	Transfer of depreciation charges to CRR

**Table 72: Financial Services highlights**

### c) Challenges: Financial Services

The table below indicates the challenges faced during the financial year:

Challenge	Actions to address
Compilation of a credible cash backed budget	The Municipality is participating in the district funding research initiative to research and identify funding models that will ensure financial viability
Limited own revenue sources	
Capacity constraints	The organogram was approved. The job descriptions on the new structure will be updated. Once the job descriptions are in place, the recruitment and selection process will commence, and current vacancies will be filled

**Table 73: Financial Services challenges**

### d) Employees: Financial Services

The table below indicates the number of staff employed by the Unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	4	4	4	0	0
7 - 9	14	15	15	0	0
10 - 12	13	17	13	4	23.52
13 - 15	3	3	3	0	0
16 - 18	0				
19 - 20	1	1	1	0	0
<b>Total</b>	<b>35</b>	<b>40</b>	<b>36</b>	<b>4</b>	<b>10</b>

**Table 74: Employees: Financial Services**

c) Capital Expenditure: Financial Services (Draft Information)

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
HP black / white laser printer: man corp	0.00	4 500.00	3 617.00	883.00
<b>Total</b>	<b>0.00</b>	<b>4 500.00</b>	<b>3 617.00</b>	<b>(883.00)</b>

Table 75: Capital Expenditure: Financial Services

### 3.12.3 HUMAN RESOURCES

a) Introduction to Human Resources (HR)

The HR section delivers a support service to the other departments in the organisation. Its primary function is to co-ordinate all HR activities to achieve the Municipality's objectives of service delivery and to adhere to legislative requirements which will enhance staff performance and play a fundamental role within the District Municipality. The HR Unit strives to:

- *Empower employees towards maximizing their personal potential and deliver on and exceed organisational requirements;*
- *Continuously align the HR Strategy and the IDP, legislative requirements and best practices in HR fields;*
- *Promote and practice "Putting people first" equity, fairness, objectivity and consistency;*
- *Committed to professional conduct; and*
- *Develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.*

The HR Unit consists of the following disciplines:

- *Learning and Development, Employment Equity and Employee Wellness*
- *Employee Relations (Labour Relations)*
- *Recruitment and Selection and Contract Administration*
- *Occupational Health and Safety (OHS)*
- *Reward and Recognition, Leave, Claims and Conditions of Service*
- *Task District Unit*

b) Highlights: HR

The following highlights were achieved during the financial year:

(i) HR Section

- *Appointment of the Human Resources Manager from 1 November 2017 after 2 years that the position has been vacant*

(ii) Rewards and Recognition Section

- *The Payday mSCOA post module and Payday HR post module was aligned successfully*
- *Leave balances were submitted for the 2017/18 financial year-end*

(iii) Learning Development Section

Implementation of the Skills Summit Resolutions

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- *Two sessions have been conducted with all relevant stakeholders from the 7 B-municipalities, Dr. Prinsloo from the Premier's Office, representative of McKinsey and Paul Hoffman of SCEP to unpack the summit resolutions.*
- *A Garden Route Skills Mecca Task Team meeting was arranged on the 1 June 2018. Various role-players and stakeholders attended the meeting at the Council Chamber. Various training programs were identified at the meeting. The National Skills Fund (NSF) indicated that they are willing to partner with Garden Route District Municipality to fund some of the projects that were presented to them. The Coordinator Skills Development (Mr R. Salmons) will project managed the process.*
- *A Task team has been established to manage and implement the summit resolutions.*
- *South Cape College was identified by the Department of Higher Education as a centre of specialization for bricklaying. Various meeting was conducted with the relevant role players to implement this process. The Coordinator Skills Development (Mr R. Salmons) is coordinating this process.*

### **Discretionary Grant**

Submissions to the Chemical Industries Education and Training Authority (CHIETA), SETA, Construction Education and Training Authority (CETA), Transport Education and Training Authority (TETA) and Service SETA was made to fund the projects identified at the meeting on the 1 June 2018. Formal submission to Services SETA was done on 10 July 2018 for bricklayer learnership. 30 learners will be identified via a recruitment process in October 2018 and the commencement of the learnership will kick-off at the start of 2019. Four municipalities will partake in the initiative namely, Mosselbay Municipality, Oudtshoorn Municipality, Knysna Municipality and George Municipality. Garden Route District Municipality will act as the lead employer and conclude host agreements with these municipalities. Allocation applied for amounts to R 165 000 per learner and the total amounts to R 4 950 000.

### **Career Exhibition:**

The Transnet National Ports Authority Mossel Bay Career Expo is envisaged to be the biggest career show in the Garden Route. It is a career development programme that brings together grade 10 to 12 learners, colleges, universities, business sectors and the various students and unemployed youth in all municipalities within the Garden Route area, to interact with each other about bursary opportunities, employment opportunities, mentorship, graduate recruitment, internships, training and skills development.

The expo is free of charge for both exhibitors and visitors. The Expo is planned for the 24 July 2018 and will be hosted by the Port of Mossel Bay. The Mayor will deliver the keynote address and the following units will partake in the event:

- *Learning and Development*
- *EPWP*
- *Fire Services*
- *EHP's*
- *Tourism*
- *LED*
- *IDP*

### **EPWP Learners Operators Programme**

A meeting is planned for 30 July 2018 between the Department of Transport and Public Works, the Municipality's Roads Department and the Training Unit to discuss the rollout and implementation of the EPWP learners operators programme. Further progress will be reported as the initiative unfolds. A plant operators learnership with special focus on women was identified as a priority training need for the Garden Route District Municipality. The idea is to train unemployed youth and some of our internal staff to the required levels to make them employable as operators.

#### **Learner Exchange Tour – Kwazulu Natal**

On request from the Municipal Manager and as part of our summit resolutions, an undertaking was done to explore the possibility to visit a Skills Centre. To this end, a formal request was made to Dr Ngubane from the Ethekwini Municipality to visit their first class centre. On reply to our request, Ethekwini Municipality suggested the following dates for our visit:

- *Revenue Management Masterclass (15- 17 August 2018)*
- *Customer Services Masterclass (22 - 24 August 2018)*
- *Urban Strategic Planning Masterclass (29 - 31 August 2018)*

#### **National Youth Service: Youth Construction Programme**

The National Youth Services' Youth in Construction Programme is an initiative of the National Government and forms part of the EPWP. It is aimed at training youth to gain experience and expertise in the construction trade through theoretical and practical training.

The Western Cape Government: Department of Transport and Public Works is responsible for the administration of the programme in the Western Cape. The programme consists of two components comprising theoretical training and practical training respectively. The programme will run for a period of twelve months and may increase, in the sole discretion of the Lead Employer, for a further period as per agreement

##### *Component One: Theoretical Training (3 – 4 months – period is Trade Specific)*

This component will take the form of classroom training in a particular trade and life skills. It will be conducted by an accredited training provider, appointed for this purpose by the Lead Employer.

##### *Component Two: Practical Training (5-6 Months)*

This component will consist of work placement training. The learner will be required to participate in the project of the host employer to which the learner has been assigned to.

#### **Employment Equity**

- *Noticeable achievements have been made regarding the appointment of especially Black Africans, both male and female at management level*
- *Considerable progress has been made in the appointment of females in all employment categories*
- *Although there are significant improvements, special attention should be directed to appoint people with disabilities and women in general. In the employment category of Professionals, Technicians and Associate Professionals, more attention should be given to African males and females, and in the elementary category the appointment of both White males and females should be encouraged.*

### Employee Assistance Programme (EAP)

- *TB awareness sessions were respectively held during June 2018 in Oudtshoorn, Ladysmith, Freimersheim, Herbertsdale and Calitzdorp. The following table shows the Employee Assist Programme activities during the financial year:*

Activity	Date
Establishment of EAP Committee	2017-09-30
CANSA RELAY	2018-03-24
Tuberculosis	June 2018/17
Wellness Day	17 April 2018; 19 April 2018

**Table 76: Employee Assistance Events Calendar**

### c) Challenges: HR

The table below indicates the challenges faced during the financial year:

Description	Actions to address
The signing of appointment letters is a challenge as employees have started to work and only receive their signed appointment letter almost a week later and adherence needs to be given to deadlines for submission to the Remuneration Section by the 10th of the month	Appointment approvals to be finalised sooner
The current service level agreement (SLA) with the service provider has lapsed and information was supplied to the Information and Communication Technology (ICT) Section regarding quotations form Payday and Collaborator to provide solutions for the time and attendance system	It was recommended that the SLA be extended for a year whilst the current Collaborator and Payday Systems are considered for time and attendance integration
Employees who do not submit leave days correctly on Employee Self Service (ESS)	More awareness on the completion of ESS transactions by supervisors. HR will provide refresher training on ESS for all employees and supervisors in the new financial year
ESS approval transactions not processed timeously by supervisors which influence the leave balances not being updated	Supervisors to monitor annual leave more closely and reconcile leave transactions and attendance registers
Employees who did not take their compulsory leave due to operational and personal reasons lead to encashment thereof	
Supervisors are responsible for the reconciliation of attendance registers and leave transactions. Manual attendance registers are kept for the Roads Department due to a lack of portable scanning devices. These attendance registers are completed by the respective supervisors/ superintendents, but remains a challenge with regards to the leave reconciliation	

**Table 77: HR Challenges**

### d) Labour Relations Statistics

The table below indicates the labour relations activities throughout the financial year:

Description	Number	
	2016/17	2017/18
Cases	74	57
Terminations	3	4
Counselling sessions	17	15
Disputes	12	6

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Incapacities	11	6
Grievances	29	26
Suspensions	2	1

*Table 78: Labour Relations Statistics*

**e) Employees: HR**

The table below indicates the number of staff employed by the Unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	3	6	5	1	16.6
10 - 12	7	10	9	1	10
13 - 15	0	0	0	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>11</b>	<b>17</b>	<b>15</b>	<b>2</b>	<b>11.76</b>

*Table 79: Employees: HR*

**e) Capital Expenditure: HR (Draft Information)**

The table below indicates the capital expenditure incurred by the unit:

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Office Furniture: HR	0	5 000	3 946	(1 054)
Office Chair: Labour Relations	0	7 617	4 150	(3 467)
Laptop 15" - Corporate: Labour Relations	0	15 500	10 670	(4 830)
<b>Total</b>	<b>0</b>	<b>28 117</b>	<b>18 766</b>	<b>(9 351)</b>

*Table 80: Capital Expenditure: HR*

**3.12.4 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

The Garden Route ICT Function is currently serving 250 (ICT-related) users with computer and network services within the District Municipality.

Our coverage area consists of Garden Route District Municipality Head Office, Roads, Health Environment, Fire stations in George, Disaster Management, Remote Offices, Calitzdorp Spa, De Hoek Resort, Swartvlei and Kraaibosch. We are directly involved with the local municipalities in our region with regards to shared services offer and in fulfilling our constitutional mandate.

The ICT Unit actively serves as members on the following forums:

- **Western Cape ICT Forum**
- **Garden Route regional ICT Forum**
- **Garden Route ICT Steering Committee**
- **South African Geomatics Council**
- **Western Cape Spatial Information Forum**
- **Garden Route regional GIS discussion groups**

**a) Highlights: ICT Services**

The following highlights were achieved during the financial year:

Highlights	Description
Paperless agenda	Council took a decision to go paperless
Systems implementation: mSCOA	The Garden Route and Roads servers are up and running successfully. Daily backups are done and the servers forms part of the Garden Route disaster recovery system
Approved relevant policies as per governance framework	<p><b>The following policies were approved:</b></p> <ul style="list-style-type: none"> <li>• <b>Data Backup and Recovery Policy</b></li> <li>• <b>ICT User Access Management Policy</b></li> <li>• <b>ICT Security Controls Policy</b></li> <li>• <b>ICT Operating System Security Controls Policy</b></li> </ul>
Western Cape Municipal Broadband Project	<p>The fibre connection is installed and operational. A layer 3 switch must be provided by SITA and is in the acquisition process stage with them.</p> <p>ICT is in negotiations with the B municipalities regarding using these connections for creating a VLAN to use The Municipality's server room as a disaster recovery site for their systems</p>
Change Detection Project	The GIS Section of the Municipality together with the EPWP section forms part the project team tasked to development the standard operating procedure for the establishment of and data intelligence hub for municipalities in the Western Cape
Basic map reading and GIS training workshops	Basic map reading and GIS training workshops are facilitated by the GIS Section for employees of the Municipality as well the EPWP beneficiaries employed by the Municipality

**Table 81: ICT Service Highlights**

**b) Challenges: ICT Services**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Disaster Recovery Server Room not compliant as a recovery facility / Offsite Disaster Recovery Centre in close proximity to primary server site	Make use of the provincial broadband connection to provide offsite disaster recovery site to B municipalities and also to make use of other municipalities in the region as a offsite disaster recovery site
Timeously ICT procurement	Make use of the approved tenders
mSCOA: The different servers for Garden Route and Roads is a duplication of all services in respect of licensing, backup processes, disaster recovery and hardware allocations. Licensing and maintenance fees are duplicated.	Consider amalgamating the two servers to one. It is possible by creating Roads as a separate department. This needs to discuss and approved by the Finance Department
Availability of spatial datasets for change detection project	Spatial data and Metadata assistance and guidance will be provided on a regular basis by GIS unit

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*Table 82: ICT Service Challenges*

**c) Service Statistics – ICT Services**

The table below indicates the services rendered by the Unit:

Details	2016/17	2017/18
% of software licensed	100	100
% of back-ups done	100	100
% of viruses attended to	100	100
% of network downtime	0.06	0.08
% of queries resolved with guidelines of the policy	94.23	87

*Table 83: Service Data for ICT Services*

**d) Employees: ICT Services**

The table below indicates the number of staff employed by the Unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	6	6	6	0	0
13 - 15	3	3	3	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>0</b>	<b>0</b>

*Table 84: Employees: ICT Services*

**e) Capital Expenditure: ICT Services (Draft Information)**

The table below indicates the capital expenditure incurred by the unit:

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
DTP Computer Equipment	250 000	33 223	31 447	(1 776)
Printer	0	3 144	3 144	0
Dell Server	0	403 335	403 335	0
Laptop 15"	0	64 050	64 017	(33)
<b>Total</b>	<b>250 000</b>	<b>503 752</b>	<b>501 943</b>	<b>(1 809)</b>

*Table 85: Capital Expenditure: ICT Services*

## 3.12.5 LEGAL SERVICES

## a) Introduction to Legal Services

The Legal Services Unit currently consists of three employees a fourth employee will be appointed as soon as the recruitment and selection process has been finalised.

We assist Council with legal opinions, input on policies, review/comment on new and amended legislation, proclamations, compliance issues, as well as the vetting and drafting of contracts. We provide training on the drafting of policies and contract management.

## b) Highlights: Legal Services

The following highlights were achieved during the financial year:

Highlights	Description
Administrative delegation register	The delegation register was workshopped and approved by Council
Financial delegation register	The Financial Delegation Register was approved
Policy register	The Policy Register was updated to be in line with the approved Council policies
Donations Policy	The Donation Policy was workshopped and approved by Council
Contract Management Policy	The Contract Management Policy was workshopped and approved by Council

Table 86: Legal Services Highlights

## c) Challenges: Legal Services

The Municipality faces the following challenge to address in the new financial year:

Description	Actions to address
Knysna fires	Possible legal action
Review of all Council approved policies	To ensure that there are no contradictions/duplications within the policies

Table 87: Legal Services Challenge

## d) Employees: Legal Services

The table below indicates the number of staff employed by the Unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	1	0	0	0	0
7 - 9	0	1	1	0	0
10 - 12	1	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>33.33</b>

Table 88: Employees: Legal Services

<b>3.12.6 PROPERTY SERVICES</b>
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**a) Introduction to Property Services**

Garden Route District Municipality was established on the 22nd of September 2000 in terms of the Municipal Structures Act, 1998 ( Act 117 of 1998 ) as per Public Notice P.N. 497 / 2000 and simultaneously became the legal successor in title of the following municipalities which were simultaneously disestablished, namely: Bo-Langkloof Transitional Representative Council, Haarlem Transitional Local Council, Klein Karoo District Council, South Cape District Council, Uniondale Transitional Council and Uniondale Transitional Representative Council

The Council Property Portfolio has been brought about after the realisation of the necessity of a structured database, implementation plans and policy to deal with the immovable assets of Council. Most of the properties in the portfolio were mainly carried over from the former historical local government structures. The existing property database includes properties of the following nature, namely: agriculture, residential, road reserves, conservation, resorts, mountain areas, estuaries, institutions, offices, waste and sewage works, depots and open spaces. The MFMA provides guidelines to all spheres of government to effectively manage their financial affairs. Section 122(1) of the MFMA refers specifically to financial statements and stipulates that every municipality must for each financial year prepare annual financial statements. These statements reflect the revenue and expenditure status of Council. The principle of reporting on the financial position of a municipality should underlie the preparation and presentation of financial statements that are required to give a true and fair reflection of the financial position and performance of a municipality. The political change that came about with the amendment of the local government system was due to the local municipal elections of May 2011. The amendment of local government structures resulted in the loss of rates and taxes as a source of revenue for the District Municipality. The Municipality is, since May 2011, fully dependent on funding from National and Provincial Treasury (grants and equitable share).

The District Municipality, as property owner of a comprehensive immovable asset portfolio, can generate additional revenue, through the selective disposal, development and/or short, medium and long term leasing of Council properties. Various options are available to Council to manage the immovable asset portfolio which include the following:

- ***Retain the present situation (maintain the status quo)***
- ***Enter into short-term lease agreements***
- ***Enter into medium lease agreements***
- ***Enter into long-term lease agreements***
- ***Disposal of certain non-strategic land***
- ***Enter into a private-public partnership agreements***

Attached to this report is an annexure with details of all properties listed under the District.

**b) Highlights: Property Services**

The following highlights were achieved during the financial year:

Highlights	Description
New lease agreements	Expired lease agreements were renewed
Disposal of non-strategic properties	<ul style="list-style-type: none"> <li><b>Farm 303 Portions 1 + 2 the Crags Bitou Local Municipal area</b></li> <li><b>Farm 258 Portion 0 Voorbrug Mossel Bay Local Municipal area</b></li> </ul>

*Table 89: Property Services Highlights*

**d) Challenges: Property Services**

The table below indicates the challenges faced during the financial year:

Description	Action to address
Call for development and/or long-term lease proposals on Erf 1297 Kleinkrantz George Local Municipal area	Erf 1297 Kleinkrantz - process to call for development and/or long term lease proposals under way. Terms of reference completed. Awaiting approval to start required legislative process

*Table 90: Property Services Challenges*

**3.12.7 PROCUREMENT SERVICES**

**a) Introduction to Procurement Services**

The Municipality's litmus test moment is captured in the audit outcomes from the annual regularity audit as conducted by the Auditor General. The 2017/18 financial year started on a soberly tip of a regression in clean audit status from the 2016/17 financial year that was a serious low considering the prior 3-year clean audit outcomes that had been achieved. The audit report had other matters that in part were findings on supply chain management (SCM) compliance matters that were not fully complied with. One must understand the operational space that SCM operates within and the delicate balance that is constant reality between meeting the onerous legislative requirement and in the same breath making financial decisions that ordinarily would be appreciated as value for money and good business practice. These two do not always coincide and such the public perception within its limited understanding takes a dim view of us based on AG's finding without much adequate platform to interrogate some of the issues at hand. As such despite all great intentions compliance to legislation remains a non-negotiable reality as part of not only compliance by but good governance.

For the 2017/18 financial year we have had to do some introspection on certain applications and to take compliance matters at heart with each transaction and not base our premise only on obtaining value for money for the organisation.

As per norm SCM and the entire procurement value chain remains the heartbeat of the organisation and such a strategic enabler to achieving organisational strategic and operational goals. Effort has been made to institutionalise Supply Chain in to the organisation and ensure that pillars of SCM as entrenched in the Constitution of the Republic are upheld, Council continues to endeavour to uphold a fair, transparent, competitive and cost-effective SCM Policy and procurement systems. Compliance to regulatory framework and prescribed regulations remains the premise and perimeters of undertaking in all transactions undertaken.

Proper planning and internal control process have been the primary focus of the organisation and as such the intention to mitigate and reduce the trend in the number of deviations as might have been the case in the past. It goes without saying that challenges remain part of our reality and the test to any organisational maturity is how well it manages the balance between timely service delivery while remaining within the bounds of regulatory framework and yet still delivery quality service and be deemed to uphold good governance.

**b) Central Supplier Database (CSD)**

Council fully adopted the use of CSD as at the 1 July 2017, in line with the Circular as published by the National Treasury. CSD is a national supplier database managed by National Treasury, where all potential suppliers are registered and vetted and given the green card to do business with any of the government spheres or government entities. CSD is a one stop shop for prospective suppliers of goods and services where they register once and are not required to register anywhere else in comparison to the past where they had to register with each government institution with which they wished to render their services to.

Garden Route District Municipality advertises our tenders both formal quotes and informal on the e-tender thus widening our reach to as wide and as far as possible. E-tender is the electronic version of government bulletin that is linked to CSD. The expansion with CSD has been in leaps and bounds and reducing the red tape and cost drastically for those entities looking to render services or sell goods to government. Therefore, the Municipality will continue to encourage prospective suppliers of goods and services to register on CSD if they are to enjoy the potential of transacting with government.

**c) Summary of BB-EEE companies differentiating between capital, non-capital items for formal tenders**

**i) Capital projects with value exceeding one million rand:**

The following table indicates the number of tenders awarded exceeding R 1 million:

Type	Total number of tenderers awarded for the year	Total number of companies with BB-EEE certificates to whom tenders was awarded	Total number of companies without bee certificates to whom tenders were awarded to	Percentage of bee certified companies
Formal: Garden Route	1	1	0	100%
Formal: Roads	0	0	0	0%
Section 32 applications	0	0	0	0
<i>Capital projects consist of all capital related items</i>				

*Table 91: Capital Projects with Value Exceeding One Million Rand*

**ii) Non-capital projects with value exceeding one million rand**

The table below indicates non-capital projects awarded:

Type	Total number of tenderers awarded for the year	Total number of companies with BB-EEE certificates to whom tenders was awarded	Total number of companies without bee certificates to whom tenders were awarded to	Percentage of BEE certified companies
Formal: Garden Route	3	3	3	100%
Formal: Roads	18	13	5	60%
S32 applications	2	2	0	100%

*Non-capital refers to all service providers and small quotations for all goods and services procured other than non-capital*

**Table 92: Non-Capital Projects with Value Exceeding One Million Rand**

**iii) Capital projects with value less than one million rand:**

The table below indicates capital projects awarded for less than R 1 million.

Type	Total number of tenderers awarded for the year	Total number of companies with BB-EEE certificates to whom tenders was awarded	Total number of companies without bee certificates to whom tenders were awarded to	Percentage of BEE certified companies
Formal: Garden Route	7	7	0	100%
Formal: Roads	3	3	0	100%
Informal: Garden Route	3	3	0	100%
Informal: Roads	3	3	0	100%
Quotations	2	N/A	N/A	N/A
Section 32 applications	1	1	0	100%
Capital projects consist of all capital related items				

**Table 93: Capital Projects with Value less than One Million Rand**

**iv) Non-capital projects (regardless of value):**

The table below indicates the awarding of all tenders for non-capital projects:

Type	Total number of tenderers awarded for the year	Total number of companies with BB-EEE certificates to whom tenders was awarded	Total number of companies without bee certificates to whom tenders were awarded to	Percentage of BEE certified companies
Formal: Garden Route	7	6	1	85%
Formal: Roads	22	21	1	96%
Informal: Garden Route	10	9	1	90%
Informal: Roads	8	8	0	100%
Quotations	12 484	n/a	n/a	n/a
Section 32 applications	3	3	0	0%
Non-capital refers to all service providers and small quotations for all goods and services procured other than non-capital				

**Table 94: Non-Capital Projects (Regardless of Value)**

**d) Annual Deviations**

The table below shows the summary of deviations for the 2017/18 and 2016/17 financial years:

Annual deviation			
Department	Annual deviations 2017/18	Annual deviations 2016/17	Change in percentages
Community Services	7 085 775.61	5 492 822	+29%
Corporate Services	2 545 119	17 543 478.75	-86%
Financial Services	114 764.27	352 172.51	-67%
Planning and Economic Development	99 039 57	0.00	N/A
Roads and Transport Services	5 230 703.61	2 947 400.74	+78%

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Annual deviation			
Department	Annual deviations 2017/18	Annual deviations 2016/17	Change in percentages
Office of the Municipal Manager	885 447.87	90 885.79	+874%
Office of the Political Staff	19 748.66	0.00	N/A
<b>Total</b>	<b>15 980 599.00</b>	<b>26 426 760.69</b>	<b>-40%</b>

*Table 95: Annual Deviations*

**e) Highlights: Procurement Services**

The following highlights were achieved during the financial year:

Highlights	Description
Adoption of the Preferential Procurement Policy	Entrenching legal framework into policy for empowerment for the previously disadvantaged
Negotiations of the Public Private Partnership contract	Negotiation of the landfill site public private partnership contract
Attendance of the Provincial SCM/LED Indaba Conference	Managing to get a significant number of our colleagues to attend the provincial SCM/LED Indaba

*Table 96: Procurement Services Highlights*

**f) Challenges: Procurement Services**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Regression on the Audit Opinion in 2016/17 financial year with some matters relating to procurement	Various actions included in the OPCAR to address the outcomes

*Table 97: Procurement Services Challenges*

**g) Capital Expenditure: Procurement Services (Draft Information)**

The table below indicates the capital expenditure incurred by the unit:

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Handheld devices (Asset Scanners)	0	78 950	78 947	(3)
Printer HP 4 in One B/W (Stores)	0	4 500	3 617	(883)
<b>Total</b>	<b>0</b>	<b>83 450</b>	<b>82 564</b>	<b>(886)</b>

*Table 98: Capital Expenditure: Procurement*

**h) The Way Forward**

Section 217 of the Constitution of the Republic of South Africa, 1996, When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods and services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective. Subsection 1 does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for, categories of preference in all allocation of contracts and the protection of advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

The adoption of the Preferential Procurement Policy by Council will give new meaning to implementation of Section 217(2) of the Constitution of the Republic of South Africa, Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –

- a) Categories of preference in allocation of contracts and
- b) The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination

Adoption of the Preferential Procurement Policy by council is intended to assist council in realising its mission of:

- 1. unlocking resources for equitable, prosperous and sustainable development; and
- 2. provide strategic leadership towards inclusive / radical / rigorous socio-economic transformation to address social, economic and spatial injustice.

Implementation process will require a close working relationship between SMC Unit, Local Economic Development Unit and Extended Public Works Programme Unit (EPWP). The focus into 2018/19 financial year will require active participation by the units involved to ensure council realises its objectives.

### **3.12.8 SHARED SERVICES**

#### **a) Introduction to Shared Services**

The promotion of shared services falls under the Support Services Department, although initiatives may reside within other departments as well. The Shared Services Unit constitutes the provision or sharing of services to local municipalities in the region. The Garden Route District Municipality Shared Services Forums is operating effectively and there are several services currently being shared in the district namely; GIS, Call Centre, TASK job evaluations and the Anti-Fraud Hotline.

#### **b) Highlights: Shared Services**

The following highlights were achieved during the financial year:

Highlights	Description
18 EPWP Law Enforcement Officers appointed	Shared Services agreement between business (Plettenberg Bay Crime Prevention Association for the 8 month period)
Training	The Municipality procured training for the EPWP appointed Law Enforcement Officers. They received training on law enforcement and fire-arms.
The development of the Rural Roads Assets Management System	Developing the Rural Roads Assets Management system for all the local Municipalities in the district namely, Bitou, George, Hessequa, Oudtshoorn, Knysna, Kannaland and Mossel Bay
District Integrated Transport Plan	Update of the District Integrated plan for the District for all the municipalities excluding George Municipality.

*Table 99: Shared Services Highlights*

#### **c) Challenges: Shared Services**

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Too many expectations from all municipalities from SCEP Project Manager	In process of setting of KPI's per municipality and the District to ensure clear outcomes per contributing municipality

Description	Actions to address
Tourism Cater Care – If students outside George area are selected, the municipalities are not always willing to contribute towards student transport to commute to George	Francois Ferreira Academy is in process of establishing a premises with accommodation to accommodate students from outside George area
Kannaland Municipality not actively participating in processes	Engage more with Kannaland to include them in process

Table 100: Shared Services Challenges

### 3.12.9 INTERNAL AUDIT

#### a) Introduction to Internal Audit

Section 165 of the MFMA prescribes that each municipality must have an internal audit unit. The District's Internal Audit Charter defines the service and function as follows:

*Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve Garden Route District Municipality's operations. It helps Garden Route District Municipality to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*

The Internal Audit unit is responsible for the following:

- ***Develop a Risk-Based Audit Plan (RBAP), incorporating any risks or control concerns identified by management and submit the plan to the Audit and Performance Audit Committee (APAC) for review and approval.***
- ***Implement the annual internal audit plan, as approved covering Section 165(2) of the Municipal Finance Management Act (MFMA) and, as appropriate, any special tasks or projects requested by management and the APAC.***
- ***Advising the Municipal Manager and report to the APAC on the implementation of the internal audit plan and matters relating to:***
  - ❖ Internal audit
  - ❖ Internal controls
  - ❖ Accounting procedures and practices
  - ❖ Risk and risk management
  - ❖ Performance management
  - ❖ Loss control
  - ❖ Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation
- ***Performing any other such duties as may be assigned to the unit by the Municipal Manager.***

#### b) Role of Internal Audit

- ***Assist the Municipal Manager and Council to meet their objectives and to discharge their responsibilities by providing an independent evaluation of the adequacy and effectiveness of the Municipality's network of risk management, control and governance processes;***
- ***Establish policies and procedures to guide the Internal Audit Unit and direct its administrative functions;***
- ***Implement the approved risk-based audit plan, covering section 165(2) of the MFMA and, as appropriate, any special tasks or projects requested by management and the Audit and Performance Audit Committee;***
- ***Establish policies and procedures to guide the Internal Audit Unit and direct its administrative functions;***

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- *Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this charter (refer standard 1200 of the International Standards for the Professional Practice of Internal Auditing);*
- *Develop and implement a Quality Assurance Improvement Program (QAIP) designed by the Chief Audit Executive to provide reasonable assurance to the various stakeholders regarding the operations of the Internal Audit Unit (refer standard 1300 of the International Standards for the Professional Practice of Internal Auditing);*
- *Perform consulting services, beyond internal auditing assurance services, to assist management in meeting its objectives. Examples include advisory services on the implementation of mSCOA, as well as training as and when required. Informal consulting engagements include routine activities such as participating in Council and Management meetings, ad-hoc meetings and routine information exchange (refer standard 1100 of the International Standards for the Professional Practice of Internal Auditing);*
- *Monitor the implementation of action plans to address Auditor-General findings and report progress to management and the Audit and Performance Audit Committee (APAC); and*

Issue at least quarterly reports to the APAC and management, summarising results of audit activities and reporting on progress on the annual risk-based audit plan.

### c) Service statistics: Internal Audit

Internal audit procedures were performed based on the 2017/18 RBAP on the following areas and the following number of findings listed for each audit performed:

Area of review	Findings			
	Critical	Significant	Housekeeping	Total
Risk Management	0	10	1	11
Supply Chain Management	0	32	15	47
Inventory and Store Management	0	8	0	8
Grants	0	7	0	7
Recruitment and Appointments	0	10	0	10
Performance Management (Q1)	0	1	0	1
Performance Management (Q2)	0	7	0	7
Performance Management (Q3)	0	4	0	4
Performance Management (Q4)	0	2	0	2

Table 101: Service statistics: Internal Audit

The IA unit also completed a number of investigations and consulting assignments – the more significant ones are listed below:

- *mSCOA Consulting assignment*
- *2016/17 Irregular Expenditure review*
- *2016/17 Unauthorised Expenditure review*
- *2016/17 Fruitless and Wasteful Expenditure review*

### d) Assistance to local municipalities

Garden Route DM's Internal Audit Unit initiated the establishment of the Garden Route District Internal Audit/Risk Management Forum in the 2015/16 financial year. The purpose of the forum is to facilitate the implementation of internal audit and risk management within municipalities, simultaneously facilitating and

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sharing best practices and support in the District. The Internal Audit Unit continues to participate in and contribute to this forum.

### e) Highlights: Internal Audit

Key projects that were achieved during the financial year:

Project name	Description	Duration / When
Development and execution of the RBAP	APAC approves risk based audit plan for the financial year for execution by the internal audit department	2017/18 year
mSCOA consulting assignment	APAC approved MM's request for Internal Audit to assist management in the implementation of mSCOA and the new financial system through a consulting assignment.	Dec – Jun 2018
Annual stock-take o.b.o. AGSA	At year-end the Internal Audit Unit conducted stock counts at selected Council stores and fuel depots across the District on behalf of the AGSA.	June 2018
Continuous training of IA officials.	In order to ensure best quality internal audit services, officials in the unit attend appropriate training sessions. Two IA officials completed the PIA course as presented by the Institute of Internal Auditors South Africa. – final examinations expected to be in November 2018. One IA official has attended a number of IAT modules, as presented by the Institute of Internal Auditors South Africa. The CAE completed all the prescribed MMC modules as presented by the University of Stellenbosch.	2017/18 year
PT grant: Co-sourcing	Provincial Treasury allocated a R100,000 grant to the internal audit unit in order to obtain external services for the execution of the RBAP as approved by APAC.  This project was completed successfully within the set timeframe.	2017/18 year

**Table 102: Internal Audit Highlights**

### d) Challenges: Internal Audit

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Lack of appropriate IA software to assist in performing IA assignments.	Council approved budget to purchase a risk management and internal audit system in the 2018/19 financial year.
Funding for external quality assessment.	PT is in the process of negotiating an affordable price with suppliers to assist the municipalities in the Western Cape to perform the required external quality assessment (required once every five years).

**Table 103: Internal Audit Challenges**

The Internal Audit Unit is striving to cover the full mandate of the Internal Audit Charter within the Municipality by ensuring that the unit is providing an independent, objective assurance and consulting service beyond internal auditing assurance service, to assist Management in meeting its objectives that is designed to add value and improve the Municipality's operations.

The annual risk-based audit plan (RBAP) as approved by the APAC is an extensive plan that covers all areas of the Municipality, focusing on areas with higher risks as identified by management and recorded in the Municipality's risk register. Over and above the approved plan, the IA unit is regularly approached by management to assist in other areas (investigations, reviews, consulting assignments) but cannot always assist due to capacity constraints.

To address the above, Council approved a R200,000 budget to buy in external services to assist in cases where resources in the unit itself are unable to cover additional work/assignments.

The Internal Audit Unit currently utilised Microsoft Office to perform all functions when executing the RBAP, including audit planning, execution of fieldwork (including sampling and analysis), through to the draft and final reporting phase. There are systems available in the market to assist in completing and reporting on audit reviews in a more time-efficient manner whilst increasing sample sizes and coverage when compared to manually performing such tasks.

**g) Composition of the Audit and Performance Audit Committee (APAC)**

The APAC is an independent advisory body to Council and this committee was established to assist Council with the execution of its mandate. Currently the APAC comprises of four members, namely:

- ***Dr A Potgieter (Chairperson)***
  - ***Adv D Block***
  - ***Ms N Bulabula***
  - ***Mr G Stenekamp***

Both the internal and external auditors had unrestricted access to the Audit and Performance Audit Committee. The roles of the Audit & Performance Audit Committee are set out in the Municipality's APAC Charter and covers the requirements of section 166 of the MFMA.

**h) Main Responsibilities of the APAC**

- ***Advising Council, the Political Office-bearers, the Accounting Officer and the management staff of the municipality;***
- ***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 to policies, regulations and procedures in terms of prescribed guidelines and applicable laws;***
- ***Internal audit reports are submitted to the Audit and Performance Audit Committee on a quarterly basis for review, through formal meetings; and***
- ***The Audit and Performance Audit Committee is functional and their purpose is in line with the Municipal Finance Management Act and clearly outlined in the APAC Charter which was approved by Council.***

For the period under review, the APAC had seven formal meetings. APAC recommendations and minutes of meetings are presented to Council. Additionally, the APAC Chairperson prepares a report on performance management to Council on a bi-annual basis.

**i) Employees: Internal Audit**

The table below indicates the number of staff employed by the unit:

(T-grade)	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%

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(T-grade)	2016/17	2017/18			
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	2	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>

*Table 104: Employees: Internal Audit*

**g) Capital Expenditure: Internal Audit (Draft Information)**

The table below indicates the capital expenditure incurred by the unit:

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Office Chair	0	7 500	6 700	(800)
Laptop 15"	0	15 500	10 670	(4 830)
<b>Total</b>	<b>0</b>	<b>23 000</b>	<b>17 370</b>	<b>(5 630)</b>

*Table 105: Capital Expenditure: Internal Audit*

### 3.13 COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

#### 3.13.1 DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2018/19

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

**a) A Skilled Workforce and Communities**

Ref	KPI	Unit of measurement	Areas	Annual target
TL11	Spend 0.5% of the personnel budget on training by 30 June 2019 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training	All	0.50%
TL38	Compile an Annual Training Framework and submit to Corporate Services by 31 March 2019	Number of frameworks submitted	All	1

*Table 106: Service Delivery Priorities for 2018/19 – A Skilled Workforce and Communities*

**b) Bulk Infrastructure Coordination**

Ref	KPI	Unit of measurement	Areas	Annual target
TL4	Report on the percentage of the municipal capital budget spent on capital projects by 30 June 2019 (Actual amount spent on capital projects /Total amount budgeted for capital	% of capital budget spent by 30 June 2019	All	90%

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Ref	KPI	Unit of measurement	Areas	Annual target
	projects)			
TL7	Submit the Annual Financial Statements of 2017/18 to the Auditor-General by 31 August 2018	Annual financial statements of 2017/18 submitted by 31 August 2018	All	1
TL33	Spent 95% of the roads maintenance budget allocation by 30 June 2019 (Actual expenditure divided by approved allocation received)	% of the roads maintenance budget spent by 30 June 2019	All	95%
TL34	Reseal 23.6km of roads by 30 June 2019	Number of km's of roads resealed	All	23.6
TL35	Regravel 42.68km of roads by 30 June 2019	Number of km's of roads regavelled	All	42.68
TL36	Repair 5000m <sup>2</sup> of black top patching by 30 June 2019	Number of m <sup>2</sup> repaired	All	5,000
TL37	Blade 10000km of roads by 30 June 2019	Number of km's of roads bladed	All	10,000

*Table 107: Services Delivery Priorities for 2018/19 – Bulk Infrastructure Coordination*

**c) Financial Viability**

Ref	KPI	Unit of measurement	Areas	Annual target
TL5	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June 2019 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	All	30%
TL6	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months that available cash is sufficient to cover the monthly operating expenditure	All	1.5
TL8	Achieve a current ratio of 1 (Current assets : Current liabilities) by 30 June 2019	Number of times the municipality can pay back its short term-liabilities with its short-term assets	All	1
TL9	Submit a bi-annual report to Council on the sustainability of Garden Route District Municipality	Number of reports submitted to Council	All	2

*Table 108: Services Delivery Priorities for 2018/19 - Financial Viability*

**d) Good Governance**

Ref	KPI	Unit of measurement	Areas	Annual target
TL1	Submit the Final Annual Report 2017/18 to Council by 31 March 2019	Final Annual Report for 2017/18 submitted to Council	All	1
TL2	Submit the District Municipal Communication Strategy to Council by 31 March 2019	District Municipal Communication Strategy submitted to Council by 31 March 2019	All	1
TL3	Submit the Top layer SDBIP for the 2019/20 financial year for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP for the 2019/20 budget submitted to the Mayor within 14 days after the budget has been approved	All	1
TL10	The number of people from employment equity target groups appointed in the three highest levels of management during the	Number of people appointed in the three highest levels of management in compliance with a municipality's approved employment	All	1

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Ref	KPI	Unit of measurement	Areas	Annual target
	2018/19 financial year in compliance with the municipality's approved Employment Equity Plan	equity plan		
TL12	Limit the vacancy rate to 15% of budgeted posts by 30 June 2019 (Number of funded posts vacant divided by number of budgeted funded posts)	% vacancy rate	All	15%
TL13	Review the Organisational Structure and submit to Council by 30 June 2019	Organisational structure reviewed and submitted to Council by 30 June 2019	All	1
TL14	Award 2 external bursaries to qualifying candidates by 31 March 2019	Number of external bursaries awarded	All	2
TL15	Develop a Corporate Plan for the Garden Route District Municipality and submit to Council by 30 June 2019	Number of plans submitted to Council	All	1
TL16	Develop an ICT Strategic Plan for the Garden Route District Municipality and submit to the Management Committee (MANCOM) by 30 June 2019	Number of plans submitted to MANCOM	All	1
TL17	Submit a report to Council on the development of a Council Resolution System by 31 January 2019	Number of reports submitted to Council	All	1
TL18	Develop a Strategic Plan for the Centralisation of all records for the Municipality and submit to the Management Committee MANCOM by 31 January 2019	Number of plans submitted to MANCOM	All	1
TL26	Develop a 5 year District Tourism Strategy and submit to Council by 31 March 2019	District Tourism Strategy submitted to Council	All	1
TL31	Appoint a service provider for the development of a Tourism Strategy for Kannaland Municipality by 31 March 2019	Number of service providers appointed	All	1

*Table 109: Service Delivery Priorities for 2018/19 - Good Governance*

**e) Growing an Inclusive District Economy**

Ref	KPI	Unit of measurement	Areas	Annual target
TL22	Submit bi-annual reports to Council on the progress of Garden Route District Municipality becoming a Water Service Authority	Number of progress reports submitted	All	2
TL27	Submit the Expanded Public Works Programme (EPWP) business plan to the National Minister of Public Works for all internal projects by 30 June 2019	EPWP business plan submitted to the National Minister of Public Works	All	1
TL28	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2019	Number of job opportunities created through the EPWP programme	All	409
TL29	Conduct work sessions with Small, Medium and Micro-Enterprises (SMME's) on development with special focus on export development	Number of work sessions conducted	All	2
TL30	Sign an agreement with the Western Cape Economic Development Partnership by 31 December 2018	Number of agreements signed	All	1
TL32	Submit the reviewed District Integrated Development Plan (IDP) to Council by 31 May 2019	Number of IDP's submitted	All	1

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**Table 110: Service Delivery Priorities for 2018/19 - Growing an Inclusive District Economy**

### f) Healthy and Socially Stable Communities

Ref	KPI	Unit of measurement	Areas	Annual target
TL23	Conduct training sessions on Public Health Awareness and Responsibilities to 50 school governing bodies in the Garden Route District Municipal area	Number of training sessions conducted	All	50

**Table 111: Service Delivery Priorities for 2018/19 - Healthy and Socially Stable Communities**

### g) Sustainable Environmental Management and Public Safety

Ref	KPI	Unit of measurement	Areas	Annual target
TL19	Develop and submit a Climate Change Strategy to Council for approval by 30 June 2019	Number of Climate Change Strategies developed and submitted to Council	All	1
TL20	Submit bi-annual progress reports to Council on the construction of the Regional Landfill Site in Mossel Bay	Number of progress reports submitted	All	2
TL21	Install a Disaster Management System at Garden Route District Municipality by 31 March 2019	Number of systems installed	All	1
TL24	Appoint a service provider for the construction of the Fire Station by 30 June 2019	Number of service providers appointed	All	1
TL25	Submit the Garden Route Air Quality Management Plan to Council by 30 June 2019	Number of plans submitted	All	1

**Table 112: Service delivery priorities for 2018/19: - Sustainable Environmental Management and Public Safety**

# **CHAPTER 4**

## **ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART 2)**



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.1 NATIONAL KPI'S – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the Municipality's performance in terms of the national KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the national key performance area – municipal transformation and organisational development.

KPA and indicators	Municipal achievement	
	2016/17	2017/18
Number of people from employment equity target groups that will be appointed in the three highest levels of management during the 2017/18 financial year in compliance with the municipality's approved employment equity plan	0	7
Spent 0.5% of personnel budget on training by 30 June 2018 (Actual total training expenditure divided by total personnel budget)	82.60%	1.17%

*Table 113: National KPIs– Municipal Transformation and Organisational Development*

### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The District Municipality currently employs **556** permanent officials as at 30 June 2018, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of HR is to render an innovative service that addresses both skills development and an administrative function.

#### 4.2.1 EMPLOYMENT EQUITY

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

##### a) Occupational Levels - Race

The table below categorises the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	4	2	0	7	1	1	0	2	17
Senior management	2	4	1	2	0	6	0	2	17
Professionally qualified and experienced specialists and mid- management	5	20	0	15	8	15	0	5	68

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Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	21	102	0	28	11	52	1	10	225
Semi-skilled and discretionary decision making	2	19	0	0	2	9	0	0	32
Unskilled and defined decision making	41	66	1	3	32	53	0	1	197
<b>Total permanent</b>	<b>75</b>	<b>213</b>	<b>2</b>	<b>55</b>	<b>54</b>	<b>136</b>	<b>1</b>	<b>20</b>	<b>556</b>
Non- permanent employees	10	67	0	5	14	94	0	3	193
<b>Grand Total</b>	<b>85</b>	<b>280</b>	<b>2</b>	<b>60</b>	<b>68</b>	<b>230</b>	<b>1</b>	<b>23</b>	<b>749</b>

*Table 114: Occupational Levels*

**b) Departments - Race**

The following table categorise the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	3	0	0	2	2	5	0	1	13
Community Services	6	38	1	20	9	29	0	5	108
Corporate Services	5	11	0	4	7	17	1	3	48
Financial Services	2	15	0	1	5	8	0	5	36
Planning and Economic Development Services	6	21	0	1	1	25	0	2	56
Roads and Transport Planning	54	127	1	27	30	52	0	4	295
<b>Total permanent</b>	<b>76</b>	<b>212</b>	<b>2</b>	<b>55</b>	<b>54</b>	<b>136</b>	<b>1</b>	<b>20</b>	<b>556</b>
Non- permanent	10	67	0	5	14	94	0	3	193
<b>Grand total</b>	<b>85</b>	<b>280</b>	<b>2</b>	<b>60</b>	<b>68</b>	<b>230</b>	<b>1</b>	<b>23</b>	<b>749</b>

*Table 115: Department – Race Classification*

**c) Vacancy Rate**

The approved organogram for the Municipality had 607 posts (including 2 new positions that were approved after the appointment of 2 interns at Community Services Department) for the 2017/18 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 49 Posts were vacant at the end of 2017/18, resulting in a vacancy rate of 8.07%. The average vacancy rate for the 2017/18 financial year was 9.50%.

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

Per post level		
Post level	Filled	Vacant
MM & MSA section 57 & 56 Employees	6	0
Middle management	165	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	160	26
Unskilled and defined decision making	225	7
<b>Total</b>	<b>556</b>	<b>49</b>
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	13	1
Community Services	108	11
Corporate Services	48	5
Financial Services	36	4
Planning and Economic Development Services	56	11
Roads and Transport Planning	295	17
<b>Total</b>	<b>556</b>	<b>49</b>

Table 116: Vacancy Rate Per Post and Functional Level

**d) Employee Turnover Rate**

A high employee turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. Below is a table that shows the employee turnover rate within the Municipality for the past two financial years:

Financial year	Total no appointments at the end of each financial year	New appointments	Terminations during the year	Turn-over rate
2016/17	515	54	21	11.65%
2017/18	556	54	12	2.23%

Table 117: Employee Turnover Rate

### 4.3 MANAGING THE MUNICIPAL WORKFORCE

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

#### 4.3.1 INJURIES

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

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

Department	2016/17	2017/18
Office of the Municipal Manager	0	0
Corporate Services	2	1
Financial Services	0	1
Community Services	6	0
Planning and Economic Development Services	N/A	0
Roads and Transport Planning	40	38
<b>Total</b>	<b>48</b>	<b>40</b>

*Table 118: Injuries*

Injuries in the Roads and Transport Planning Unit are normally higher due to the nature of work and the constant handling of equipment and machinery.

#### 4.3.2 SICK LEAVE

The number of days' sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken. The total number of employees that have taken sick leave during the 2017/18 financial year shows a decrease when comparing it with the 2016/17 financial year.

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

Department	2016/17	2017/18
Office of the Municipal Manager	62.54	72.29
Corporate Services	636.62	275.90
Financial Services	243.69	165.94
Community Services	977.42	377.79
Planning and Economic Development Services	N/A	151.04
Roads and Transport Planning	3 564.18	2 166.21
<b>Total</b>	<b>5 484.45</b>	<b>3 209.17</b>

*Table 119: Sick Leave Days*

#### 4.3.3 HR POLICIES AND PLANS

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

The table below shows the HR policies and plans that are approved:

Approved policies	
Name of policy	Council resolution
Travel & Subsistence Policy	DC 744/12/14 / DC 520/03/14 / DC C15/12/2017
Funeral Memorial Services Policy	DC 1091/06/16
Leave Policy	DC 1091/06/16 / DC C16/12/2017
Gender Empowerment Policy	DC 1091/06/16
Overtime Policy	DC 520/03/14
Recruitment & Selection Policy	DC 444/04/11 / DC 744/12/14 / DC 1091/06/16
Smoking Policy	DC 514/08/13 / DC03/15
Experiential Training Policy	DC 515/08/13
Private Work Policy	DC 58/08/05
Bouquets Policy	DC 517/08/13
Telephone Use Policy	DC 1091/06/16
Key Use Policy	DC 1091/06/16
Security & Risk Policy	DC 1091/06/16
Parking Policy	DC 12/14
Records Management Policy	DC 12/14
Placement Policy	DC 520/08/13 / DC 192/07/17
Contract Appointments Policy	DC 516/08/13
Experiential Training Policy	DC 515/08/13
Skills Development Policy	DC 12/14
Succession Planning & Career Pathing	DC 12/14
SHE Rep Policy	DC 520/03/14
SHE Committee Policy	DC 520/03/14

Table 120: HR Policies and Plans

The HR Department submits policies to the Local Labour Forum on a regular basis for review purposes.

#### 4.3.4 INDIVIDUAL PERFORMANCE AND REWARDS

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

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

The performance management system was not rolled out to employees from post level 1 – 6.

## 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

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

### 4.4.1 SKILLS MATRIX

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

Management level	Gender	Number of employees identified for training at start of the year	Number of employees that received training
MM and S57	Female	2	0
	Male	4	0
Legislators, senior officials and managers	Female	35	20
	Male	11	14
Associate professionals and Technicians	Female	71	3
	Male	38	14
Professionals	Female	16	23
	Male	9	10
Clerks	Female	44	21
	Male	24	11
Service and sales workers	Female	12	3
	Male	36	12
Craft and related trade workers	Female	0	0
	Male	21	0
Plant and machine operators and assemblers	Female	0	0
	Male	53	5
Elementary occupations	Female	99	40
	Male	124	66
Sub total	Female	259	93
	Male	320	132
Total		579	225

Table 121: Skills Matrix

The following training was provided for employees trained:

Type of learning intervention	Name of training intervention	Number trained at	
		NQF 1 - 2	NQF 3 - 8
Skills programme	Municipal Financial Management Programme (MFMP)	0	11
Skills programme	ODETDP	0	12
Skills programme	SALGA training	0	14
Skills programme	Report writing	0	33
Skills programme	Health and Safety representatives	15	0
Skills programme	Public speaking	0	1
Skills programme	Project management intermediate	0	15
Skills programme	Small plant and equipment	0	72
Skills programme	Fire fighting 1	13	0
Skills programme	Security management	0	10
Skills programme	Chainsaw	25	0
Skills programme	First aid in the workplace	150	0
Skills programme	Wild animal training	20	0
Skills programme	Road construction	45	0
Skills programme	Road construction	45	0
Skills programme	Convey dangerous goods by road	58	0
Skills programme	Crane truck	5	0
Skills programme	Customer care training	60	0
Skills programme	Brush-cutter, EPWP employees	25	0
Learnership	Risk & disaster management	0	7
Skills programme	Fire fighting 2	10	0
Skills programme	Safety management training course (SAMTRAC) training	0	5
Skills programme	Supervisors & chainsaw operators	8	0
Skills programme	Assessor training	0	10
Skills programme	Moderator training: administration	0	10
Skills programme	Basic supervisor training	11	0
<b>Total</b>		<b>490</b>	<b>200</b>

Table 122: Training Provided

**4.4.2. SKILLS DEVELOPMENT TRAINING**

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

The table below indicates the training that was provided to various levels of staff:

Occupational categories	Gender	Training provided within the reporting period (2016/17)					
		Learnership		Skills programmes and other short courses		Total	
		Actual	Target	Actual	Target	Actual	Target
MM and S57	Female	0	2	0	2	0	2
	Male	0	4	0	4	0	4
Legislators, senior officials and managers	Female	1	24	15	24	16	24
	Male	2	23	12	23	14	23
Professionals	Female	0	71	8	71	8	71
	Male	1	38	4	38	5	38
Technicians and associate professionals	Female	1	16	1	16	2	16
	Male	3	9	9	9	12	9
Clerks	Female	0	44	10	44	10	44
	Male	0	24	1	24	23	24
Service and sales workers	Female	0	12	2	12	10	12
	Male	0	36	13	36	23	36
Craft and related trade workers	Female	0	0	0	0	0	0
	Male	0	21	0	21	0	21
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	53	0	53	0	53
Elementary occupations	Female	0	99	47	99	47	99
	Male	0	124	75	124	75	124
Sub total	Female	2	268	83	259	93	2
	Male	6	332	114	332	152	332
Total		8	600	197	600	245	600

Table 123: Skills Development Training

#### 4.4.3 SKILLS DEVELOPMENT BUDGET ALLOCATION (DRAFT INFORMATION)

The table below indicates the budget allocated and total spent on skills development:

Total personnel budget (R)	Total allocated (R)	Total spent (R)	% Spent
198 497 000	2 735 069	2 315 341.47	1.17%

Table 124: Budget Allocated and Spent on Skills Development

#### 4.4.4 MFMA COMPETENCIES

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

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

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial officials</b>				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior managers	2	3	3	3
Any other financial officials	33	28	N/A	28
<b>SCM officials</b>				
Heads of SCM units	1	1	1	1
SCM senior managers	1	2	2	2
<b>TOTAL</b>	<b>35</b>	<b>31</b>	<b>8</b>	<b>31</b>

Table 125: Financial Competency Development Progress of Officials

## 4.5 THE MUNICIPAL WORKFORCE EXPENDITURE

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

### 4.5.1 PERSONNEL EXPENDITURE (DRAFT INFORMATION)

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

Financial year	Total expenditure salary and allowances (Including ROADS)	Total operating expenditure (Including ROADS)	Percentage
	R'000	R'000	
2016/17	182 241	326 242	56
2017/18	213 802	381 566	56

Table 126: Operating Expenditure

Below is a summary of Councillors and staff benefits for the year under review: (Draft Information)

Financial year	2016/17	2017/18		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
Councillors (Political office bearers plus other)				
Salary	7 655	6 908	7 370	8 012
Pension contributions	154	261	261	343
Medical-aid contributions	109	142	142	88
Motor vehicle allowance	1 022	2 312	2 312	949
Cell phone allowance	319	325	325	1 003
Housing allowance	113	367	405	586
Other benefits or allowances	48	500	0	0
In-kind benefits	0	60	0	0
Sub Total	9 421	10 815	10 815	10 981
% increase/ (decrease)	N/A	14.8	0	1.5
Senior managers of the Municipality				
Salary	3 550	4 014	4 022	5 177
Pension contributions	581	551	481	786
Medical-aid	136	139	117	199

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Financial year	2016/17	2017/18		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
contributions				
Performance bonus	302	554	484	75
Motor vehicle allowance	600	628	670	829
Cell phone allowance	45	59	61	93
Housing allowance	93	90	84	184
Other benefits or allowances	228	0	132	260
Payments in lieu of leave	87	70	70	254
Long service awards	0	0	0	0
In-kind benefits		0	0	0
<b>Sub total</b>	<b>5 622</b>	<b>6 104</b>	<b>6 120</b>	<b>7 857</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>8.6</b>	<b>0.3</b>	<b>28.4</b>
<b>Other municipal staff</b>				
Basic salaries and wages	62 011	69 850	71 403	71 836
Pension contributions	9 981	15 210	15 225	11 673
Medical aid contributions	8 886	10 067	10 067	8 999
Overtime	2 631	2 390	2 623	3 479
Motor vehicle allowance	5 567	4 940	4 921	5 490
Cell phone allowance	6	115	119	132
Housing allowance	710	879	888	763
Other benefits or allowances	7 040	3 557	3 475	7 809
Payments in lieu of leave	1 361	5 265	5 334	3 908
Long service awards		525	533	
Post-retirement benefits obligations	5 987	0	8 043	4 658
<b>Sub total</b>	<b>104 180</b>	<b>112 799</b>	<b>122 630</b>	<b>118 747</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>8.3</b>	<b>8.7</b>	<b>(3.3)</b>
<b>Roads Function</b>	<b>63 018</b>	<b>76 217</b>	<b>76 217</b>	<b>76 217</b>
<b>Total Municipality</b>	<b>182 241</b>	<b>205 935</b>	<b>215 782</b>	<b>213 802</b>
<b>% increase/ (decrease)</b>	<b>N/A</b>	<b>13</b>	<b>4.78</b>	<b>(0.93)</b>

## CHAPTER 5

### FINANCIAL PERFORMANCE



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1 FINANCIAL MATTERS

<b>COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE</b>
---------------------------------------------------------

**COMMENT ON FINANCIAL PERFORMANCE:**

Based on the consolidated 2017/18 financial performance, the municipality made a surplus of R6m in comparison to R11.7m surplus in 2016/17. Overall, the municipality is in good financial health.

Note should be taken of the increase of salaries which indicate an average increase by 7-8%, compared to the Equitable Share (municipality's main income source), which only increased by 5.08%.

### 5.2 GRANTS

**COMMENT ON OPERATING TRANSFERS AND GRANTS:**

The municipality is more than 80% dependant on grants and subsidies and are aiming to be less dependable on grants and to generate more own funds itself. A Revenue Enhancement Strategy is in process.

### 5.3 ASSET MANAGEMENT

**INTRODUCTION TO ASSET MANAGEMENT**

An asset management unit is established at Garden Route District Municipality consisting of the asset manager and an official. Annual asset verification is conducting to ensure all assets are accounted for. Missing assets must be explained by the responsible person the asset is allocated to on the reasons why the assets are missing.

When assets are transferred, an asset transfer form must be completed and submitted to the asset section to update their records.

Every personnel member assets are allocated to, are responsible for the safeguarding of their assets. Aurecon have previously been appointed to compile an asset maintenance plans for the properties.

There is a new approved asset management policy approved by council in 2018 in place, this policy will be reviewed annually to ensure it is aligned with GRAP requirements.

**The key objectives of the asset management policy are:**

- The accurate recording of essential asset information;
- The accurate recording of asset movements;
- Exercising strict physical controls over all assets;
- Treating the assets correctly in the Municipality's Financial Statements;
- Providing accurate and meaningful management information;
- Compliance with the Council's accounting policies and GRAP;
- Adequate insuring of assets;

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- Maintenance of Council's assets;
- Ensuring that managers are aware of their responsibilities with regard to the assets; and
- Setting out the standards of management, recording and internal controls so as to safeguard the assets against inappropriate utilization or loss.

T5.3.1

Details of capital expenditure		
Asset 1	Council Chambers	R676 765.13
Asset 2	Mayoral Vehicle	R673 550.86
Asset 3	MIA (Major Incident Alert) SMS System	R188 000.00
Asset 4	Dell Server	R403 335.00

The other capital items purchased is necessary Fire Fighting equipment and equipment needed at the Resorts.

### COMMENT ON ASSET MANAGEMENT

Refer to previous table and comments with regards to the additions for the year.

Repair and Maintenance Expenditure 2017/18				
(R'000)				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	2 908	3 281	3 146	4.29%

### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

There are limited funding available to allocate to repairs and maintenance. Another challenge was that there were no maintenance plans in place.

Aurecon was appointed to compile a maintenance plan for the properties, and the fleet manager compiled a fleet maintenance plan. This will be used in the future as basis for planning and budgeting purposes.

The challenge still remains of funding to source the increased maintenance. The main source of income increases 5.08% which is not aligned to the average CPIX.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity ratios measure the municipality's ability to pay its bills and are calculated by dividing the current assets, due within one year by the municipality's current liabilities, payable within one year. The higher the ratio, the better it is for the organisation.

**Ratio calculations for the month ended: 30 JUNE 2018**

**Name of municipality:** Garden Route District Municipality  
**Financial Year End:** 30 June 2018

**Current ratio:** Current Assets / Current Liabilities (Norm 2:1)

	30 JUNE 2018	30 June 2017
Current Assets	R 185,595,877.00	R 164,765,727.00
Current Liabilities	R 58,567,585.00	R 44,578,242.00
<b>Current Ratio</b>	<b>3.17</b>	<b>3.70</b> (times)

**Comment:** The purpose of the current ratio is to determine whether the entity has the ability to pay its short term liabilities. The norm for the current ratio is 2:1; the current ratio slightly decreased to 3:17, the main reasons for this was:

-decrease in Inventory, increase in Receivables from Exchange Transactions, a decrease in Operating Lease Assets and an increase in Cash and Cash Equivalents;  
 -increase in Payables-Exchange Transactions with R6 323 177, an increase in Trade and Other Payables from Exchange Transactions with R 3 297 167 as well as an increase in Unspent Transfers and Subsidies of R 5 813 572.

**Cash/ Cost Coverage Ratio:** ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Actuarial Loss, Impairment Loss and Loss on

	30 JUNE 2018	30 June 2017
Cash and cash equivalents	R 162,383,670.00	R 142,719,233.00
Unspent Conditional Grants	R 8,419,797.00	R 2,606,225.00
Bank Overdraft	R -	R -
Short term investment	R 26,027.00	R 26,027.00
Monthly fixed operational exp.	R 15,087,859.17	R 14,831,615.42
Depreciation	R 3,958,922.00	R 3,032,191.00
Amortisation	R -	R -
Provision for bad debts	R -	R -
Actuarial Loss	R -	R -
Impairment Loss	R 7,015,748.00	R 512,076.00
Loss on disposal of assets	R 573,997.00	R 268,960.00
Employee related cost - Roads	R 76,216,931.00	R 63,017,771.00
Operating expenditure - Roads	R 112,746,803.00	R 81,432,041.00
<b>Cash/ Cost Coverage Ratio</b>	<b>10.21</b>	<b>9.45</b> (months)

**Comment:** The purpose of the cash/ cost coverage ratio is to determine the amount of cash available to pay monthly operating expenditure, which includes interest, without receiving any additional income. Ideally the municipality should be able to pay its operating expenditure for 3 months without receiving any additional income to proof sustainability. The municipality is able to cover all operating expenditure on a monthly basis. The reason for the increase in the ratio since 30 June 2017 was due to the increase in Cash and Cash Equivalents with R19 664 437 and an increase in Unspent Conditional Grants of R5 813 572.

<b>Net debtor days:</b> $((\text{Gross Debtors} - \text{Bad debt Provision}) / \text{Actual Billed Revenue}) \times 365 \text{ days}$ (Norm: 30 days)			
	<b>30 JUNE 2018</b>	<b>30 June 2017</b>	
Gross debtors closing balance	R 14,989,616.00	R 12,568,423.00	
Billed revenue	R 8,613,406.00	R 5,307,834.40	
Bad debt provision	R -	R -	
<b>Net debtor days</b>	<b>635.20</b>	<b>864.28</b>	(days)
<b>Comment:</b> The purpose of this ratio is to determine how quick the debtors pay the municipality after being billed. The net debtor days is exceedingly more than the accepted norm and improved controls should be implemented to improve recoverability of debtors. The debtor section sends out letter of demands on a monthly basis to debtors outstanding for 30 days or longer, if no response is received from the debtors regarding repayment arrangements, these debts will be handed over for collection. It should be noted that an amount of +R2.5m is included in the outstanding debtors which relates to councilors debt with regards to travel claims claimed incorrectly. Awaiting legal opinion from councilors attorney as they are disputing the definition of workplace (George or the respective towns). The Net Debtor Days decreased with 229.08 days, due to the increase in Gross Debtors closing balance and the increase in the Billed Revenue.			
<b>Grant dependency:</b> Government grants and Subsidies / Total Revenue x 100			
	<b>30 JUNE 2018</b>	<b>30 June 2017</b>	
Total revenue	R 188,857,241.00	R 179,099,928.00	
Government grants and Subsidies	R 155,064,262.00	R 146,698,031.00	
<b>Grant dependency</b>	<b>82.11%</b>	<b>81.91%</b>	(%)
<b>Comment:</b> The purpose of this ratio is to determine how dependant the municipality is on grants. The ratios indicated that Eden District Municipality will be 82.11% dependable on grants mainly due to the Equitable Share and government grants and subsidies which increased with R8 366 231. The ratio decreased slightly with 0.20% in comparison with June 2017 where the municipality were less dependable on grants.			

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.5 CAPITAL EXPENDITURE

#### Introduction to spending against capital budgets

Total Capital Expenditure: 2015/16 to 2017/18 (R'000)			
Detail	2015/16	2016/17	2017/18
Original Budget	1 035	5 415	2 459
Adjustment Budget	2 291	6 713	4 677
Actual	2 017	6 181	5 324

**COMMENT ON CAPITAL EXPENDITURE:**

The majority of the budget includes the purchase of necessary firefighting equipment, Major Incident Alert SMS System, Dell Servers and the mayoral vehicle.

**FUNDING OF CAPITAL BUDGET: 2017/2018**

The budget will be funded from own sources.

## 5.6 SOURCES OF FINANCE

With the current financial constraints, limited funding is available to fund capital expenditure.

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

**The capital expenditure was spent on:**

- Upgrade of Council Chambers
- Purchase of Mayoral Vehicle
- Purchase of MIA (Major Incident Alert) SMS System
- Purchase of Dell Server
- Purchase of Septic Tank Project at Swartvlei Resort

The majority of the budget includes the purchase of necessary firefighting equipment, computer equipment and upgrading of buildings and resorts.

<b>COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS</b>
----------------------------------------------------------

## 5.8 CASH FLOW

**INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS**

Refer to cash flow statement included in this report.

After the abolishment of the RSC levies, district municipalities are cash strained as they are about 77% dependent on grant funding to sustain operations. The Equitable Share Grant only increases 5.075% annually which is not aligned to the continuous increase in expenditure.

District Municipalities do not have any own revenue sources e.g. tariffs that can be raised. Revenue from own resources are limited, the majority own income is the administration fee received for the Roads agency function performed on behalf of Department of Transport.

Each year, it is a cumbersome task to ensure the budget prepared is cash backed. Various engagements are in process with Provincial Treasury, National Treasury to address this issue. A district municipality task team for the Western Cape has been established.

## 5.9 BORROWING AND INVESTMENTS

### 5.9.1 INVESTMENTS

Money is invested in short term investments (32 day deposits). Excess cash not needed for the daily operations for the next month are invested. Maximum of 25% may be invested with one institution as per the cash and investment policy.

Investments are made in accordance with the cash and investment policy. Excess funds not needed within the next 32 days are invested to generate maximum interest. Investments are limited to 25% per financial institution to diversify risk to council.

### 5.9.2 BORROWINGS

No new loans have been taken up in the 2017/2018 financial year. It is not envisioned that new loans will be taken up in 2018/2019.

#### COMMENT ON BORROWINGS:

**Borrowings:** No new loans have been taken up in the 2017/2018 financial year. It is not envisioned that new loans will be taken up in 2018/2019. Long term loans were fully repaid during the 2015/2016 financial year.

APPENDIX A										
GARDEN ROUTE DISTRICT MUNICIPALITY										
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018										
EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2017	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Office Equipment				-	-	-	-	-	-	-
Mobile Communication Devices	Prime	334621609	2020/06/14	-	-	1,748,944	(300,856)	1,448,088	1,466,144	-
Total Lease Liabilities				-	-	1,748,944	(300,856)	1,448,088	-	-
TOTAL EXTERNAL LOANS				-	-	1,748,944	(300,856)	1,448,088	-	-

## 5.10 PUBLIC PRIVATE PARTNERSHIPS

Garden Route District Municipality is in the process of concluding a Public Private Partnership with regards to the establishment of a regional landfill site in Mossel Bay. The land was purchased in 2014/2015, the construction and management of the landfill site will be done by concluding a Public Private Partnership. The closing date for submission of tenders was 31 July 2015, but was extended as the relevant MFMA/SCM/PPP processes have not been concluded. A preferred and reserved bidder has been appointed, currently negotiations are underway with the Preferred bidder. Treasury Views and Recommendations (TVR) IIB has been obtained, the next phase is obtaining TVR 3 from National Treasury. The public private agreement has to be concluded and S33 (contract longer than three years) of the Municipal Finance Management Act must be

initiated as this will be a 10 year contract. There are currently four participating local municipalities who will be contributing monthly to Garden Route District Municipality for the utilization of the regional landfill site. The participating municipalities have included the contributions for the regional landfill site in their respective budgets that have been approved by council in May 2018. It is estimated that the first cell will be operational 1 July 2019, after all applicable processes have been concluded.

## **5.11 GRAP COMPLIANCE**

With the lack of capacity in the GRAP unit, consultants are assisting with the implementation of GRAP standards.

### **There are two GRAP steering committees:**

- One committee consists of the finance personnel, chaired by the CFO. This is where the progress by the different sections are discussed, the action plans to address previous audit findings, etc. The meeting is attended by:
  - The Deputy Managers of the finance department;
  - Their first line of supervisors;
  - The risk officer and
  - Internal audit.
  
- The second committee serves as a bigger meeting for discussion of financial issues pertaining to the whole municipality and all departments. The meeting is attended by:
  - CFO
  - Municipal Manager;
  - Head of Department's;
  - Finance Deputy Managers;
  - Internal Audit;
  - Other Role-Players

**VOLUME II:  
ANNUAL FINANCIAL STATEMENTS**

# **GARDEN ROUTE DISTRICT**

## **DISTRICT MUNICIPALITY**



### **FINANCIAL STATEMENTS**

**30 JUNE 2018**

GARDEN ROUTE DISTRICT MUNICIPALITY

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**GARDEN ROUTE DISTRICT MUNICIPALITY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018  
GENERAL INFORMATION**

**NATURE OF BUSINESS**

Garden Route District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

**COUNTRY OF ORIGIN AND LEGAL FORM**

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

**JURISDICTION**

The Garden Route District Municipality includes the following municipalities:

*Bitou Municipality  
George Municipality  
Hessequa Municipality  
Kannaland Municipality  
Knysna Municipality  
Mossel Bay Municipality  
Oudtshoorn Municipality*

**EXECUTIVE MAYOR**

*Mr. M Booysen*

**DEPUTY EXECUTIVE MAYOR**

*Ms. RH Ruiters*

**ACTING SPEAKER**

*Mr. BHJ Groenewald*

**CHIEF WHIP**

*Mr. RE Spies*

**MEMBERS OF THE EXECUTIVE COMMITTEE**

Executive Mayor  
Deputy Executive Mayor  
Executive Councillor / Chief Whip  
Executive Councillor  
Executive Councillor  
Executive Councillor  
Executive Councillor  
Executive Councillor  
Executive Councillor

*Mr. M Booysen  
Ms. RH Ruiters  
Mr. RE Spies  
Mr. RE Spies  
Mr. I Stemela  
Mr. JJC Lambaatjeen  
Ms. JP Johnson  
Mr. KS Lose  
Ms. E Meyer*

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**  
**GENERAL INFORMATION**

**MUNICIPAL MANAGER**

Mr. M.G Stratu

**CHIEF FINANCIAL OFFICER**

Miss. L. Hoek

**REGISTERED OFFICE**

54 York Street  
GEORGE  
6529

**AUDITORS**

Office of the Auditor General (WC)

**PRINCIPLE BANKERS**

Standard Bank, George

**ATTORNEYS**

Raubenheimers Attorneys  
Cilliers Odendaal Attorneys  
Millers Attorneys  
Regan Brown Attorneys  
Schroter Attorneys (Lamont Settlement)  
Boer Arries Attorneys  
Le Roux Lamprecht Attorneys  
Stadler & Swart Attorneys

**RELEVANT LEGISLATION**

Basic Conditions of Employment Act (Act no 75 of 1997)  
Collective Agreements  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act (Act no 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act  
Water Services Act (Act no 108 of 1997)

**GARDEN ROUTE DISTRICT MUNICIPALITY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018  
GENERAL INFORMATION**

**MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY**

<b>WARD</b>	<b>COUNCILLOR</b>
Proportional	<i>Ms. T Fortuin</i>
Proportional	<i>Mr. S de Vries</i>
Proportional	<i>Ms. NF Kamte</i>
Proportional	<i>Mr. MP Mapitza</i>
Proportional	<i>Ms. D Xego</i>
Proportional	<i>Ms. CN Lichaba</i>
Proportional	<i>Ms. T van Rensburg</i>
Proportional	<i>Ms. S May</i>
Proportional	<i>Mr. RE Spies</i>
Proportional	<i>Mr. M Booysen</i>
Proportional	<i>Mr. KS Lose</i>
Proportional	<i>Mr. D Snyman</i>

**GARDEN ROUTE DISTRICT MUNICIPALITY**

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 7 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 Eden District Municipality's name was changed to Garden Route District Municipality, as per Provincial Government Gazette 7972, dated 24 August 2018.

The annual 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 annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am 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.

The annual financial statements were prepared on the going concern basis.



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Mr. M.G Stratu  
**Accounting Officer**

30/11/2018

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**Date**

## GARDEN ROUTE DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R	2017 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>289 887 806</b>	<b>288 842 510</b>
Property, Plant and Equipment	2	145 345 180	143 928 281
Investment Property	3	85 420 899	85 532 766
Intangible Assets	4	1 362 639	1 819 116
Investments	5	26 027	26 027
Employee Benefits	13	57 733 060	57 536 320
<b>Current Assets</b>		<b>185 595 878</b>	<b>163 302 467</b>
Inventory	7	2 567 785	3 131 451
Receivables from Exchange Transactions	8	16 099 551	12 941 537
Receivables from Non-exchange Transactions	9	100 556	100 556
Unpaid Transfers and Subsidies	17	-	-
Operating Lease Asset	6.1	18 833	32 445
Taxes	18	317 038	571 877
Current Portion of Non-Current Employee Benefits	13	4 108 443	3 805 368
Cash and Cash Equivalents	10,1	162 383 670	142 719 233
<b>Total Assets</b>		<b>475 483 683</b>	<b>452 144 976</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>137 986 376</b>	<b>136 939 704</b>
Long-term Borrowings	11	590 799	-
Non-current Provisions	12	-	-
Non-current Employee Benefits	13	137 395 577	136 939 704
<b>Current Liabilities</b>		<b>58 567 586</b>	<b>42 262 723</b>
Provisions	14	-	-
Current Employee Benefits	15	32 411 893	26 088 716
Trade and Other Payables from Exchange Transactions	16	16 864 948	13 567 781
Unspent Transfers and Subsidies	17	8 419 797	2 606 225
Taxes	18	-	-
Operating Lease Liability	6,2	13 658	-
Cash and Cash Equivalents	14,3	-	-
Current Portion of Long-term Borrowings	11	857 290	-
<b>Total Liabilities</b>		<b>196 553 962</b>	<b>179 202 427</b>
<b>Net Assets</b>		<b>278 929 722</b>	<b>272 942 549</b>
Capital Replacement Reserve	20	31 704 865	27 728 373
Accumulated Surplus/(Deficit)		247 224 857	245 214 177
<b>Total Net Assets and Liabilities</b>		<b>475 483 683</b>	<b>452 144 976</b>

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	Notes	2018 R	2017 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>159 236 939</b>	<b>151 246 744</b>
<b>Transfer Revenue</b>		<b>155 063 318</b>	<b>146 698 031</b>
Government Grants and Subsidies	21	154 142 467	146 697 773
Public Contributions and Donations	22	920 850	258
<b>Other Revenue</b>		<b>4 173 621</b>	<b>4 548 713</b>
Actuarial Gains	13	4 173 621	4 548 713
<b>Revenue from Exchange Transactions</b>		<b>236 183 151</b>	<b>187 464 624</b>
Department of Transport - Roads Service Charges	24	206 563 793	159 611 440
Sales of Goods and Rendering of Services	25	14 699 021	11 886 118
Rent on Land	26	444 513	391 848
Rental of Facilities and Equipment	27	347 585	267 075
Interest Earned - External Investments	28	11 276 945	12 926 667
Interest Earned - Exchange Transactions	29	1 639 116	1 176 588
Licences and Permits	23	213 594	215 028
Operational Revenue	30	998 584	989 861
<b>Total Revenue</b>		<b>395 420 090</b>	<b>338 711 368</b>
<b>EXPENDITURE</b>			
Employee related costs	31	(202 820 676)	(172 819 773)
Remuneration of Councillors	32	(10 980 692)	(9 421 247)
Bad Debts Written Off		(3 527 609)	(3 937 518)
Contracted Services	33	(26 922 569)	(33 950 000)
Depreciation and Amortisation	34	(3 958 922)	(3 032 191)
Finance Costs	35	(79 372)	(427 346)
Inventory Consumed	7	(73 172 033)	(43 151 294)
Operating Leases		(975 205)	(704 085)
Transfers and Subsidies	36	(2 303 540)	(1 091 177)
Operational Costs	37	(56 825 148)	(57 707 793)
<b>Total Expenditure</b>		<b>(381 565 766)</b>	<b>(326 242 424)</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>13 854 323</b>	<b>12 468 945</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	7	(50 064)	1 110
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(7 300 140)	(438 645)
Gains/(Loss) on Sale of Fixed Assets	39	(573 997)	(268 960)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	40	57 050	(73 431)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>5 987 172</b>	<b>11 689 019</b>

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	Capital Replacement Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2016</b>	<b>24 675 638</b>	<b>231 518 398</b>	<b>256 194 036</b>
Correction of Error - note 42	-	5 059 494	5 059 494
<b>Restated balance</b>	<b>24 675 638</b>	<b>236 577 893</b>	<b>261 253 530</b>
Net Surplus/(Deficit) for the year	-	11 689 020	11 689 020
Net Surplus/(Deficit) previously reported	-	12 953 982	12 953 982
Effects of Correction of Errors - note 42		(1 264 962)	(1 264 962)
Transfer to/from CRR	8 873 371	(8 873 371)	-
Property, Plant and Equipment purchased	(5 820 635)	5 820 635	-
Capital Grants used to purchase PPE	-	-	-
Transfer to Housing Development Fund	-	-	-
Asset Disposals	-	-	-
Offsetting of depreciation	-	-	-
<b>Balance at 30 June 2017</b>	<b>27 728 374</b>	<b>245 214 177</b>	<b>272 942 550</b>
<b>Restated balance</b>	<b>27 728 374</b>	<b>245 214 177</b>	<b>272 942 550</b>
Net Surplus/(Deficit) for the year	-	5 987 172	5 987 172
Transfer to/from CRR	3 976 492	(3 976 492)	-
Property, Plant and Equipment purchased	-	-	-
Capital Grants used to purchase PPE	-	-	-
Transfer to Housing Development Fund	-	-	-
Asset Disposals	-	-	-
Offsetting of depreciation	-	-	-
<b>Balance at 30 June 2018</b>	<b>31 704 866</b>	<b>247 224 857</b>	<b>278 929 723</b>

GARDEN ROUTE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	2017 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts		389 945 324	315 578 623
Taxation		-	-
Service Charges		-	-
Other Revenue		224 525 911	155 954 183
Government - Operating		154 142 467	146 697 773
Government - Capital		-	-
Interest		11 276 945	12 926 667
Dividends		-	-
Cash payments		(365 904 733)	(321 906 797)
Suppliers and Employees		(363 521 820)	(320 388 274)
Finance Charges		(79 372)	(427 346)
Transfers and Grants		(2 303 540)	(1 091 177)
<b>Net Cash from Operating Activities</b>	<b>43</b>	<b>24 040 591</b>	<b>(6 328 174)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(5 266 062)	(5 820 634)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Investment Properties		-	-
Purchase of Intangible Assets		(58 362)	(359 876)
Purchase of Heritage Assets		-	-
Purchase of Agricultural Assets		-	-
Decrease/(Increase) in Non-Current Debtors		(499 815)	(169 070)
Decrease/(Increase) in Other Non-Current Receivables		-	-
Decrease/(Increase) in Non-Current Investments		-	-
<b>Net Cash from Investing Activities</b>		<b>(5 824 239)</b>	<b>(6 349 580)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term Loans		-	-
Borrowing - Long term/Refinancing		1 748 942	-
Increase/(Decrease) in Consumer Deposits		-	-
Repayment of Borrowing		(300 856)	-
<b>Net Cash from Financing Activities</b>		<b>1 448 086</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>19 664 438</b>	<b>(12 677 754)</b>
Cash and Cash Equivalents at the beginning of the year		142 719 233	155 396 985
Cash and Cash Equivalents at the end of the year	<b>44</b>	162 383 670	142 719 233
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>19 664 438</b>	<b>(12 677 752)</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018**

Notes	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2018 R	%
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	159 532 028	10 235 811	169 767 840	-	-	169 767 840	161 885 064	-4,64%
Call Investment Deposits	-	-	-	-	-	-	498 607	100,00%
Consumer Debtors	3 620 000	(3 620 000)	-	-	-	-	-	0,00%
Other Debtors	2 181 000	-	2 181 000	-	-	2 181 000	16 535 979	658,18%
Current Portion of Employee Benefits Inventory	3 227 000	-	3 227 000	-	-	3 227 000	4 108 443	27,31%
	3 433 000	-	3 433 000	-	-	3 433 000	2 567 785	-25,20%
<b>Total Current Assets</b>	<b>171 993 028</b>	<b>6 615 811</b>	<b>178 608 840</b>	<b>-</b>	<b>-</b>	<b>178 608 840</b>	<b>185 595 878</b>	<b>3,91%</b>
<b>Non-Current Assets</b>								
Employee Benefits Investments	59 717 000	-	59 717 000	-	-	59 717 000	57 733 060	-3,32%
Investment Property	26 000	-	26 000	-	-	26 000	26 027	0,10%
Property, Plant and Equipment	85 712 000	-	85 712 000	-	-	85 712 000	85 420 899	-0,34%
Intangible Assets	141 185 430	4 961 000	146 146 430	-	-	146 146 430	145 345 180	-0,55%
	1 783 643	-	1 783 643	-	-	1 783 643	1 362 639	-23,60%
<b>Total Non-Current Assets</b>	<b>288 424 073</b>	<b>4 961 000</b>	<b>293 385 073</b>	<b>-</b>	<b>-</b>	<b>293 385 073</b>	<b>289 887 806</b>	<b>-1,19%</b>
<b>TOTAL ASSETS</b>	<b>460 417 101</b>	<b>11 576 811</b>	<b>471 993 913</b>	<b>-</b>	<b>-</b>	<b>471 993 913</b>	<b>475 483 683</b>	<b>0,74%</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Bank Overdraft	-	-	-	-	-	-	857 290	100,00%
Borrowing	-	-	-	-	-	-	-	-
Consumer Deposits	-	-	-	-	-	-	-	-
Trade and Other Payables	39 006 000	5 572 342	44 578 342	-	-	44 578 342	25 298 403	-43,25%
Provisions	28 300 000	-	28 300 000	-	-	28 300 000	32 411 893	14,53%
<b>Total Current Liabilities</b>	<b>67 306 000</b>	<b>5 572 342</b>	<b>72 878 342</b>	<b>-</b>	<b>-</b>	<b>72 878 342</b>	<b>58 567 586</b>	<b>-19,64%</b>
<b>Non-Current Liabilities</b>								
Borrowing	141 267 000	12 676 433	153 943 433	-	-	153 943 433	137 395 577	-10,75%
Provisions	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>141 267 000</b>	<b>12 676 433</b>	<b>153 943 433</b>	<b>-</b>	<b>-</b>	<b>153 943 433</b>	<b>137 986 376</b>	<b>-10,37%</b>
<b>TOTAL LIABILITIES</b>	<b>208 573 000</b>	<b>18 248 775</b>	<b>226 821 775</b>	<b>-</b>	<b>-</b>	<b>226 821 775</b>	<b>196 553 962</b>	<b>-13,34%</b>
<b>NET ASSETS</b>								
Accumulated Surplus/(Deficit) Reserves	268 744 022	(51 917 884)	216 826 138	-	-	216 826 138	247 224 857	14,02%
	28 346 000	-	28 346 000	-	-	28 346 000	31 704 865	11,85%
<b>TOTAL NET ASSETS</b>	<b>297 090 022</b>	<b>(51 917 884)</b>	<b>245 172 138</b>	<b>-</b>	<b>-</b>	<b>245 172 138</b>	<b>278 929 722</b>	<b>13,77%</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2018 R	%
<b>REVENUE</b>								
Rental of Facilities and Equipment	3 506 944	-	3 506 944	-	-	3 506 944	792 097	-77,41%
Interest Earned - External Investments	11 123 700	960 797	12 084 497	-	-	12 084 497	11 276 945	-6,68%
Interest Earned - Outstanding Debtors	845 854	-	845 854	-	-	845 854	1 639 116	93,78%
Licences and Permits	313 700	-	313 700	-	-	313 700	213 594	-31,91%
Agency Services	15 300 000	-	15 300 000	-	-	15 300 000	17 372 717	13,55%
Transfers Recognised - Operational	152 945 000	7 600 000	160 545 000	-	-	160 545 000	155 063 318	-3,41%
Other Revenue	161 193 810	30 310 478	191 504 288	-	-	191 504 288	209 062 302	9,17%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>47.2.6</b>	<b>345 229 008</b>	<b>38 871 275</b>	<b>384 100 283</b>	<b>-</b>	<b>384 100 283</b>	<b>395 420 090</b>	<b>2,95%</b>
<b>EXPENDITURE</b>								
Employee Related Costs	118 903 045	9 847 504	128 750 549	-	-	128 750 549	202 820 676	57,53%
Remuneration of Councillors	10 815 151	-	10 815 151	-	-	10 815 151	10 980 692	1,53%
Debt Impairment	1 121 544	400 000	1 521 544	-	-	1 521 544	10 827 749	611,63%
Depreciation and Asset Impairment	3 069 970	(9 813)	3 060 157	-	-	3 060 157	3 901 872	27,51%
Finance Charges	-	-	-	-	-	-	79 372	100,00%
Bulk Purchases	-	-	-	-	-	-	-	-
Other Materials	-	-	-	-	-	-	-	-
Contracted Services	15 896 131	7 433 441	23 329 572	-	-	23 329 572	26 922 569	15,40%
Transfers and Grants	-	-	-	-	-	-	-	-
Other Expenditure	192 958 152	18 984 023	211 942 174	-	-	211 942 174	133 899 988	-36,82%
Loss on Disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>47.2.7</b>	<b>342 763 993</b>	<b>36 655 154</b>	<b>379 419 148</b>	<b>-</b>	<b>379 419 148</b>	<b>389 432 918</b>	<b>2,64%</b>
<b>Surplus/(Deficit)</b>	<b>2 465 014</b>	<b>2 216 121</b>	<b>4 681 135</b>	<b>-</b>	<b>-</b>	<b>4 681 135</b>	<b>5 987 172</b>	<b>27,90%</b>
Transfers Recognised - Capital	-	-	-	-	-	-	-	-
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>2 465 014</b>	<b>2 216 121</b>	<b>4 681 135</b>	<b>-</b>	<b>-</b>	<b>4 681 135</b>	<b>5 987 172</b>	<b>27,90%</b>
<b>Surplus/(Deficit) for the year</b>	<b>2 465 014</b>	<b>2 216 121</b>	<b>4 681 135</b>	<b>-</b>	<b>-</b>	<b>4 681 135</b>	<b>5 987 172</b>	<b>27,90%</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2018 R	%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Other Revenue	180 314 454	28 010 478	208 324 932	-	-	208 324 932	224 525 911	7,78%
Government - Operating	152 945 000	380 000	153 325 000	-	-	153 325 000	154 142 467	0,53%
Government - Capital	-	-	-	-	-	-	-	0,00%
Interest	11 969 554	960 787	12 930 351	-	-	12 930 351	11 276 945	-12,79%
<b>Payments</b>								
Suppliers and Employees	(338 572 479)	(16 897 464)	(355 469 943)	-	-	(355 469 943)	(365 825 360)	2,91%
Finance costs	-	-	-	-	-	-	(79 372)	100,00%
Transfers and Grants	-	-	-	-	-	-	-	0,00%
<b>Net Cash from/(used) Operating Activities</b>	6 656 528	12 453 811	19 110 340	-	-	19 110 340	24 040 591	25,80%
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	100,00%
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	(499 815)	-
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	-
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	-
<b>Payments</b>								
Capital Assets	(2 458 500)	(2 218 000)	(4 676 500)	-	-	(4 676 500)	(5 324 424)	13,85%
<b>Net Cash from/(used) Investing Activities</b>	(2 458 500)	(2 218 000)	(4 676 500)	-	-	(4 676 500)	(5 824 239)	24,54%
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short Term Loans	-	-	-	-	-	-	-	100,00%
Borrowing long term/refinancing	-	-	-	-	-	-	1 748 942	-
Increase/(Decrease) in Consumer Deposits	-	-	-	-	-	-	-	-
<b>Payments</b>								
Repayment of Borrowing	-	-	-	-	-	-	(300 856)	100,00%
<b>Net Cash from/(used) Financing Activities</b>	-	-	-	-	-	-	1 448 086	100,00%
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	4 198 028	10 235 811	14 433 840	-	-	14 433 840	19 664 438	36,24%
Cash and Cash Equivalents at the year begin:	155 334 000	-	155 334 000	-	-	155 334 000	142 719 233	-8,12%
Cash and Cash Equivalents at the year end:	159 532 028	10 235 811	169 767 840	-	-	169 767 840	162 383 670	-4,35%

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand. Financial values are rounded to the nearest one Rand.

**1.3. GOING CONCERN ASSUMPTION**

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

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2017 audited amounts is set out in note 41 of the annual financial statements.

**1.5. MATERIALITY**

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

**1.6. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R500,000.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2019.

GARDEN ROUTE DISTRICT MUNICIPALITY

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

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<p><b><u>Related Party Disclosure</u></b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p><b><u>Service Concession Arrangements: Grantor</u></b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2019
GRAP 108 (Original – Sept 2013)	<p><b><u>Statutory Receivables</u></b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
GRAP 109	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 110	<p><b><u>Living and non-living resources</u></b></p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure</p>	1 April 2020

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	requirements for non-living resources.	
	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
IGRAP 17	<p><b><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></b></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## 1.8. RESERVES

## 1.8.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

## 1.9. LEASES

## 1.9.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.9.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

**1.10. UNSPENT TRANSFERS AND SUBSIDIES**

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional transfers and subsidies are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional transfers and subsidies are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.11. UNPAID CONDITIONAL TRANSFERS AND SUBSIDIES**

Unpaid conditional transfers and subsidies are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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

- Unpaid conditional transfers and subsidies are recognised as an asset when the grant is receivable.

**1.12. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.9.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

**1.10. UNSPENT TRANSFERS AND SUBSIDIES**

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional transfers and subsidies are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional transfers and subsidies are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.13. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

**1.13.1. Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

**1.13.2. Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

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**1.13.3. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

**1.13.4. Provision for Staff Leave**

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

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full but is limited to a maximum of 48 days. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**1.13.5. Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year-end is based on bonus accrued at year-end for each employee.

**1.13.6. Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees.

**1.13.7. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

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The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.13.8. Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**1.14. BORROWING COSTS**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

**1.15. PROPERTY, PLANT AND EQUIPMENT**

**1.15.1. Initial Recognition and Measurement**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.15.2. Subsequent Measurement – Cost Model**

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

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

**1.15.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the residual value of the asset, where applicable. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

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

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads Infrastructure	16 – 36	Computer equipment	1 – 34
		Furniture and Office Equipment	1 - 37
<b><u>Community</u></b>		Machinery and Equipment	1 - 36
Resorts	16 – 36	Transport Assets	7 - 37
		Municipal Offices	6 - 102

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

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

**1.15.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.15.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

**1.16. INTANGIBLE ASSETS**

**1.16.1. Initial Recognition**

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

Intangible assets are initially recognised at cost.

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

**1.16.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.16.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

separately. The estimated useful lives, residual values and amortisation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	4 - 17

**1.16.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17. INVESTMENT PROPERTY**

**1.17.1. Initial Recognition**

Investment property is recognised as an asset when, and only when:

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

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

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.17.2. Subsequent Measurement – Cost Model**

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

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.17.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	10 – 102

**1.17.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18. HERITAGE ASSETS**

**1.18.1. Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

**1.18.2. Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

**1.18.3. Depreciation and Impairment**

Heritage assets are not depreciated

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been

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recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.18.4. De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.19.1. Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

**(a) External sources of information**

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

**(b) Internal sources of information**

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;

- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

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An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.19.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue

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

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An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**1.20. INVENTORIES**

**1.20.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.20.2. Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

**1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

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**1.21.1. Initial Recognition**

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

**1.21.2. Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, loans and receivables at cost and loans and receivables at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.21.2.1. Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

**1.21.2.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.21.2.4. Non-Current Investments**

Investments which include fixed deposits invested in registered commercial banks, are stated at cost or amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.21.3. De-recognition of Financial Instruments**

**1.21.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

**1.21.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.21.4. Impairment of Financial Assets**

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality, after the appropriate legislative processes have been followed. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.21.5. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.22. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables generally arise from non-exchange transactions.

**1.22.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

**1.22.2. Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of

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the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.22.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) derecognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

**1.23. REVENUE**

**1.23.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Fine Revenue constitutes spot fines.: Fine revenue is recognised when the spot fine is issued. In cases where fines are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

**1.23.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Rental from Holiday Resorts is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality, as well as the Cancellation Policy of the municipality. The Cancellation Policy has the following refund principles:

- Less than 72 hours: 0% refund of the fees paid.
- Less than 14 days: 25% refund of the fees paid.
- Less than 1 month: 50% refund of the fees paid.
- More than 1 month: 90% refund of the fees paid.

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Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.24. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

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

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A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an Municipality of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an Economic Entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;

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- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
  - (d) the senior management team of the Municipality, including the accounting officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.25. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.26. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.27. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

**1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

**1.29.1. *Post-retirement medical obligations, Long service awards and Ex-gratia gratuities***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 13 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.29.2. *Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**1.29.3. *Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

**1.29.4. Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

**1.29.5. Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**GARDEN ROUTE DISTRICT MUNICIPALITY**

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

**1.29.6. Revenue Recognition**

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.29.7. Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.29.8. Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year-end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

**1.29.9. Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.30. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.31. CAPITAL COMMITMENTS**

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.32. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

***GARDEN ROUTE DISTRICT MUNICIPALITY***

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

- 
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
  - those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

## 2. PROPERTY, PLANT AND EQUIPMENT

## 2.1 30 JUNE 2018

	Opening Balance	Class Transfers	Correction of Error	Cost/Revaluation			Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Correction of Error	Accumulated Depreciation and Impairment Losses			Disposals	Closing Balance	Carrying Value
				Additions	Under Construction								Depreciation	Impairment	Reversal of Impairment			
Infrastructure																		
Roads	104,489		-	-	-	-	-	-	104,489	43,929		-	4,254	-	-	-	48,184	56,306
	104,489		-	-	-	-	-	-	104,489	43,929		-	4,254	-	-	-	48,184	56,306
Community Assets																		
Community Facilities	1,154,865		-	119,250	-	-	-	-	1,274,115	330,972		-	50,668	-	-	-	381,640	892,475
Resorts	-		-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Sports and Recreation Facilities	-		-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Industrial Facilities	-		-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Other Facilities	-		-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Capital Spares	1,154,865		-	119,250	-	-	-	-	1,274,115	330,972		-	50,668	-	-	-	381,640	892,475
	1,154,865		-	119,250	-	-	-	-	1,274,115	330,972		-	50,668	-	-	-	381,640	892,475

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

30 JUNE 2018 (Continue)

	Cost/Revaluation				Accumulated Depreciation and Impairment Losses				Carrying Value
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	
Other Assets	250,932,938	-	-	-	-	-	-	157,078,000	93,854,938
Other Land	-	-	-	-	-	-	-	-	-
Operational Buildings	51,629,979	-	-	58,575	-	-	-	805,317	35,322,700
Municipal Offices	15,324,710	(814)	-	678,538	-	-	-	1,091,031	4,280,837
Computer Equipment	8,298,431	-	-	422,115	-	-	(1,527,654)	10,213,943	2,888,464
Furniture and Office Equipment	4,130,829	814	-	955,302	-	-	(244,698)	5,708,188	1,802,764
Machinery and Equipment	10,455,233	-	-	1,275,338	-	-	(41,986)	234,377	1,802,764
Transport Assets	340,802,119	-	-	3,397,869	-	-	(402,338)	425,093	4,992,911
Leases	-	-	-	-	-	-	(2,216,676)	3,002,137	142,922,613
Computer Equipment	-	-	-	1,748,944	-	-	-	275,157	1,473,787
-	-	-	-	1,748,944	-	-	-	275,157	1,473,787
Total	342,061,474	-	-	5,266,062	-	-	(2,216,676)	3,332,216	145,345,190

## 2.2 30 JUNE 2017

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value	
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Class Transfers	Correction of Error	Depreciation	Reversal of Impairment		Disposals
Land and Buildings														
Land	250,932,938	(250,932,938)	-	-	-	-	-	-	157,078,000	(157,078,000)	-	-	-	-
Buildings	48,595,770	(48,595,770)	-	-	-	-	-	-	14,835,459	(14,835,459)	-	-	-	-
	299,528,707	(299,528,707)	-	-	-	-	-	-	171,913,459	(171,913,459)	-	-	-	-
Infrastructure														
Roads	104,489	-	-	-	-	-	-	104,489	39,643	-	4,286	-	-	43,929
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rail	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coastal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information and Communication	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	104,489	-	-	-	-	-	-	104,489	39,643	-	4,286	-	-	43,929
Community Assets														
Community Facilities	-	-	-	53,824	-	-	-	1,154,865	-	-	42,865	-	-	330,972
Resorts	1,101,242	(1,101,242)	-	-	-	-	-	288,108	(288,108)	-	-	-	-	-
Caravan Parks	1,101,242	-	-	53,824	-	-	-	1,154,865	288,108	-	42,865	-	-	330,972

GARDEN ROUTE DISTRICT MUNICIPALITY

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

30 JUNE 2017 (Continue)

	Opening Balance	Class Transfers	Correction of Error	Cost/Revaluation Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Correction of Error	Accumulated Depreciation and Impairment Losses	Reversal of Impairment	Disposals	Closing Balance	Carrying Value
<b>Other Assets</b>																
Other Land	-	250,932,938	-	-	-	-	-	250,932,938	-	157,078,000	-	-	-	-	157,078,000	93,854,938
Operational Buildings	-	48,595,770	-	3,034,209	-	-	-	51,629,979	-	14,835,459	-	-	-	-	15,560,538	36,099,440
Municipal Offices	-	4,832,105	-	1,790,019	-	-	(49,021)	15,324,710	5,248,177	4,469,844	-	725,079	-	(19,022)	10,427,000	4,897,709
Computer Equipment	8,751,607	7,748,255	-	616,157	-	-	(65,981)	8,298,431	-	5,226,005	-	722,153	5,849	-	15,427,000	2,705,863
Furniture and Office Equipment	-	3,950,337	-	189,720	-	-	(9,228)	4,130,829	-	-	-	374,034	40,722	-	5,952,548	2,705,863
Machinery and Equipment	-	(5,080,706)	-	-	-	-	-	-	-	-	-	219,866	17,276	(4,075)	3,046,445	1,084,384
Motor Vehicles	5,080,706	(5,080,706)	-	-	-	-	-	-	3,036,378	(3,038,378)	-	-	-	-	-	-
Fire Engines	5,773,627	(5,773,627)	-	-	-	-	-	-	2,856,115	(2,856,115)	-	-	-	-	-	-
Office Equipment	2,920,871	(2,920,871)	-	-	-	-	-	-	1,729,692	(1,729,692)	-	-	-	-	-	-
Bins and Containers	398,401	(398,401)	-	-	-	-	-	-	286,357	(286,357)	-	-	-	-	-	-
Furniture and Fittings	4,827,384	(4,827,384)	-	-	-	-	-	-	3,496,313	(3,496,313)	-	-	-	-	-	-
Disaster Management Equipment	4,832,105	(4,832,105)	-	-	-	-	-	-	4,469,844	(4,469,844)	-	-	-	-	-	-
Emergency Equipment	1,712,577	(1,712,577)	-	-	-	-	-	-	1,293,442	(1,293,442)	-	-	-	-	-	-
Plant and Equipment	1,839,359	(1,839,359)	-	-	-	-	-	-	1,233,459	(1,233,459)	-	-	-	-	-	-
Transport Assets	-	10,854,333	-	136,905	-	-	(506,005)	10,485,233	-	5,684,493	-	439,588	3,584	(283,906)	5,655,780	4,431,473
<b>Leases</b>	36,136,636	299,528,707	-	5,767,010	-	-	(630,234)	340,802,119	23,651,778	17,913,459	-	2,480,901	73,431	(361,275)	197,756,292	143,043,827
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	336,871,075	-	-	5,820,934	-	-	(630,234)	342,061,474	195,892,985	-	-	2,528,052	73,431	(361,275)	198,133,193	143,928,281

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	2018 R	2017 R	
2.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:			
Employee related costs	-	-	
Other materials	451,478	143,724	
Contracted Services	2,576,534	2,441,709	
Other Expenditure	117,780	1,096,884	
Total Repairs and Maintenance	3,145,791	3,682,318	
2.4 Assets pledged as security:			
Leased Property, Plant and Equipment of R 1,466,144 is secured for leases as set out in Note 11.			
2.5 Third party payments received for losses incurred:			
Payments received (Excluding VAT)	40,243	213,141	
Carrying value of assets written off/lost	(326,921)	(268,960)	
Surplus/(Deficit)	(286,678)	(55,818)	
2.6 Impairment losses of Property, Plant and Equipment			
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:			
Other	-	73,431	
Total Impairment Losses	-	73,431	
2.7 Reversal of Impairment losses of Property, Plant and Equipment			
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:			
Other	57,050	-	
Total Reversal of Impairment losses	57,050	-	
2.8 Effect of changes in accounting estimates			
The effect of a change in accounting estimate will have on the current period and subsequent periods.			
	2018 R	2019 R	2020 R
Effect on Property, plant and equipment	18,705	(293,120)	(605,145)
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:		2018 R	2017 R
Approved and contracted for:		-	-
Infrastructure		-	-
Community		-	-
Other		-	-
Total		-	-
This expenditure will be financed from:			
External Loans		-	-
Capital Replacement Reserve		-	-
Government Grants		-	-
Own Resources		-	-
District Council Grants		-	-
Total		-	-

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>3. INVESTMENT PROPERTY</b>		
<b>3.1 Net Carrying amount at 1 July</b>	<b>85,532,766</b>	<b>85,644,951</b>
Cost	173,315,415	173,315,415
Accumulated Depreciation	(2,282,170)	(2,169,965)
Accumulated Impairment Loss	(85,500,479)	(85,500,479)
Depreciation for the year	(111,867)	(112,185)
<b>Net Carrying amount at 30 June</b>	<b>85,420,899</b>	<b>85,532,766</b>
Cost	173,315,415	173,315,415
Accumulated Depreciation	(2,394,037)	(2,282,170)
Accumulated Impairment Loss	(85,500,479)	(85,500,479)
<b>3.2 Revenue from Investment Property</b>		
Revenue derived from the rental of Investment Property	534,842	493,046

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.

#### Additional disclosure matter

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local (B) municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Garden Route are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim and are awaiting the outcome of the technical query lodged during 2014/2015.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land - Investment Properties 2018: R17 400 000 (2017: R29 040 000)
- Buildings - Investment Properties 2018: R0 (2017: R718 050)

<b>4. INTANGIBLE ASSETS</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>1,819,116</b>	<b>1,851,194</b>
Cost	5,390,572	5,030,896
Accumulated Amortisation	(3,451,061)	(3,059,107)
Accumulated Impairment Loss	(120,395)	(120,395)
Additions	58,362	359,876
Amortisation	(514,838)	(391,954)
<b>Net Carrying amount at 30 June</b>	<b>1,362,639</b>	<b>1,819,116</b>
Cost	5,448,934	5,390,572
Accumulated Amortisation	(3,965,900)	(3,451,061)
Accumulated Impairment Loss	(120,395)	(120,395)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

<b>5. INVESTMENTS</b>		
Unlisted	26,027	26,027
KKLK shares and Loan Account	26,027	26,027
<b>Total Investments</b>	<b>26,027</b>	<b>26,027</b>
Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.		
Unlisted investments comprise of the following. Valuations of investments supplied by council are:		
KKLK shares	26,027	26,027
	26,027	26,027

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>6. OPERATING LEASE ARRANGEMENTS</b>		
<b>6.1 The Municipality as Lessee</b>		
Operating Lease Asset	18,833	32,445
<u>Reconciliation</u>		
Balance at the beginning of the year	32,445	57,256
Movement during the year	(13,612)	(24,811)
Balance at the end of the year	18,833	32,445
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	18,833	19,041
1 to 5 Years	-	13,404
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<b>18,833</b>	<b>32,445</b>
<b>6.2 The Municipality as Lessor</b>		
Operating Lease Liability	13,657	-
<u>Reconciliation</u>		
Balance at the beginning of the year	-	1,170
Movement during the year	13,657	(1,170)
Balance at the end of the year	13,657	-
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	13,657	-
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<b>13,657</b>	<b>-</b>
<b>7. INVENTORY</b>		
Consumables	2,567,785	3,131,451
<b>Total Inventory</b>	<b>2,567,785</b>	<b>3,131,451</b>
<b>7.1 Inventories recognised as an expense during the year:</b>		
Roads Function - Consumables	71,965,273	41,280,474
Consumables	1,005,884	562,729
Materials and Supplies	200,876	1,308,091
<b>Total</b>	<b>73,172,033</b>	<b>43,151,294</b>
<b>7.2 Inventory surpluses / (written down due to losses) as identified during the annual stores counts:</b>		
Consumables	(50,064)	1,110
Materials and Supplies	-	-
<b>Total</b>	<b>(50,064)</b>	<b>1,110</b>
No inventories were pledged as security for liabilities.		

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS	2018 R	2017 R
Property Rentals	1,669,235	1,042,168
Balance previously reported	-	1,004,668
Correction of Rental Income - Note 42.1	-	37,500
Ambulance and Fire Fighting Fees	18,349,695	14,928,703
Other Arrears	3,720,411	2,723,260
Government subsidies: Department of Transport - Roads	10,953,897	5,179,142
Roads - Other Arrears	1,337,278	373,113
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>36,030,515</b>	<b>24,246,385</b>
<b>Less: Provision for Debt Impairment</b>	<b>(18,930,964)</b>	<b>(11,304,849)</b>
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>16,099,551</b>	<b>12,941,537</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 consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
The fair value of receivables approximate their carrying value.		
<u>Property Rentals: Ageing</u>		
Current (0 - 30 days)	129,985	-
31 - 60 Days	176,695	54,959
61 - 90 Days	47,475	19,161
+ 90 Days	1,315,066	930,547
<b>Total</b>	<b>1,669,222</b>	<b>1,004,667</b>
<u>Ambulance and Fire Fighting Fees: Ageing</u>		
Current (0 - 30 days)	1,194,937	-
31 - 60 Days	812,191	3,426,463
61 - 90 Days	1,267,184	-
+ 90 Days	15,075,382	5,922,741
<b>Total</b>	<b>18,349,695</b>	<b>9,349,204</b>
<u>Other Arrears: Ageing</u>		
Current (0 - 30 days)	397,794	220,067
31 - 60 Days	193,867	1,922,670
61 - 90 Days	78,918	29,087
+ 90 Days	3,049,832	5,020,128
<b>Total</b>	<b>3,720,411</b>	<b>7,191,952</b>
<u>(Total): Ageing</u>		
Current (0 - 30 days)	1,722,716	220,067
31 - 60 Days	1,182,753	5,404,092
61 - 90 Days	1,383,578	48,248
+ 90 Days	19,440,280	11,873,416
<b>Total</b>	<b>23,739,327</b>	<b>17,545,823</b>
<u>Reconciliation of Provision for Debt Impairment</u>		
<u>Garden Route District Municipality</u>		
Balance at beginning of year	11,304,849	10,846,371
Contribution to provision	7,072,798	458,477
VAT on provision	1,325,975	-
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>19,703,621</b>	<b>11,304,849</b>
<u>Roads Function</u>		
Balance at beginning of year	-	-
Contribution to provision	227,342	-
<b>Balance at end of year</b>	<b>227,342</b>	<b>-</b>
<b>Total Balance at end of year</b>	<b>19,930,964</b>	<b>11,304,849</b>

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8.	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>	<b>2018 R</b>	<b>2017 R</b>
	<u>Ageing of amounts past due but not impaired:</u>		
	1 month past due	134,812	5,142,410
	2+ months past due	1,146,150	5,263,811
		1,280,962	10,406,221
	The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.		
	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.		
9.	<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	Insurance Claims	100,556	100,556
		100,556	100,556
	<b>Less:</b> Provision for Debt Impairment	-	-
	<b>Total Receivables from non-exchange transactions</b>	100,556	100,556
	The fair value of other receivables approximate their carrying value.		
	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.		
10.	<b>BANK ACCOUNTS</b>		
10.1	<u>Cash and Cash Equivalents</u>		
	Current Accounts	129,440,177	137,670,300
	Roads - Bank Account	32,429,004	3,898,308
	Call Deposits and Investments	498,607	1,134,742
	Cash On-hand	15,883	15,883
	<b>Total Cash and Cash Equivalents - Assets</b>	162,383,670	142,719,233
10.2	<u>Short-term Investments</u>		
	Call Deposits		
	<b>Total Short-term Investments</b>	-	-
10.3	<u>Liabilities</u>		
	Current Accounts		
	<b>Total Cash and Cash Equivalents - Liabilities</b>	-	-
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	Included in other deposits and bank balances are an amount of 2018: R8,419,796 (2017: R2,606,225) which is attributable to unspent grants and subsidies; and 2018: R31,704,866 (2017: R27,728,374) which is attributable to the Capital Replacement Reserve.		
	The municipality has the following bank accounts:		
	<u>Current Accounts</u>		
	Standard Bank Limited - Account Number 06 083 263 000 0 (Primary Bank Account):	129,440,177	137,670,300
	Standard Bank Limited - Account Number 06 083 283 500 0 (Roads Account):	32,429,004	3,898,308
		161,869,181	141,568,608
	<u>Call Deposits and Investments</u>		
	ABSA Bank Limited - Account Number 91 8226 2703 (Cash Account):	9,247	8,882
	Standard Bank Limited - Account Number 401719790 (Cash Account):	337,925	984,111
	Standard Bank Limited - Account Number 48872744847 (Cash Account):	151,435	141,749
		498,607	1,134,742

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10.

BANK ACCOUNTS (CONTINUED)

Details of current accounts are as follow:

Standard Bank Limited - Account Number 06 083 263 000 0 (Primary Bank Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Standard Bank Limited - Account Number 06 083 263 500 0 (Roads Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Details of call investment accounts are as follow:

ABSA Bank Limited - Account Number 91 8226 2703 (Cash Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Standard Bank Limited - Account Number 48872744847 (Cash Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Standard Bank Limited - Account Number 401719790 (Cash Account):

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

11. LONG-TERM BORROWINGS

Capitalised Lease Liability - At amortised cost

Less: Current Portion transferred to Current Liabilities

Annuity Loans - At amortised cost

Capitalised Lease Liability - At amortised cost

Total Long-term Borrowings

11.1 The obligations under finance leases are scheduled below:

Minimum payments

2018 R

2017 R

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Payable after five years

Future finance obligations

Present value of finance lease obligations

The capitalised lease liability consist out of the following contracts:

Supplier

Description of leased item

Effective Interest rate

Annual Escalation

Lease Term

Maturity Date

Telkom

Mobile Communication Devices

Prima rate

None

24 Months

2020/06/14

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>12. NON-CURRENT PROVISIONS</b>		
Provision for Alleviation of Alien Vegetation on Council Properties	-	-
Balance previously reported	-	2,942,280
Correction of provision for Alien Vegetation - Note 42.2	-	(2,942,280)
<b>Total Non-current Provisions</b>	-	-
<b>12.1 <u>Alleviation of Alien Vegetation on Council Properties</u></b>		
Balance 1 July	-	2,942,280
Correction of provision for Alien Vegetation - Note 42.2	-	(2,942,280)
<b>Balance 30 June</b>	-	-
<b>13. NON-CURRENT EMPLOYEE BENEFITS</b>		
Provision for Post Retirement Health Care Benefits	76,304,093	76,483,324
Roads - Provision for Post Retirement Health Care Benefits	55,105,327	55,129,352
Provision for Ex-Gratia Pension Benefits	122,168	196,813
Roads - Provision for Ex-Gratia Pension Benefits	414,764	436,092
Provision for Long Service Awards	8,351,859	7,613,903
Roads - Provision for Long Service Awards	6,321,412	5,776,244
<b>Total Non-current Employee Benefits</b>	<b>146,819,623</b>	<b>145,635,728</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 15	<b>(9,224,046)</b>	<b>(8,696,024)</b>
	<b>137,395,577</b>	<b>136,939,704</b>
<b>Employee Benefits - Receivables (Note 13.5)</b>		
Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Transport with regards to employee benefits:		
Roads - Provision for Post Employment Health Care Benefits (Note 13.5)	55,105,327	55,129,352
Roads - Provision for Ex-Gratia Pension Benefits (Note 13.5)	414,764	436,092
Roads - Provision for Long Service Leave Awards (Note 13.5)	6,321,412	5,776,244
	<b>61,841,503</b>	<b>61,341,688</b>
<b>Less:</b> Short Term Portion Transferred to Current Employee Benefits Receivable (Note 13.5)	<b>(4,108,443)</b>	<b>(3,805,368)</b>
	<b>57,733,060</b>	<b>57,536,320</b>
<b>Post Retirement Health Care Benefits</b>		
Balance 1 July	131,612,674	130,979,680
Contribution for the year	15,088,400	14,914,413
Expenditure for the year	(6,826,916)	(5,833,044)
Actuarial Loss/(Gain)	(8,464,738)	(8,448,375)
<b>Total provision 30 June</b>	<b>131,409,420</b>	<b>131,612,674</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 15	<b>(6,957,208)</b>	<b>(6,826,916)</b>
<b>Balance 30 June</b>	<b>124,452,212</b>	<b>124,785,758</b>
<b>Ex-Gratia Pensions</b>		
Balance 1 July	632,904	786,018
Contribution for the year	44,046	57,014
Expenditure for the year	(138,283)	(183,979)
Actuarial Loss/(Gain)	(1,737)	(46,149)
<b>Total provision 30 June</b>	<b>536,932</b>	<b>632,904</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 15	<b>(119,772)</b>	<b>(138,283)</b>
<b>Balance 30 June</b>	<b>417,160</b>	<b>494,621</b>

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>Long Service Awards</u>		
Balance 1 July	13,390,147	12,698,001
Contribution for the year	1,871,284	1,949,847
Expenditure for the year	(1,730,825)	(768,904)
Actuarial Loss/(Gain)	1,142,665	(488,797)
<b>Total provision 30 June</b>	<b>14,673,271</b>	<b>13,390,147</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 15	<b>(2,147,066)</b>	<b>(1,730,625)</b>
<b>Balance 30 June</b>	<b>12,526,205</b>	<b>11,659,322</b>
<b>13.1 Provision for Post Retirement Health Care Benefits</b>		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	262	271
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	160	163
<b>Total Members</b>	<b>422</b>	<b>434</b>
The liability in respect of past service has been estimated to be as follows:		
In-service members	25,022,841	23,575,497
Roads - In-service members	26,054,520	24,784,249
Continuation members	50,249,573	52,907,829
Roads - Continuation members	30,082,466	30,345,101
<b>Total Liability</b>	<b>131,409,420</b>	<b>131,512,676</b>
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2016 R	2015 R
In-service members	24,562,583	27,765,009
Roads - In-service members	25,619,998	25,100,227
In-service non-members	-	-
Continuation members	51,101,895	42,809,857
Roads - Continuation members	29,695,204	26,575,338
<b>Total Liability</b>	<b>130,979,680</b>	<b>122,250,431</b>
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas		
Hosmed		
LA Health		
Key Health, and		
SAMWU Medical Aid		
The Current-service Cost for the ensuing year is estimated to be R2 755 783, whereas the Interest Cost for the next year is estimated to be R12 135 307.		
Key actuarial assumptions used:	2018 %	2017 %
i) <b>Rate of interest</b>		
Discount rate	9.48%	9.52%
Health Care Cost Inflation Rate	7.30%	7.80%
Net Effective Discount Rate	2.03%	1.60%
ii) <b>Mortality rates</b>		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii) <b>Normal retirement age</b>		
The normal retirement age for employees of the municipality is 65 years. It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of ill-health, early and late retirement.		

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

#### iv) Expected rate of salary increases

2017/2018 - Average CPI (Feb 2016 – Jan 2017) + 1 per cent

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	75,272,414	76,483,326
Roads Function - Present value of fund obligations	56,137,006	55,129,350
Net liability/(asset)	131,409,420	131,612,676
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	131,612,674	130,979,680
Total expenses	8,261,484	9,081,369
Current service cost	2,880,039	3,435,209
Interest Cost	12,208,361	11,479,204
Benefits Paid	(6,826,916)	(5,833,044)
Actuarial (gains)/losses	(8,464,738)	(8,448,375)
Present value of fund obligation at the end of the year	131,409,420	131,612,674

#### Sensitivity Analysis on the Accrued Liability on 30 June 2018

Assumption		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	
Central Assumptions		51.077	80.332	131.409	
The effect of movements in the assumptions are as follows:					
Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	61.366	88.241	149.607	14.00%
Health care inflation	-1%	42.885	73.626	116.411	-11.00%
Post-retirement mortality	-1 year	52.568	83.386	135.953	3.00%
Average retirement age	-1 year	54.904	80.332	135.236	3.00%
Continuation of membership at retirement	-10%	45.654	80.332	125.986	-4.00%

#### Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2018

Assumption		Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions		2,880,000	12,208,400	15,088,400

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	3,579,900	14,002,000	17,581,900	17.00%
Health care inflation	-1%	2,337,900	10,738,000	13,075,900	-13.00%
Post-retirement mortality	-1 year	2,967,000	12,654,000	15,621,000	4.00%
Average retirement age	-1 year	2,955,000	12,552,300	15,507,300	3.00%
Continuation of membership at retirement	-10%	2,581,000	11,722,900	14,303,900	-5.00%

	2018 Rm	2017 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(0.526)	7.037

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

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

	2016 Rm	2015 Rm	2014 Rm
Liabilities: (Gain) / loss	1.839	6.173	2.102
Assets: Gain / (loss)			

**13.2 Provision for Ex-Gratia Pension Benefits**

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 11 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest-Cost for the next year is estimated to be R 37 920.

Key actuarial assumptions used:

	2018 %	2017 %
i) <b>Rate of Interest</b>		
Discount rate	7.93%	7.80%
General Salary Inflation (long-term)	2.38%	2.31%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	5.43%	5.37%

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

ii) **Actuarial Valuation Method**

The Projected Unit Credit Method has been used to value the liabilities.

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations - Garden Route	122,168	196,812
Present value of fund obligations - Roads	414,764	436,062
<b>Net liability(asset)</b>	<b>536,932</b>	<b>632,904</b>

Reconciliation of present value of fund obligation:

	2018 R	2017 R
Present value of fund obligation at the beginning of the year	632,904	786,918
Total expenses	(84,235)	(106,965)
Interest Cost	44,048	57,014
Benefits Paid	(138,283)	(163,979)
Actuarial (gains)/losses	(1,737)	(46,149)
Present value of fund obligation at the end of the year	<b>536,932</b>	<b>632,904</b>

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		536,932	
Pension Increase rate	+1%	560,322	4%
Pension Increase rate	-1%	515,165	-4%
Discount Rate	+1%	516,431	-4%
Discount Rate	-1%	559,288	4%
Post-retirement mortality	- 1 yr	563,214	5%

Experience adjustments were calculated as follows:

	2018 R	2017 R
Liabilities: (Gain) / loss	-420	-37,795.0

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

	2016 R	2015 R	2014 R
Liabilities: (Gain) / loss	-120,652	-153,581	-270,057

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13.3	Provision for Long Service Bonuses	2018 R	2017 R			
	The Long Service Bonus plans are defined benefit plans. As at year end, 532 employees were eligible for Long Service Bonuses.					
	The Current-service Cost for the ensuing year is estimated to be R898 460 whereas the Interest Cost for the next year is estimated to be R 1 156 474.					
	Key actuarial assumptions used:	2018 %	2017 %			
	i) Rate of interest					
	Discount rate	8.49%	8.37%			
	General Salary Inflation (long-term)	6.12%	6.19%			
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.23%	2.05%			
	The amounts recognised in the Statement of Financial Position are as follows:	2018 R	2017 R			
	Present value of fund obligations - Garden Route	8,351,859	7,613,903			
	Present value of fund obligations - Roads	6,321,412	5,776,244			
	Net liability/(asset)	14,673,271	13,390,147			
	Reconciliation of present value of fund obligation:					
	Present value of fund obligation at the beginning of the year	13,390,147	12,698,001			
	Total expenses	140,459	1,180,943			
	Current service cost	821,215	921,006			
	Interest Cost	1,050,069	1,028,841			
	Benefits Paid	(1,730,825)	(768,904)			
	Actuarial (gains)/losses	1,142,665	(488,797)			
	Present value of fund obligation at the end of the year	14,673,271	13,390,147			
	Sensitivity Analysis on the Accrued Liability on 30 June 2018	2018 R	2017 R			
	Assumption	Change	Liability (Rm)	% change		
	Central assumptions		14.673			
	General salary inflation	1%	15.662	7%		
	General salary inflation	-1%	13.782	-6%		
	Average retirement age	-2 yrs	13.708	-7%		
	Average retirement age	2 yrs	16.437	12%		
	Withdrawal rates	-50%	16.991	16%		
	Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019					
	Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)		
	Central Assumptions	898,500	1,156,500	2,055,000		
	The effect of movements in the assumptions are as follows:					
	Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
	General Earnings inflation	1%	971,700	1,240,300	2,212,000	8%
	General Earnings inflation	-1%	833,000	1,081,000	1,914,000	-7%
	Discount rate	1%	837,800	1,206,600	2,044,400	-1%
	Discount rate	-1%	967,500	1,096,900	2,064,400	0%
	Average retirement age	-2 yrs	804,200	1,048,300	1,852,500	-10%
	Average retirement age	2 yrs	995,000	1,317,300	2,312,300	13%
	Withdrawal Rate	-50%	1,164,600	1,353,200	2,517,800	23%

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain) / loss	1,325,309	864,660
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2016 R	2015 R
	Liabilities: (Gain) / loss	528,031	78,018
13.4	<b>Retirement funds</b>	2018 R	2017 R
	<p>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.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>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 disclosure has been made as defined in GRAP 25.31.</p> <p><b>CAPE JOINT PENSION FUND</b></p> <p>The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund has a funding level of 153,1% (30 June 2014 - 101,7%).</p> <p><b>CAPE JOINT RETIREMENT FUND</b></p> <p>The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,5% (30 June 2015 - 100,4%).</p> <p><b>DEFINED CONTRIBUTION FUNDS</b></p> <p>Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.</p>		
13.5	<b>Employee Benefits Receivable</b>		
	Department of Transport: Roads - Post Employment Health Care Benefits (Note 13.1) - At amortised cost	55,105,327	55,129,352
	Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 13.2) - At amortised cost	414,764	436,092
	Department of Transport: Roads - Long Service Awards (Note 13.3) - At amortised cost	6,321,412	5,776,244
		61,841,503	61,341,688
	Less: Current portion transferred to current employee benefits receivable	4,108,443	3,805,368
	Department of Transport: Roads - Post Employment Health Care Benefits (Note 13.1) - At amortised cost	2,897,594	2,844,700
	Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 13.2) - At amortised cost	94,668	94,661
	Department of Transport: Roads - Long Service Awards (Note 13.3) - At amortised cost	1,116,181	866,007
	<b>Total</b>	<b>57,733,060</b>	<b>57,536,320</b>
	<b>DEPARTMENT OF TRANSPORT: ROADS</b>		
	<p>The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration: Western Cape.</p>		

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## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In terms of the agreement between the Western Cape Provincial Government and past practice, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

A technical query has been lodged with the Office of the Auditor General, National Treasury and Provincial Treasury with regards to the ownership of the post employment benefits of the Roads' Agency Function.

	2018 R	2017 R
<b>14. PROVISIONS</b>		
Current Portion of Provision for Alleviation of Alien Vegetation on Council Properties - Note 12	-	-
Balance previously reported	-	759,167
Correction of provision for Alien Vegetation - Note 42.3	-	(759,167)
<b>Total Provisions</b>	<b>-</b>	<b>-</b>
The movement in current provisions are reconciled as follows:		
<b>14.1 <u>Provision for Alleviation of Alien Vegetation</u></b>		
Balance at beginning of year	-	759,167
Correction of provision for Alien Vegetation - Note 42.3	-	(759,167)
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>
<b>15. CURRENT EMPLOYEE BENEFITS</b>		
Performance Bonuses	432,599	478,536
Staff Bonuses	3,207,620	2,844,303
Roads - Staff Bonuses	2,265,123	2,003,271
Staff Leave	10,425,847	7,810,365
Roads - Staff Leave	6,856,658	4,256,217
Current Portion of Non-Current Provisions	9,224,046	8,696,024
Current Portion of Post Retirement Benefits - Note 13	6,957,208	6,826,916
Current Portion of Ex-Gratia Pension Provisions - Note 13	119,772	138,283
Current Portion of Long-Service Provisions - Note 13	2,147,066	1,730,825
<b>Total Provisions</b>	<b>32,411,893</b>	<b>26,088,716</b>
The movement in current provisions are reconciled as follows:		
<b>15.1 <u>Performance Bonuses</u></b>		
Balance at beginning of year	478,536	515,015
Overprovision previous year	(319,387)	(6,804)
Transfer from non-current	-	-
Contribution to current portion	432,599	478,536
Expenditure incurred	(159,148)	(508,211)
<b>Balance at end of year</b>	<b>432,599</b>	<b>478,536</b>
Performance bonuses are being paid to the Municipal Manager and Two Section 57 Executive Managers, who were appointed on contract for part of the year, before being permanently appointed (Municipal Manager is appointed on a 5 year Contract) after an evaluation of performance by the council.		
<b>15.2 <u>Staff Bonuses</u></b>		
Balance at beginning of year	2,844,303	2,558,742
Contribution to current portion	5,305,225	4,700,525
Expenditure incurred	(4,941,908)	(4,414,964)
<b>Balance at end of year</b>	<b>3,207,620</b>	<b>2,844,303</b>
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement. Two S57 managers are appointed on a T-grade and receive bonus as per collective agreement in November.		
<b>15.3 <u>Roads - Staff Bonuses</u></b>		
Balance at beginning of year	2,003,271	1,815,654
Contribution to current portion	3,752,550	3,354,118
Expenditure incurred	(3,490,698)	(3,166,501)
<b>Balance at end of year</b>	<b>2,265,123</b>	<b>2,003,271</b>
Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>15.4 Staff Leave</b>		
Balance at beginning of year	7,810,365	7,108,640
Contribution to current portion	3,921,776	1,447,887
Expenditure incurred	(1,306,294)	(746,162)
Balance at end of year	<u>10,425,847</u>	<u>7,810,365</u>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
<b>15.5 Roads - Staff Leave</b>		
Balance at beginning of year	4,256,217	4,305,878
Contribution to current portion	2,756,625	421,340
Expenditure incurred	(156,184)	(471,001)
Balance at end of year	<u>6,856,658</u>	<u>4,256,217</u>
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
<b>16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	3,359,262	6,880,571
Accrued Interest	-	-
Advance Payments	2,725,260	1,566,194
Control, Clearing and Interface Accounts	334,434	(21,969)
Balance previously reported	-	33,619
Correction of provision for Alien Vegetation - Note	-	(55,588)
Debtors with credit balances	-	-
Other Payables	4,655,873	1,952,018
Retentions	-	165,632
Roads - Payment Received in Advance	960,841	1,000,000
Roads - Provision for Leave days paid	208,651	208,651
Roads - Other creditors	4,620,628	1,816,686
<b>Total Trade Payables</b>	<u>16,664,948</u>	<u>13,567,781</u>
Payables are being recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value.		
All payables are unsecured.		
<b>17. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	8,419,797	2,606,225
National Government Grants	6,754,408	905,707
Provincial Government Grants	1,180,240	78,213
District Municipality	-	-
Other Sources	485,149	1,622,305
<b>Less: Unpaid Transfers and Subsidies</b>	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<u>8,419,797</u>	<u>2,606,225</u>
See appendix "B" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. 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.		

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
<b>18</b>	<b>TAXES</b>		
<b>18.1</b>	VAT Payable		
	VAT Output in Suspense	-	-
	<u>Less: Contribution to Provision for Doubtful Debt Impairment</u>	-	-
	<b>Total VAT Payable</b>	-	-
<b>18.2</b>	VAT Receivable	317,038	571,877
	VAT Input in Suspense		
	<b>Total VAT Receivable</b>	317,038	571,877
<b>18.3</b>	<b>Net VAT (Payable)/Receivable</b>	317,038	571,877
	VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>19</b>	<b>SHORT-TERM BORROWINGS</b>		
	The Municipality has no short term borrowings.		
<b>20</b>	<b>NET ASSET RESERVES</b>		
	<b>RESERVES</b>	31,704,865	27,728,373
	Capital Replacement Reserve	31,704,865	27,728,373
	<b>Total Net Asset Reserve and Liabilities</b>	31,704,865	27,728,373
<b>20.1</b>	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
<b>21</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	Government Grants and Subsidies - Operating	154,142,467	146,697,773
	Equitable Share	146,055,000	142,093,379
	Energy Efficiency and Demand Side Management	12,580	-
	Expanded Public Works Programme Integrated Grant	1,280,000	983,354
	Rural Road Asset Management Systems Grant	2,944,419	1,839,581
	Local Government Financial Management Grant	1,250,001	1,224,758
	Municipal Disaster Grant	614,000	-
	Greenest Municipality Competition	130,000	130,000
	Integrated Transport Planning	-	-
	LGESTA/Re-imbursements	638,194	-
	Regional Bulk Infrastructure - Regional Landfill Site	-	-
	Task Contributions - Municipalities	-	-
	Financial Management Support	620,000	426,701
	Personal Primary Health Care	-	-
	Fire Services Capacity Building Grant	597,973	-
	<b>Total Government Grants and Subsidies</b>	154,142,467	146,697,773
	Included in above are the following grants and subsidies received:		
	<u>Unconditional</u>	146,185,000	142,223,379
	Equitable Share	146,055,000	142,093,379
	Greenest Municipality Competition	130,000	130,000
	<u>Conditional</u>	14,415,438	5,171,284
	Local Government Financial Management Grant	1,250,000	1,250,000
	Energy Efficiency and Demand Side Management	5,000,000	-
	Expanded Public Works Programme Integrated Grant	1,280,000	1,000,000
	Rural Road Asset Management Systems Grant	2,420,000	2,364,000
	Municipal Disaster Grant	2,000,000	-
	Integrated Transport Planning	900,000	-
	Financial Management Support	620,000	400,000
	Fire Services Capacity Building Grant	800,000	-
	LGESTA/Re-imbursements	145,438	157,284
	<b>Total Government Grants and Subsidies</b>	160,600,438	147,394,663

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Executive and council	152,890,273	146,697,773
Finance and administration	838,194	5
Planning and development	614,000	-
<b>Total Government Grants and Subsidies</b>	<b>154,142,467</b>	<b>146,697,778</b>
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
<b>21.1 Equitable Share</b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	146,055,000	142,093,379
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(146,055,000)	(142,093,379)
Conditions met - Capital	-	-
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>21.2 Local Government Financial Management Grant</b>		
Opening balance	-	(25,242)
Correction of Error	-	-
Grants received	1,250,000	1,250,000
VAT on Grants	(76,060)	(63,275)
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,173,951)	(1,171,483)
Conditions met - Capital	-	-
Conditions still to be met	(1)	(0)
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>21.3 Local Government Municipal Systems Improvement Grant</b>		
Opening balance	-	9,516
Correction of Error	-	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(9,516)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>21.4 Energy Efficiency and Demand Side Management</b>		
Opening balance	-	5,367,955
Correction of Error	-	-
Grants received	5,000,000	-
VAT on Grants	(1,680)	-
Repaid to National Revenue Fund	-	(5,367,955)
Conditions met - Operating	(11,200)	-
Conditions met - Capital	-	-
Conditions still to be met	4,987,120	-
Grant utilised for energy efficiency investigation within the region.		

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>21.5 LGESTA: Re-imbursements</b>		
Opening balance	638,194	480,910
Correction of Error	-	-
Grants received	145,438	157,284
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(638,194)	-
Conditions met - Capital	-	-
Conditions still to be met	145,438	638,194
Grant is utilised for training purposes of municipal staff.		
<b>21.6 Bucket system Elimination Schools/Clinic</b>		
Opening balance	-	76,317
Correction of Error	-	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(76,317)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for replacing bucket system with VIP toilets.		
<b>21.7 Expanded Public Works Programme Integrated Grant</b>		
Opening balance	-	(16,646)
Correction of Error	-	-
Grants received	1,280,000	1,000,000
VAT on Grants	-	(5,180)
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,280,000)	(978,174)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The grant is utilised for job creation.		
<b>21.8 Task Contributions - Municipalities</b>		
Opening balance	-	152,169
Correction of Error	-	(152,169)
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for the funding of the TASK unit.		
<b>21.9 Financial Management Support</b>		
Opening balance	78,213	288,454
Correction of Error	-	-
Grants received	620,000	400,000
VAT on Grants	(1,701)	(27,696)
Repaid to National Revenue Fund	-	(183,540)
Conditions met - Operating	(618,299)	(399,005)
Conditions met - Capital	-	-
Conditions still to be met	78,213	70,213
<b>21.10 DWA: Abstraction Validation on Bitou</b>		
Opening balance	-	35,589
Correction of Error	-	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(35,589)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>21.11 Regional Bulk Infrastructure</b>		
Opening balance	381,288	381,288
Correction of Error	-	-
Conditions still to be met	<u>381,288</u>	<u>381,288</u>
<b>21.12 Integrated Transport Planning</b>		
Opening balance	-	652,742
Correction of Error	-	-
Grants received	900,000	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(652,742)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>900,000</u>	<u>-</u>
<b>21.13 Municipal Disaster Grant</b>		
Opening balance	-	7,367,185
Correction of Error	-	-
Grants received	2,000,000	-
VAT on Grants	(38,229)	-
Repaid to National Revenue Fund	-	(7,367,185)
Conditions met - Operating	(574,771)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>1,386,000</u>	<u>-</u>
<b>21.14 Braille Project</b>		
Opening balance	-	11,645
Correction of Error	-	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(11,645)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
<b>21.15 Fire Services Capacity Building Grant</b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	800,000	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(597,973)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>202,027</u>	<u>-</u>
<b>21.16 Rural Road Asset Management Systems Grant</b>		
Opening balance	524,419	2,276,721
Correction of Error	-	-
Grants received	2,420,000	2,364,000
VAT on Grants	(348,460)	(139,919)
Repaid to National Revenue Fund	-	(2,276,721)
Conditions met - Operating	(2,595,956)	(1,699,662)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>524,419</u>
<b>21.17 Mandela Memorial Celebrations</b>		
Opening balance	-	136,250
Correction of Error	-	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(136,250)
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>21.18 <u>Greenest Municipality Competition</u></b>			
Opening balance	-	-	
Correction of Error	-	-	
Grants received	130,000	130,000	
VAT on Grants	-	-	
Repaid to National Revenue Fund	-	-	
Conditions met - Operating	-	-	
Conditions met - Capital	(130,000)	(130,000)	
Conditions still to be met	-	-	
	<u>-</u>	<u>-</u>	
<b>21.19 <u>Total Grants</u></b>			
Opening balance	1,622,114	17,194,853	
Correction of Error	-	(152,169)	
Grants received	160,600,438	147,394,653	
VAT on Grants	(467,120)	(226,071)	
Repaid to National Revenue Fund	-	(16,117,460)	
Conditions met - Operating	(153,675,347)	(146,471,702)	
Conditions met - Capital	-	-	
Conditions still to be met/(Grant expenditure to be recovered)	<u>8,080,085</u>	<u>1,622,114</u>	
<u>Disclosed as follows:</u>			
Unspent Conditional Government Grants and Receipts	8,080,085	1,622,114	
Unpaid Conditional Government Grants and Receipts	-	-	
Total	<u>8,080,085</u>	<u>1,622,114</u>	
<b>22 PUBLIC CONTRIBUTIONS AND DONATIONS</b>			
Public Contributions - Conditional	700,000	-	
Public Contributions - Unconditional	220,850	258	
Donations	-	-	
Total Public Contributions and Donations	<u>920,850</u>	<u>258</u>	
<u>Reconciliation of conditional contributions:</u>			
<b>22.1 <u>Krnsna Relief Fund</u></b>			
Opening balance	984,111	-	
Correction of Error	-	-	
Grants received	55,600	984,111	
Interest received	-	-	
Conditions met - Operating	(700,000)	-	
Conditions met - Capital	-	-	
Conditions still to be met	<u>339,711</u>	<u>984,111</u>	
<i>Fund opened for the relief of Krnsna Fire victims and funded through donations of the public.</i>			
	<b>2018</b>	<b>2017</b>	
	<b>R</b>	<b>R</b>	
<b>22.2 <u>Total Conditional Contributions</u></b>			
Opening balance	984,111	-	
Correction of Error	-	-	
Grants received	55,600	984,111	
Interest received	-	-	
Conditions met - Operating	(700,000)	-	
Conditions met - Capital	-	-	
Conditions still to be met	<u>339,711</u>	<u>984,111</u>	
<b>23 LICENCES AND PERMITS</b>			
Health Certificates	213,594	215,028	
Total Licences and Permits	<u>213,594</u>	<u>215,028</u>	

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	-	-
Revenue from Exchange Transactions	213,594	215,028
<b>Total Licences and Permits</b>	<b>213,594</b>	<b>215,028</b>
<b>24 DEPARTMENT OF TRANSPORT - ROADS SERVICE CHARGES</b>		
Department of Transport - Roads Service Charges	189,191,078	144,449,812
Income for agency services	17,372,717	15,161,628
<b>Total Service Charges</b>	<b>206,563,793</b>	<b>159,611,440</b>
Revenue Forgone 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.		
<b>25 SALES OF GOODS AND RENDERING OF SERVICES</b>		
Camping Fees	6,992,873	6,744,638
Development Charges	188,125	-
Entrance Fees	86,440	174,296
Fire Services	7,155,924	3,507,154
Health Services	215,689	233,623
Legal Fees	-	360,000
Sale of Goods	59,970	866,508
<b>Total Sales of Goods and Rendering of Services</b>	<b>14,889,021</b>	<b>11,886,118</b>
<b>26 RENT ON LAND</b>		
Land	444,513	391,848
Undeveloped Land	444,513	391,848
Balance previously reported	-	383,078
Correction of Rental Income - Note 42	-	8,772
<b>Total Rent on Land</b>	<b>444,513</b>	<b>391,848</b>
<b>27 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Investment Property	243,221	202,900
Property, Plant and Equipment	104,364	64,175
<b>Total Rental from Fixed Assets</b>	<b>347,585</b>	<b>267,075</b>
<b>28 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	5,500,928	5,513,029
Financial assets	5,776,017	7,413,638
Other	-	-
<b>Total Interest Earned - External Investments</b>	<b>11,276,945</b>	<b>12,926,667</b>
<b>29 INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Long-term Receivables	-	-
Trade Receivables	-	-
Other Receivables	1,639,116	1,176,588
<b>Total Interest Earned - Outstanding Receivables</b>	<b>1,639,116</b>	<b>1,176,588</b>
<b>30 OPERATIONAL REVENUE</b>		
Administrative Handling Fees	251,841	160,266
Commission	17,073	-
Insurance Refund	40,243	252,742
Staff Recoveries	689,627	7,000
Personal Primary Health Care	-	549,853
<b>Total Operational Revenue</b>	<b>998,584</b>	<b>969,861</b>

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## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	2018 R	2017 R
<b>31 EMPLOYEE RELATED COSTS</b>		
Roads Function - Employee Related Costs	76,216,931	63,017,771
Basic Salaries and Wages	77,012,604	65,560,099
Pension and UIF Contributions	12,443,617	10,562,149
Medical Aid Contributions	9,198,436	9,021,763
Overtime	3,479,009	2,631,218
Bonuses	5,469,553	5,157,265
Motor Vehicle Allowance	6,121,406	6,168,705
Cell Phone Allowance	224,961	5,700
Housing Allowances	946,532	802,614
Other benefits and allowances	2,197,083	1,601,799
Payments in lieu of leave	4,167,815	1,447,887
Workmen's Compensation Fund	685,026	857,442
Post-retirement Benefit Obligations	4,657,704	5,987,362
<b>Total Employee Related Costs</b>	<b>202,820,676</b>	<b>172,819,773</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
Key management personnel are appointed permanently, except for the municipal manager who is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of his/her term.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager - Mr MG Stru</i>	<b>12 Months</b>	<b>3 Months</b>
Basic Salary	1,407,252	374,020
Pension and UIF Contributions	131,269	28,927
Medical Aid Contributions	46,351	15,484
Overtime	-	-
Performance Bonus	75,306	-
Motor Vehicle Allowance	312,958	107,075
Cell Phone Allowance	72,000	24,000
Housing Allowances	-	-
Other benefits and allowances	36,099	13,484
Payments in lieu of leave	93,070	-
Long service awards	-	-
Post-retirement benefit obligations	-	-
<b>Total</b>	<b>2,174,306</b>	<b>560,991</b>
<i>Remuneration of Executive Manager Finance - Miss L Hoek</i>	<b>12 Months</b>	<b>12 Months</b>
Basic Salary	840,752	764,714
Pension and UIF Contributions	153,111	148,726
Medical Aid Contributions	46,416	41,915
Annual Bonus	69,228	62,970
Performance Bonus	-	-
Motor Vehicle Allowance	129,662	134,821
Cell Phone Allowance	11,040	11,040
Housing Allowances	-	-
Other benefits and allowances	20,187	11,055
Payments in lieu of leave	-	-
Long service awards	-	-
Post-retirement benefit obligations	-	-
<b>Total</b>	<b>1,270,396</b>	<b>1,175,242</b>

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen</b>		
Basic Salary	12 Months	12 Months
Pension and UIF Contributions	954,866	869,536
Medical Aid Contributions	173,880	168,997
Annual Bonus	-	-
Performance Bonus	44,000	33,000
Motor Vehicle Allowance	-	154,504
Cell Phone Allowance	112,423	117,947
Housing Allowances	-	-
Other benefits and allowances	-	-
Payments in lieu of leave	99	1,999
Long service awards	160,536	-
Post-retirement benefit obligations	-	-
<b>Total</b>	<b>1,445,603</b>	<b>1,345,983</b>
<b>Remuneration of the Executive Manager Community Services - Mr C Africa</b>		
Basic Salary	12 Months	12 Months
Pension and UIF Contributions	903,400	867,915
Medical Aid Contributions	133,006	112,844
Overtime	42,118	35,914
Performance Bonus	-	-
Motor Vehicle Allowance	-	147,701
Cell Phone Allowance	72,600	86,658
Housing Allowances	-	-
Other benefits and allowances	84,000	84,000
Payments in lieu of leave	16,552	28,326
Long service awards	-	86,679
Post-retirement benefit obligations	-	-
<b>Total</b>	<b>1,251,676</b>	<b>1,450,036</b>
<b>Remuneration of the Executive Manager Roads - Mr JC Ottervanger</b>		
Basic Salary	12 Months	12 Months
Pension and UIF Contributions	740,785	673,836
Medical Aid Contributions	135,126	123,075
Annual Bonus	47,307	43,037
Performance Bonus	61,486	55,929
Motor Vehicle Allowance	-	-
Cell Phone Allowance	129,748	153,688
Housing Allowances	9,600	9,600
Other benefits and allowances	9,559	8,904
Payments in lieu of leave	8,926	21,559
Long service awards	-	-
Post-retirement benefit obligations	-	-
<b>Total</b>	<b>1,142,537</b>	<b>1,089,629</b>
<b>Remuneration of Executive Manager: Planning and Economic Development – L Menze</b>		
Basic Salary	6 Months	
Pension and UIF Contributions	329,909	
Medical Aid Contributions	60,275	
Overtime	16,850	
Performance Bonus	-	
Motor Vehicle Allowance	-	
Cell Phone Allowance	72,000	
Housing Allowances	-	
Other benefits and allowances	90,000	
Payments in lieu of leave	3,765	
Long service awards	-	
Post-retirement benefit obligations	-	
<b>Total</b>	<b>572,799</b>	

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

32	REMUNERATION OF COUNCILLORS	2018 R	2017 R
	Councillor - T Fortuin	345,938	267,375
	Councillor - NF Kamle	347,455	274,333
	Councillor - MP Mapitza	345,938	294,244
	Councillor - CN Lichaba	432,735	311,064
	Councillor - T van Rensburg	345,938	300,868
	Councillor - RE Spies	766,723	294,773
	Councillor - Teyss	-	42,605
	Councillor - KS Lose	768,457	612,144
	Councillor - D Saayman	345,938	293,095
	Councillor - BN van Wyk	347,486	281,180
	Councillor - AJ Rossouw	345,938	300,994
	Councillor - I Stenela	486,884	379,706
	Councillor - EH Stroebel	72,493	36,137
	Councillor - RS Figland	70,123	36,137
	Councillor - V Gericks	311,848	107,113
	Councillor - BHJ Groenewald	82,145	53,880
	Councillor - E Meyer	495,028	398,156
	Councillor - RH Ruiters	533,528	428,452
	Councillor - JJC Lambaateen	496,817	395,003
	Councillor - RR Wildschut	82,145	57,339
	Councillor - K Windvogel	82,145	53,509
	Councillor - L Tyekolo	82,145	54,291
	Councillor - MS Willems	501,463	436,360
	Councillor - MV Molosi	82,145	50,887
	Councillor - SM Odendaal	82,145	65,260
	Councillor - IT Mangaliso	82,145	48,586
	Councillor - NC Jacob	82,145	59,071
	Councillor - M Booysen	1,011,932	841,763
	Councillor - Vi van der Westhuizen VI	-	73,899
	Councillor - LBC Esau LBC	-	52,775
	Councillor - D Naylor	-	57,842
	Councillor - J du Toit	-	40,301
	Councillor - JJA Koegeleberg	-	84,064
	Councillor - SF May	343,148	76,799
	Councillor - HJ McCombi	-	54,331
	Councillor - T Simmers	-	655,600
	Councillor - CN Ngalo	-	33,527
	Councillor - MM Mballi	4,624	941
	Councillor - N Ndayi	6,588	242,605
	Councillor - NA Bityi	-	34,575
	Councillor - NC Booisen	4,624	1,307
	Councillor - M Fielies	6,894	29,583
	Councillor - HJ Floors	-	33,672
	Councillor - JJ Gerber	-	5,566
	Councillor - JG Janse van Rensburg	-	28,951
	Councillor - SS Mbandezi	82,145	54,474
	Councillor - WVP Meshos	4,646	3,296
	Councillor - GC Niehaus	-	962
	Councillor - LN Qupe	-	962
	Councillor - CM Skietekat	-	34,982
	Councillor - NM Tanda	-	36,090
	Councillor - T Teyss	72,493	2,888
	Councillor - PJ van der Hoven	72,493	42,608
	Councillor - D Xego	347,016	333,565
	Councillor - D Abrahams	-	3,323
	Councillor - AM Joubert	-	7,238
	Councillor - J Johnson	-	472,401
	Councillor - JE Gouwes	-	5,566
	Councillor - D Kamfer	-	34,633
	Councillor - SF de Vries	434,682	291,550
	Councillor - M Wagenaar	-	6,051
	Councillor - JP Johnson	511,059	-
	Councillor - ASM Windvogel	60,658	-
	<b>Total Councillors' Remuneration</b>	<b>10,980,692</b>	<b>9,421,247</b>

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	229,327	242,002	468,991	71,612	1,011,932
Deputy-Mayor	485,951	36,577	11,000	-	533,528
Speaker	491,379	-	10,084	-	501,463
Executive Committee Members	2,648,639	416,604	267,307	192,218	3,524,768
Councillors	4,156,538	253,324	831,938	167,200	5,409,000
<b>Total Councillors' Remuneration</b>	<b>8,011,834</b>	<b>948,507</b>	<b>1,589,321</b>	<b>431,030</b>	<b>10,980,692</b>

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost.

	2018 R	2017 R
<b>33 CONTRACTED SERVICES</b>		
Roads Function: Contracted Services	4,304,682	2,134,296
Outsourced Services	465,702	897,692
Consultants and Professional Services	-	20,218
Contractors	3,838,980	1,216,385
Outsourced Services	11,180,855	7,995,306
Consultants and Professional Services	7,572,282	20,993,822
Contractors	3,864,750	2,826,576
<b>Total Contracted Services</b>	<b>26,922,569</b>	<b>33,950,000</b>
<b>34 DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	3,332,216	2,528,052
Intangible Assets	514,839	391,954
Investment Property carried at cost	111,667	112,185
<b>Total Depreciation and Amortisation</b>	<b>3,958,922</b>	<b>3,032,191</b>
<b>35 FINANCE COSTS</b>		
Roads Function - Finance Costs	-	418,849
Long-term Borrowings	60,487	86
Payables	18,886	8,410
<b>Total Finance Costs</b>	<b>79,372</b>	<b>427,346</b>
<b>36 TRANSFERS AND SUBSIDIES</b>		
Roads Function: Transfers and Subsidies	1,769,750	-
Operational		
Allocations In-Kind	1,769,750	-
Households	1,769,750	-
Operational	533,790	1,091,177
Allocations In-kind	315,699	81,489
Households	315,699	81,489
Monetary Allocations	218,091	1,009,687
Higher Educational Institutions	50,000	-
Households	(10,540)	44,857
Non-profit Institutions	37,000	120,000
Private Enterprises	141,630	174,992
Public Corporations	-	669,838
<b>Total Transfers and Subsidies</b>	<b>2,363,540</b>	<b>1,091,177</b>

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	2018 R	2017 R
<b>37 OPERATIONAL COSTS</b>		
Roads Function Operational Costs	34,707,098	37,588,421
Advertising, Publicity and Marketing	526,944	290,783
Audit Fees	-	155,000
Bank Charges, Facility and Card Fees	94,052	57,183
Bursaries	-	6,955
Cleaning Services	8,241	-
Communication	470,884	199,123
Contribution to Capital	-	828,453
Courier and Delivery Services	-	17,597
Entertainment	11,360	3,301
External Computer Service	1,494,992	168,216
Fines and Penalties	-	2,500
Hire Charges	-	11,062,536
Learnships and Internships	252,509	-
Licences	27,993	13,771
Management Fee	19,842,830	17,293,399
Municipal Services	1,262,342	1,137,833
Printing, Publications and Books	407,318	32,535
Professional Bodies, Membership and Subscription	735,260	5,276
Registration Fees	3,306	810,059
Road Worthy Test	-	1,373
Transport	-	1,450,381
Travel and Subsistence	8,305,698	3,137,190
Uniforms and Protective Clothing	802,717	924,958
Workmen Compensation Fund	456,684	-
Advertising, Publicity and Marketing	1,653,293	835,910
Assets less than the Capitalisation Threshold	250,010	780,921
Audit Fees	2,081,198	2,830,992
Bank Charges, Facility and Card Fees	161,221	158,894
Bursaries (Employees)	443,666	683,023
Cleaning Services	138,961	180,822
Contribution to Provisions: Alien Vegetation	359,023	-
Balance previously reported		(1,273,731)
Correction of provision for Alien Vegetation - Note		1,273,731
Courier and Delivery Services	51,820	8,193
Communication	2,054,506	2,913,592
Deeds	1,100	-
Drivers Licences and Permits	21,878	-
Entertainment	17,594	17,987
External Computer Service	1,009,957	1,537,746
Fines and Penalties	1,507	-
Hire Charges	280,391	55,789
Insurance Underwriting	1,007,892	394,925
Learnships and Internships	140,009	-
Licences	27,998	54,510
Municipal Services	3,256,684	3,507,604
Office Decorations	4,836	-
Printing, Publications and Books	645,139	1,045,799
Professional Bodies, Membership and Subscription	824,974	1,150,322
Registration Fees	576,450	57,026
Rewards Incentives	29,164	-
Samples and Specimens	818,981	748,408
Skills Development Fund Levy	1,015,067	792,105
Storage of Files (Archiving)	-	53,526
System Access and Information Fees	1,995	-
Travel and Subsistence	3,757,985	1,137,512
Uniform and Protective Clothing	404,297	241,549
Vehicle Tracking	989	795
Wet Fuel	969,665	921,425
<b>Total Operational Costs</b>	<b>56,825,148</b>	<b>67,707,793</b>
<b>38 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 8	(7,072,796)	(438,645)
Roads Function - Receivables from Exchange Transactions - Note 8	(227,342)	-
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(7,300,140)</b>	<b>(438,645)</b>
<b>39 GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	(573,997)	(268,960)
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>(573,997)</b>	<b>(268,960)</b>
<b>40 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Property, Plant and Equipment	57,050	(73,431)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>57,050</b>	<b>(73,431)</b>

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

## 41 RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Position</b>			
Capital Replacement Reserve	(27,728,373)		(27,728,373)
Accumulated Surplus/(Deficit)	(241,419,643)		(241,419,643)
Long-term Liabilities	-		-
Long-term Borrowings	-		-
Non-current Provisions	(2,942,280)		(2,942,280)
Non-current Employee Benefits	(136,939,701)		(136,939,701)
Consumer Deposits	-		-
Provisions	(759,167)		(759,167)
Current Employee Benefits	(28,068,286)	1,979,568	(26,088,719)
Payables from exchange transactions			
Trade and Other Payables from Exchange Transactions	(11,215,908)	(731,429)	(11,947,338)
Unspent Transfers and Subsidies	(4,534,880)	252,622	(4,282,258)
Property, Plant and Equipment	143,928,281		143,928,281
Investment Property	85,532,767		85,532,767
Intangible Assets	1,819,116		1,819,116
Investments	26,027		26,027
Employee Benefits	57,536,320		57,536,320
Inventory	3,131,451		3,131,451
Receivables from exchange transactions	5,487,869	7,416,368	12,904,036
Receivables from non-exchange transactions	6,585,896	(6,485,339)	100,556
Unpaid Transfers and Subsidies	252,622	(252,622)	-
Operating Lease Asset	32,445		32,445
VAT Receivable	2,751,044	(2,751,044)	-
Taxes		571,877	571,877
Current Portion of Employee Benefits	3,805,368		3,805,368
Cash and Cash Equivalents	142,719,233		142,719,233
Short-term Investments			-
	-	-	0

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Performance</b>			
Government Grants and Subsidies	(147,546,786)	-	(147,546,786)
Public Contributions and Donations	-	(258)	(258)
Actuarial Gains	(4,548,713)	-	(4,548,713)
Fines	-	-	-
Department of Transport - Roads Service Charges	(159,611,440)	-	(159,611,440)
Sales of Goods and Rendering of Services	(11,298,390)	(587,728)	(11,886,118)
Rental of Facilities and Equipment	-	(267,075)	(267,075)
Rent on Land	-	(383,076)	(383,076)
Rental from Fixed Assets	(650,151)	650,151	-
Interest Earned - external investments	(12,926,667)	-	(12,926,667)
Interest Earned - Exchange Transactions	(1,176,588)	-	(1,176,588)
Licences and Permits	(215,028)	-	(215,028)
Operational Revenue	(1,707,847)	587,987	(1,119,860)
Employee related costs	110,028,891	-	110,028,891
Employee related costs - Roads	63,017,771	-	63,017,771
Remuneration of Councillors	9,421,247	-	9,421,247
Bad Debts Written Off	3,937,518	-	3,937,518
Contracted Services	30,347,848	2,219,974	32,567,822
Depreciation and Amortisation	3,032,191	-	3,032,191
Actuarial Losses	-	-	-
Finance Costs	8,497	-	8,497
Inventory Consumed	-	1,870,820	1,870,820
Operating Leases	704,085	-	704,085
Roads - Operating Expenditure	81,432,041	-	81,432,041
Transfers and Subsidies	1,314,907	(223,730)	1,091,177
Operational Costs	22,702,707	(3,867,064)	18,835,643
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(1,110)	-	(1,110)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	438,645	-	438,645
Gains/(Loss) on Sale of Fixed Assets	268,960	-	268,960
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	73,431	-	73,431
<b>Net Surplus/(Deficit) for the year</b>	<b>(12,953,981)</b>	<b>0</b>	<b>(12,953,981)</b>
		<b>2018</b>	<b>2017</b>
		<b>R</b>	<b>R</b>

### 42 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP.

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>42.1 Receivables from Exchange Transactions</b>		
Balance previously reported		12,904,036
Correction of rental income to the correct period		37,500
<b>Restated Balance</b>	<b>-</b>	<b>12,941,536</b>
<b>42.2 Non-Current Provisions</b>		
Balance previously reported		2,942,280
Correction of Provision for Alien Vegetation wrongly provided in previous years		(2,942,280)
<b>Restated Balance</b>	<b>-</b>	<b>-</b>
<b>42.3 Provisions</b>	<b>2018 R</b>	<b>2017 R</b>
Balance previously reported		759,167
Correction of Provision for Alien Vegetation wrongly provided in previous years		(759,167)
<b>Restated Balance</b>	<b>-</b>	<b>-</b>
<b>42.4 Trade and Other Payables from Exchange Transactions</b>	<b>2018 R</b>	<b>2017 R</b>
Balance previously reported		11,947,338
Correction of PAYE of previous periods		(55,588)
Correction of TASK incorrectly classified as Unspent Grant		95,918
Correction of Regional Landfill Site incorrectly classified as Unspent Grant		1,580,117
<b>Restated Balance</b>	<b>-</b>	<b>13,567,784</b>
<b>42.5 Unspent Transfers and Subsidies</b>		
Balance previously reported		4,282,258
Correction of Regional Landfill Site incorrectly classified as Unspent Grant		(1,580,117)
Correction of TASK incorrectly classified as Unspent Grant		(95,918)
<b>Restated Balance</b>	<b>-</b>	<b>2,606,223</b>
<b>42.6 Accumulated Surplus/(Deficit) - 1 July 2016</b>		
Correction of Provision for Alien Vegetation		(4,975,178)
Correction of PAYE		(55,588)
Correction of rental income		(28,728)
<b>Total</b>	<b>-</b>	<b>(5,059,494)</b>

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

#### 42.7 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Government Grants and Subsidies		147,546,786	(849,013)	146,697,773
Public Contributions and Donations		258	-	258
Actuarial Gains		4,548,713	-	4,548,713
Department of Transport - Roads Service Charges		159,611,440	-	159,611,440
Sales of Goods and Rendering of Services		11,886,118	-	11,886,118
Rent on Land		393,076	8,772	391,848
Rental of Facilities and Equipment		267,075	-	267,075
Interest Earned - External Investments		12,926,667	-	12,926,667
Interest Earned - Exchange Transactions		1,176,588	-	1,176,588
Licences and Permits from Exchange Transactions		215,028	-	215,028
Operational Revenue		1,119,860	(130,000)	989,861
<b>Total</b>		<b>339,681,609</b>	<b>(970,241)</b>	<b>338,711,368</b>
<b>Expenditure</b>				
Employee related costs		(110,028,891)	(62,790,882)	(172,819,773)
Employee related costs - Roads		(63,017,771)	63,017,771	-
Remuneration of Councillors		(9,421,247)	-	(9,421,247)
Bad Debts Written Off		(3,937,518)	-	(3,937,518)
Contracted Services		(32,567,822)	(1,382,177)	(33,950,000)
Depreciation and Amortisation		(3,032,191)	(0)	(3,032,191)
Finance Costs		(8,497)	(418,849)	(427,346)
Inventory Consumed		(1,870,820)	(41,280,474)	(43,151,294)
Operating Leases		(704,085)	-	(704,085)
Roads - Operating Expenditure		(81,432,041)	81,432,041	-
Transfers and Subsidies		(1,091,177)	-	(1,091,177)
Operational Costs		(18,635,643)	(38,872,150)	(57,707,793)
<b>Total</b>		<b>(325,947,702)</b>	<b>(294,721)</b>	<b>(326,242,424)</b>
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		1,110	-	1,110
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(438,645)	-	(438,645)
Gains/(Loss) on Sale of Fixed Assets		(268,960)	-	(268,960)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(73,431)	-	(73,431)
<b>Total</b>		<b>(779,926)</b>	<b>-</b>	<b>(779,926)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>12,953,981</b>	<b>(1,264,962)</b>	<b>11,689,019</b>

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY

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

	2018 R	2017 R
<b>43 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	5,987,172	11,689,019
<u>Adjustments for:</u>		
Depreciation and Amortisation	3,956,922	3,032,191
Loss/(Gain) on Sale of Fixed Assets	573,987	268,960
Impairment Loss/(Reversal of Impairment Loss)	(57,050)	73,431
Contributed Property, Plant and Equipment	-	-
Government Grants and Subsidies received	160,600,438	147,394,663
Government Grants and Subsidies repaid to National Revenue Fund	-	(16,117,460)
Government Grants and Subsidies recognised as revenue	(154,142,467)	(146,697,773)
Public Contributions recognised as revenue	55,600	984,111
Contribution from/to provisions - Non-Current Employee Benefits	(700,000)	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	8,307,708	10,155,347
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(7,323,810)	(8,983,321)
Contribution from/to - Current Employee Benefits	5,795,156	1,040,004
Write-off of Current Employee Benefits	-	-
Contribution to provisions - Bad Debt	8,398,773	458,477
Operating Surplus/(Deficit) before changes in working capital	31,454,438	3,297,648
Changes in working capital	(7,413,847)	(9,600,580)
Increase/(Decrease) in Operating Lease Liability	13,658	(1,170)
Increase/(Decrease) in Trade and Other Payables	3,297,166	(1,182,161)
Increase/(Decrease) in Employee Benefits	-	-
Increase/(Decrease) in Taxes	254,839	(538,832)
Increase/(Decrease) in Unpaid Transfers and Subsidies	-	25,242
(Increase)/Decrease in Inventory	563,666	233,795
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(11,556,788)	(9,955,865)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	-	1,773,589
(Increase)/Decrease in Operating Lease Asset	13,612	24,811
Cash generated/(absorbed) by operations	24,040,591	(6,302,932)
<b>44 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	161,869,181	141,568,608
Call Deposits and Investments - Note 10	498,607	1,134,742
Cash Floats - Note 10	15,883	15,883
Total cash and cash equivalents	162,383,670	142,719,233
<b>45 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 44	162,383,670	142,719,233
<u>Less:</u>	(8,419,797)	(2,606,225)
Unspent Transfers and Subsidies - Note 17	(8,419,797)	(2,606,225)
VAT - Note 18	-	-
Net cash resources available for internal distribution	153,963,873	140,113,007
Allocated to:		
Capital Replacement Reserve	(31,704,865)	(27,728,373)
Resources available for working capital requirements	122,259,009	112,384,635
<b>46 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 11	1,448,088	-
Used to finance property, plant and equipment - at cost	(1,448,088)	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**47 BUDGET INFORMATION**

**47.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to *virements*, and additional allocations received from National/Provincial Treasury, the increase in the capital expenditure are mainly due to the grant received for the purchase of a fire truck and additional monies allocated for ICT equipment, and the reprofiling of capital projects, with the corresponding changes to funding sources.

**Explanation of variances greater than 10% and R600,000: Final Budget and Actual Amounts**

**47.2 Statement of Financial Position**

**47.2.1 Current Assets** Variance

Other Debtors 658.18%

Overspending of Roads operational budget resulting in large debtor which was not budgeted for. Ambulance and Fire Fighting Debtors much higher than anticipated due to disastrous fires in the District.

Current Portion of long-term receivables 27.31%

Long term receivables mainly relates to the debtor of Department of Public Transport with regards to the employee post retirement benefit. Annually an actuarial valuation is performed to determine the liability, which is very sensitive to changes in actuarial assumptions and market conditions. The long term liability of the Roads agency function employees are offset by the long term debtor.

Inventory -25.20%

Decrease in stock levels at year-end due to orders that was closed on 15 June 2018.

**47.2.2 Non-Current Assets**

Intangible Assets -23.6%

Amortisation was higher than what was anticipated in the budget which resulted in a lower carrying value.

**47.2.3 Current Liabilities**

Borrowing 100.00%

Municipality did not budget for cellphone and tablet contracts to be classified as finance leases.

Trade and Other Payables -43.25%

Municipality over budgeted for Trade and Other Receivables as the amount budgeted was substantially higher as for the prior year.

Provisions 14.53%

Provisions were under budgeted as the amount budgeted was nearly the same as the prior year. Staff leave was higher due to the business leave that the municipality has granted during the December holidays.

**47.2.4 Non-Current Liabilities**

Borrowing 100.00%

Municipality did not budget for cellphone and tablet contracts to be classified as finance leases.

Provisions -10.75%

Actuarial Gain was not budgeted for which had a significant impact on the provision. Provision for alleviation of alien vegetation was also written back.

**47.2.5 Net Assets**

Reserves 11.85%

Transfer was made to the CRR which was not budgeted for. Additional cash was available to make the transfer.

Accumulated Surplus/(Deficit) 14.02%

Refer to above sections for reasons of variances between assets and liabilities effecting the surplus/(deficit)

**Statement of Financial Performance**

**47.2.6 Revenue**

Rental of Facilities and Equipment -77.41%

Additional income budgeted for the turnaround strategies of resorts and properties, however the turnaround strategy is still in process, additional income envisaged for next financial year

Interest Earned - Outstanding Debtors 93.78%

The budgeted split between interest on investments and interest on outstanding debtors was not correct. If the two are added together and compared to the actual amounts the variance is only 0.11%.

Agency Services 13.55%

Amount received from Department of Transport was higher than originally anticipated.

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

#### 47.2.7 Expenditure

Employee Related Costs	57.53%
The amount for Roads were incorrectly budgeted for as part of Other Expenditure. If Employee Related Costs without the Roads functions were compared to the actual expenditure it would have shown an underspending of 1.67%.	
Debt Impairment	611.63%
Due to outstanding fire fighting accounts outstanding for one year and impaired 100% in 17/18, reason for non payment of fire fighting accounts is dispute regarding the origin of fire, and write off of councillor outstanding debt in 16/17, thus minimum adjustment to impairment of receivables in 16/17.	
Depreciation and Asset Impairment	27.51%
Increase in depreciation due to cellular/mobile devices included under assets, previous year was treated as expenditure and review of useful life and residual values	
Contracted Services	15.40%
If the Roads Function was excluded from the actual amount for contracted services the underspending would have been 3.05%.	
Other Expenditure	-36.82%
All the Roads function expenditure were incorrectly budgeted for as Other Expenditure. If all the actual expenditure of the Roads Function were added to the actual Other Expenditure the budget variance would have been an underspending of 0.41%.	

#### 47.2.8 Cash Flow Statement

Interest	-12.79%
Budgeted amount incorrectly included interest on outstanding debtors. If that was included in the actual amount the difference would have been a variance of 0.11%	
Capital Assets	13.85%
Overspending on capital budget resulted in higher than anticipated cash outflow.	
Borrowing long term/refinancing	100.00%
Municipality did not budget for cellphone and tablet contracts to be classified as finance leases.	

#### 48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

##### 48.1 Unauthorised expenditure

###### Reconciliation of unauthorised expenditure:

Opening balance	876,692	76,403
Unauthorised expenditure current year - operational	26,180,203	-
Unauthorised expenditure current year - capital	2,120,359	800,288
Approved by Council or condoned	(76,403)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	29,100,860	876,692

	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - Executive and Council	47,185,734	47,273,689	87,955	-
Vote 2 - Budget and Treasury Office	18,918,137	20,362,098	1,443,961	-
Vote 3 - Corporate Services	34,394,807	38,345,086	4,950,279	-
Vote 4 - Planning and Development	18,644,047	16,888,147	(1,955,900)	1,955,900
Vote 5 - Public Safety	29,756,457	35,010,391	5,253,934	-
Vote 6 - Health	31,995,009	33,479,298	1,484,289	-
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	11,609,576	12,639,951	1,030,376	-
Vote 9 - Waste Management	2,054,529	3,821,419	1,766,890	-
Vote 10 - Roads Transport	2,466,994	3,320,000	853,006	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Water	-	17,843	17,843	-
Vote 13 - Environment Protection	2,494,452	2,461,226	(33,226)	33,226
Vote 14 - Roads Agency Function	189,191,076	165,000,000	(24,191,076)	24,191,076
	<b>388,732,918</b>	<b>379,419,148</b>	<b>(9,313,770)</b>	<b>26,180,203</b>

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY

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

	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - Executive and Council	410 769	421 000	10 231	-
Vote 2 - Budget and Treasury Office	133 448	-	(133 448)	133 448
Vote 3 - Corporate Services	1 162 708	1 833 000	470 292	-
Vote 4 - Planning and Development	763 812	84 000	(699 812)	699 812
Vote 5 - Public Safety	1 837 696	1 319 000	(518 696)	518 696
Vote 6 - Health	613 978	31 000	(582 978)	582 978
Vote 7 - Community and Social Services	177 804	-	(177 804)	177 804
Vote 8 - Sport and Recreation	216 578	1 100 000	883 422	-
Vote 9 - Waste Management	7 632	-	(7 632)	7 632
Vote 10 - Roads Transport	-	-	-	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	-	108 500	108 500	-
Vote 14 - Roads Agency Function	-	-	-	-
	<b>5 324 424</b>	<b>4 676 500</b>	<b>(647 924)</b>	<b>2 120 369</b>
			<b>2018 R</b>	<b>2017 R</b>
<b>48.2 Fruitless and wasteful expenditure</b>				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance			1 882 155	1 873 745
Interest: SARS Penalties and fines			-	8 410
Interest: Creditors			18 886	-
Condoned or written off by Council			(43 106)	-
Fruitless and wasteful expenditure awaiting condonement			<b>1 857 935</b>	<b>1 882 155</b>
<b>48.3 Irregular expenditure</b>				
Reconciliation of irregular expenditure:				
Opening balance			52 736 301	21 055 943
Irregular expenditure current year			39 136 425	31 680 358
Deviations (See disclosure below)			17 678 957	-
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA			(13 488 957)	-
Irregular expenditure awaiting further action			<b>96 062 717</b>	<b>52 736 301</b>
<p>The irregular expenditure of 2017/2018 relates mostly to the following.</p> <p>Splitting of orders R 84 800 (SCM reg. 12(3))</p> <p>Local production and content minimum threshold not specified in specifications R139 217 (MFMA s112(1))</p> <p>Non-compliance with Local Content Procurement requirements to the value of R2 683 656 (2017: R3 625 553)</p> <p>Contracts above R10 million not advertised as prescribed R36 053 079 (2017: R24 812 563)</p> <p>Long term contracts exceeding one year not advertised for a minimum period as prescribed of R175 674</p> <p>A payment was made to Lefatshe in terms of a settlement agreement amounting to R1 820 000 (VAT portion on R13 000 000) for the current financial year and R13 000 000 (exclusive of VAT) in the previous financial year. Council has requested a forensic investigation, the Legal Department is liaising with Province regarding assistance with the investigation.</p> <p><b>Deviations</b></p> <p>During the audit, the Office of the Auditor General identified additional irregular expenditure amounting to R17 678 957. This relates to non-compliance with Supply Chain Management Regulation 13(c), that requires that the Municipality should request declaration of interest from services providers, when calling for written quotation and bids. The Office of the Auditor General, when auditing our deviation procurement, took note that the municipality did not comply with this regulation. We are of the opinion that, since we have used SCM Regulation 36, which is the deviation from normal procurement processes, we are not required to comply with SCM regulation 13 (c). Regulation 13 (c), is specifically applicable to written quotes and bids ( Normal Procurement processes).</p> <p>Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.</p>				
<b>49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>				
<b>49.1 Contributions to organised local government - IMFMA 125 (1)(b) - (SALGA CONTRIBUTIONS)</b>				
Opening balance			-	-
Council subscriptions			57 577	50 012
Amount paid - current year			(57 577)	(50 012)
Amount paid - previous years			-	-
Balance unpaid (included in creditors)			<b>-</b>	<b>-</b>
<b>49.2 Audit fees - IMFMA 125 (1)(c)</b>				
Opening balance			-	-
Current year audit fee			3 335 887	2 830 992
Amount paid - current year			(3 335 887)	(2 830 992)
Amount paid - previous year			-	-
Balance unpaid (included in creditors)			<b>-</b>	<b>-</b>

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### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>49.3 VAT - [MFMA 125 (1)(c)]</b>		
VAT input receivables and VAT outputs payable are shown in note 18. All VAT returns have been submitted by the due date throughout the year.		
<b>49.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	27,139,747	23,073,862
Current year payroll deductions	(27,139,747)	(23,073,862)
Amount paid - current year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>49.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	29,922,127	24,896,055
Amount paid - current year	(29,922,127)	(24,896,055)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>49.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councillor had a arrear account outstanding for more than 90 days during the year.		
	<b>Total</b>	<b>90+ Days</b>
<b>30 June 2018</b>		
The following amount is outstanding for overpayment of Councillor remuneration: V Gerlicke	158,278	158,278
<b>30 June 2017</b>		
The following amounts are outstanding regarding travel allowances:		
AM Wildeman	846,349	846,349
JL Hartnick	574,780	574,780
J Bouwer	398,881	398,881
JMG Bekker	331,790	331,790
PJ Roodtman	292,541	292,541
SCP Blijohn	114,888	114,888
HJ Loff	108,853	108,853
HJ Mc Combi	104,476	104,476
A Hartnick	87,313	87,313
JJA Koegelenberg	66,660	66,660
JE Davids	51,852	51,852
A Ewerits	50,160	50,160
J Hamse	44,529	44,529
CN Ngalo	32,031	32,031
FH Stemmet	30,538	30,538
B Le Roux	28,996	28,996
P van der Hoven	26,222	26,222
E Nel	17,853	17,853
PJV Murray	15,497	15,497
JST Alberts	13,993	13,993
M Fielies	10,781	10,781
EKV van Edon	9,293	9,293
PJL Grobler	8,657	8,657
A Baartman	7,548	7,548
N Bityi	4,846	4,846
D Kampher	994	994
EN Mtabati	1,496	1,496
F Joseph	354	354
R Johannes	1,953	1,953
J Maxim	8,747	8,747
	<b>3,292,451</b>	<b>3,292,451</b>

GARDEN ROUTE DISTRICT MUNICIPALITY

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

30 June 2017

The following amounts are outstanding regarding cellphone accounts:

D Kamfer	18,633	18,633
S Lollwe	17,883	17,883
Kroma	8,945	8,945
M Fielies	9,653	9,653
HJ McCombi	8,328	8,328
TME Gombo	5,498	5,498
S de Vries	3,073	3,073
Ewerts	3,148	3,148
J Kemoetie	1,711	1,711
JH Loff	1,370	1,370
J Maxim	1,087	1,087
Dorfling	912	912
CN Ngalo	947	947
E Mtabati	1,496	1,496
F Stemmet	801	801
J Bekker	381	381
TA Simmers	2,038	2,038
	<u>85,906</u>	<u>85,906</u>

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## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 49.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. Deviations for the amount of R22,841,672.90 has been condoned by council.

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2018	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	1,222,668	3,833,086.31	2,904,839.04	-
Corporate/Strategic Services	812,380	1,270,441.83	2,782,856.81	-
Financial Services	161,886	120,074.52	-	-
Office of the Municipal Manager	-	103,440.75	-	-
Office of the Political Staff	80,768	342,474.43	798,067.50	-
Planning and Economic Development Services	-	120,433.44	-	-
Roads Services	1,745,445	4,089,566.53	2,353,168.42	-
	<b>4,023,128</b>	<b>9,979,512</b>	<b>8,839,033</b>	<b>-</b>

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Savannah Helicopters	Emergency	280,098
Vehicle - (Halfway Toyota)	Emergency	540,718
Southern cape fire Protection Ass	Impractical Procurement Process	349,040
Savannah Helicopters	Impractical Procurement Process	245,100
Savannah Helicopters	Impractical Procurement Process	347,707
Working on Fire	Impractical Procurement Process	926,942
Schroter & Associate Attorneys	Impractical Procurement Process	232,450
UBERTECH IT Consulting & Services	Impractical Procurement Process	459,802
South Cape Fire Protection Ass	Emergency	336,660
Vesta Technical Services	Impractical Procurement Process	270,805
Vesta Technical Services	Emergency	248,005
Vesta	Impractical Procurement Process	1,494,992
Working on Fire	Impractical Procurement Process	1,820,000
Total		<b>7,550,118</b>

30 June 2017	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Financial Services	216,677	186,415	-	-
Community Services	761,766	1,195,655	3,630,899	-
Office of the MM	41,589	127,991	-	-
Strategic Services	730,235	1,248,154	2,565,090	13,000,000
Technical Services	1,507,123	1,440,278	-	-
	<b>3,257,390</b>	<b>4,198,494</b>	<b>6,195,989</b>	<b>13,000,000</b>

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Haycock Attorneys	Impractical Procurement Process	13,000,000
Working on Fire	Emergency	1,877,769
GA/GA	Impractical Procurement Process	1,774,810
Southern Cape Fire Protection Association	Emergency	860,311
Working on Fire	Emergency	684,541
Business Engineering	Sole Supplier	245,100
Savannah Helicopters	Emergency	208,278
Working on Fire	Impractical Procurement Process	190,046
Abakus	Sole Supplier	184,297
Klein Karoo Kooperatie	Emergency	180,000
Total		<b>19,205,252</b>

### 49.8 Trading with Employees in Service of the State

The following purchases were made from close family members of persons in the service of the state :

Supplier	Name	State Department	2018 R	2017 R
IGB Trading	NM Boumeester	NM Boumeester's (secretary Garden Route District Municipality) husband owns IGB Trading	6,661	42,481
Shabby to Chick - Zingfontein Estates	J Stander	J Stander's (Manager Finance Garden Route District Municipality) brother-in-law owns Shabby to Chick	5,740	22,410
Piston Power Chemicals CC	Ujunh Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	502,973	423,476
Invusa Trading	Angeline Lekay	Harold Lekay (Husband) - Oudstroom Municipality (Community Services - Cleaning)	11,923	88,510
RJL General Trading (Pty) Ltd	Marilyn Swartz	Fredericks Swartz (Husband) - works for Department of Health	138,729	-
Mubesko Africa (Pty) Ltd and MooreStephens MO Inc - Consortium	B Engelbrecht	B Holzhausen (Mother) - Executive Manager Corporate Services Garden Route District Municipality	949,856	2,611,040
			<b>1,618,882</b>	<b>3,187,917</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

The following purchases were made from Suppliers whose shareholders is in service of the state:

Supplier	Employee	State Department	2018 R	2017 R
Lezmin Quarries	J Pieterse - Director 2017/2018: No Longer Director	SAPS	-	2,270,987
Southern Cape Fire Protection Association	G Otto - Director 2017/2018: No Longer Director	Garden Route District Municipality	-	271,480
			<u>-</u>	<u>2,542,467</u>
			2018 R	2017 R

## 50 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.

	2018 R	2017 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2017: 1%) Increase in interest rates	(12,614)	1,767
1% (2017: 1%) Decrease in interest rates	12,614	(1,767)

(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 financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratenagars, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by means of "levying of penalty charges", "demand for payment", "proceeding to court" and "referral to a debt collector". The "demand for payment" and "referral to a debt collector" are the most common methods used to collect over for collectors, 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. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 %	2018 R	2017 %	2017 R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
Rental Agreements	6.34%	1,249,947	8.37%	945,639
Ambulance and Fire Fighting Fees	82.93%	16,340,036	51.44%	5,814,719
Other Arrears	10.73%	2,113,638	40.20%	4,544,320
<b>Total</b>	<b>100.00%</b>	<b>19,703,621</b>	<b>100.00%</b>	<b>11,304,678</b>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

**Ageing of amounts past due but not impaired are as follow:**

	Exchange Receivables	Non-exchange Receivables
<b>2018</b>		
1 month past due	134,812	-
2+ months past due	1,146,150	-
	<b>1,280,962</b>	<b>-</b>
<b>2017</b>		
1 month past due	5,142,410	-
2+ months past due	5,263,811	-
	<b>10,406,221</b>	<b>-</b>

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 (Investec, Nedbank, ABSA, First National Bank and Standard Bank). 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 or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	-	-
Non-Current Receivables from Non-Exchange Transactions	-	-
Receivables from exchange transactions	36,030,515	24,246,385
Receivables from non-exchange transactions	100,556	100,556
Cash and Cash Equivalents	129,938,784	136,805,042
	<b>166,069,855</b>	<b>163,151,983</b>

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and 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.

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2018</b>					
Long-term Liabilities		965,467	613,201	-	-
Trade and Other Payables		16,864,948	-	-	-
		<u>17,830,415</u>	<u>613,201</u>	<u>-</u>	<u>-</u>
		Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2017</b>					
Long-term Liabilities		-	-	-	-
Trade and Other Payables		13,567,781	-	-	-
		<u>13,567,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
				<b>2018</b>	<b>2017</b>
				<b>R</b>	<b>R</b>
<b>51 FINANCIAL INSTRUMENTS</b>					
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:					
<b>51.1 Financial Assets</b>	<b>Classification</b>				
<b>Investments</b>					
Unlisted Shares	Financial Instruments at fair value			26,027	26,027
Investment in Municipal Entities	Financial Instruments at cost			-	-
Investment in Joint Ventures	Financial Instruments at cost			-	-
Investment in Associates	Financial Instruments at cost			-	-
Investment in Municipal Stock	Financial Instruments at cost			-	-
Fixed Deposits	Financial Instruments at amortised cost			-	-
				<b>2018</b>	<b>2017</b>
				<b>R</b>	<b>R</b>
<b>Non-Current Receivables</b>					
Receivables with repay arrangements	Financial Instruments at amortised cost			-	-
Sport Club Loans	Financial Instruments at amortised cost			-	-
Housing Loans	Financial Instruments at amortised cost			-	-
				<b>2018</b>	<b>2017</b>
				<b>R</b>	<b>R</b>
<b>Receivables from Exchange Transactions</b>					
Electricity	Financial Instruments at amortised cost			-	-
Water	Financial Instruments at amortised cost			-	-
Property Rentals	Financial Instruments at amortised cost			1,669,235	1,042,168
Ambulance and Fire Fighting Fees	Financial Instruments at amortised cost			18,349,695	14,928,703
Waste Management	Financial Instruments at amortised cost			-	-
Housing Selling Scheme	Financial Instruments at amortised cost			-	-
Water and Sanitation Service Authority	Financial Instruments at amortised cost			-	-
Abeyance	Financial Instruments at amortised cost			-	-
Other Arrears	Financial Instruments at amortised cost			3,720,411	2,723,260
				<b>2018</b>	<b>2017</b>
				<b>R</b>	<b>R</b>
<b>Cash and Cash Equivalents</b>					
Bank Balances	Financial Instruments at amortised cost			161,869,181	141,568,608
Call Deposits	Financial Instruments at amortised cost			498,607	1,134,742
<b>Total Financial Assets</b>				<u>186,133,155</u>	<u>161,423,507</u>
				<b>2018</b>	<b>2017</b>
				<b>R</b>	<b>R</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>					
<b>Financial Instruments at cost:</b>					
Investments	Unlisted shares			-	-
Investments	Investment in Joint Ventures			-	-
Investments	Investment in Associates			-	-
Investments	Investment in Municipal Stock			-	-
				<u>-</u>	<u>-</u>
				<u>-</u>	<u>-</u>

# 2017-2018 Annual Report: Garden Route District Municipality

## GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
<b>Financial Instruments at amortised cost:</b>			
Investments	Fixed Deposits	-	-
Long-term Receivables	Receivables with repay arrangements	-	-
Long-term Receivables	Sport Club Loans	-	-
Long-term Receivables	Housing Loans	-	-
Receivables from Exchange Transactions	Electricity	-	-
Receivables from Exchange Transactions	Water	-	-
Receivables from Exchange Transactions	Property Rentals	1,669,235	1,042,168
Receivables from Exchange Transactions	Ambulance and Fire Fighting Fees	18,349,695	14,928,703
Receivables from Exchange Transactions	Waste Management	-	-
Receivables from Exchange Transactions	Housing Selling Scheme	-	-
Receivables from Exchange Transactions	Water and Sanitation Service Authority	-	-
Receivables from Exchange Transactions	Abeysance	-	-
Receivables from Exchange Transactions	Other Arrears	3,720,411	2,723,260
Cash and Cash Equivalents	Bank Balances	161,869,181	141,568,608
Cash and Cash Equivalents	Call Deposits	498,607	1,134,742
		<u>186,107,128</u>	<u>161,397,480</u>
<b>Financial Instruments at fair value:</b>			
Investments	Listed Investments	26,027	26,027
		<u>26,027</u>	<u>26,027</u>
<b>Total Financial Assets</b>		<b>186,133,155</b>	<b>161,423,507</b>
<b>51.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	-	-
Capitalised Lease Liability	Financial Instruments at amortised cost	1,448,088	-
<b>Trade and Other Payables</b>			
Trade Payables	Financial Instruments at amortised cost	3,359,262	6,880,571
Accrued Interest	Financial Instruments at amortised cost	-	-
Advance Payments	Financial Instruments at amortised cost	2,725,260	1,566,194
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	334,434	(21,969)
Other Payables	Financial Instruments at amortised cost	4,655,873	1,952,018
Retentions	Financial Instruments at amortised cost	-	165,632
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		<u>12,522,916</u>	<u>10,542,445</u>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial instruments at amortised cost:</b>			
Long-term Liabilities	Annuity Loans	-	-
Long-term Liabilities	Capitalised Lease Liability	1,448,088	-
Trade and Other Payables	Trade Payables	3,359,262	6,880,571
Trade and Other Payables	Accrued Interest	-	-
Trade and Other Payables	Advance Payments	2,725,260	1,566,194
Trade and Other Payables	Control, Clearing and Interface Accounts	334,434	(21,969)
Trade and Other Payables	Other Payables	4,655,873	1,952,018
Trade and Other Payables	Retentions	-	165,632
Cash and Cash Equivalents	Bank Overdraft	-	-
		<u>12,522,916</u>	<u>10,542,445</u>
<b>52 STATUTORY RECEIVABLES</b>			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
<b>Taxes</b>			
VAT Receivable		317,038	571,877
<b>Receivables from Non-Exchange Transactions</b>			
Rates		-	-
Fines		-	-
<b>Total Statutory Receivables (before provision)</b>		<b>317,038</b>	<b>571,877</b>
<b>Less:</b> Provision for Debt Impairment		-	-
<b>Total Statutory Receivables (after provision)</b>		<b>317,038</b>	<b>571,877</b>

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>53 IN-KIND DONATIONS AND ASSISTANCE</b>		
The municipality received the following in-kind donations and assistance: Mr. John Kruijt (Advisor on National Treasury GTAC program) Miss. Elandie Terblanche (Intern from Western Cape Provincial Treasury) Mr. Eduard Lotz (Advisor on Municipal Infrastructure Support Agent Program)	- 132,190 -	982,800 226,000 134,764
<b>Total In-kind Donations and Assistance</b>	<b>132,190</b>	<b>1,343,564</b>
<b>54 PRIVATE PUBLIC PARTNERSHIPS</b>		
Garden Route District Municipality is in the process of concluding a Public Private Partnership with regards to the establishment of a regional landfill site in Mossel Bay. The land was purchased in 2014/2015, the construction and management of the landfill site will be done by concluding a Public Private Partnership. The closing date for submission of tenders was 31 July 2015, but was extended as the relevant MFMA/SCM/PPP processes have not been concluded. A preferred and reserved bidder has been appointed, currently negotiations are underway with the Preferred bidder. Treasury Views and Recommendations (TVR) IIB has been obtained, the next phase is obtaining TVR 3 from National Treasury. The public private agreement has to be concluded and S33 (contract longer than three years) of the Municipal Finance Management Act must be initiated as this will be a 10 year contract. There are currently four participating local municipalities who will be contributing monthly to Garden Route District Municipality for the utilization of the regional landfill site. The participating municipalities have included the contributions for the regional landfill site in their respective budgets that have been approved by council in May 2018. It is estimated that the first cell will be operational 1 July 2019, after all applicable processes have been concluded.		
<b>55 CONTINGENT LIABILITY</b>		
<b>55.1 Theunis Bamard / Garden Route DM / September January</b>		
We received a summons from Calmanz Incorporated, with regards to an accident that happened on 5 February 2010. The driver of the vehicle was September January and at the time of the accident employed at Garden Route District Municipality. The vehicle had the registration number PA 175 129. This matter was referred to their insurance company. Notice of intention to defend was issued. The matter is currently not resolved.	38,231	38,231
<b>55.2 F du Toit / DL du Plooy / Garden Route DM</b>		
Dr du Toit and his fiancé went on vacation at Victoria Bay Camp Site. They were robbed of valuable items. Therefore they are suing Garden Route District Municipality for damages. This case was referred to Millers Attorneys. A notice of intention to defend was issued. Millers recommend that Advocate Schmidt be appointed in this matter. The Municipal Manager signed the disclosure statement and it was sent to Millers for further action. The matter is dormant. No further correspondence was received from the opposition.		376,750
<b>55.3 Hoogbaard / Delo vs. Garden Route DM / GW Louw</b>		
A joint summons against Garden Route District Municipality DM and Mr GW Louw for alleged defamation of character. They claim an amount of R 300 000.00 each. The Council appointed Attorneys to defend the case. There is no further movement on the file and the opposition have not applied for a hearing date. The opposition must decide the way forward. Garden Route District Municipality will not incur unnecessary costs. This case is dormant. There is no prospect of success and claimants might decide to withdraw.		600,000
<b>55.4 I Gerber N.O and others / Garden Route DM and P McKenzie</b>		
The Cape Town High Court issued a court order against Garden Route District Municipality. In terms of the said order each party is liable for its own costs in respect of the said Application. In addition the court ordered the Applicant to bring a court application on or before the 31st of July 2013, in order to review Garden Route DM's decision to lease Part 4 of the farm Woodville 172, Division George to Peter McKenzie (the second Respondent), which will have further cost implications for Garden Route DM. Lastly instructions were issued that a lease be drafted in the interim between the relevant parties. Garden Route District Municipality obtained an eviction order against Gerber. Gerber did not vacate the premises on the due date and eviction notice was served. The pre-trial date for the case is set for 20 August 2018.	21,840	21,840
<b>55.5 Possible Dispute with B-Municipalities Regarding Properties Registered in Garden Route District Municipality's</b>		
the local municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Garden Route District Municipality are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim.	17,400,000	68,068,327

## 2017-2018 Annual Report: Garden Route District Municipality

### GARDEN ROUTE DISTRICT MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<b>55.6 Andrew de Wet vs Garden Route District Municipality</b>		
Mr De Wet instituted a claim against Garden Route District Municipality. He drove through a pothole with his bicycle. He sustained serious head and facial injuries and damage to his bicycle.	614,675	614,675
<b>55.7 Barry Louls Rae Trust / Farm Uitvlugt 269 Fire</b>		
Claim for damages as a result of the fire that spread (29 August until 1 September 2016)	4,500,000	4,500,000
<b>55.8 Combined Summons: Laurington Sithemile Stone vs Garden Route DM</b>		
Car accident that occurred. This matter was referred to Province.	43,272	43,272
<b>55.9 Combined Summons: Banger Car Hire vs Garden Route DM</b>		
Car accident that occurred. This matter was referred to Province.	18,800	18,800
<b>55.1 Uniondale Correction Facility on behalf of Department of Public works</b>		
Electricity consumption for 2006 - 2011. A claim of R8.3 m has been received. The matter is dormant	-	8,323,662
<b>55.11 Tommy de Bruyn</b>		
This matter was finalised by Garden Route District Municipality and the stated amount was paid to Mr. de Bruyn.	-	268,967
<b>55.12 K Langeveld</b>		
Unfair labour practice. This matter was finalised by Garden Route District Municipality and a request for payment was done by Labour Relations on 7 July 2017. The money that was paid to M. Langeveldt was R362 993.32.	-	382,993
<b>55.13 JL du Preez</b>		
Unfair dismissal. Arbitration on this matter is still to be held. Estimated claim is based 12 months compensation (R142 611.12 x 12). This case has been closed and Garden Route District Municipality paid the legal cost of the Plaintiff.	-	1,711,333
<b>55.14 Combined Summons between George Municipality, Garden Route District Municipality and D Stoffels</b>		
On 12 July 2017 the combined summons was received. On or about 1 September 2016 on the Jonkrus / De Viugt Road a collision occurred between the Plaintiff's vehicle and CAW64439 driven by the second defendant in the course and scope of his employment with the First Defendant.	20,836	-
<b>55.15 Combined Summons between G Brown and Garden Route District Municipality</b>		
On 1 August 2017 we received the combined summons. On or about 16 August 2015, at or near Rheenendal Road, Phantom Acres damage occurred to the Plaintiff's Vehicle while driving through a pothole.	31,032	-
<b>55.16 Labour disputes</b>		
The Labour Relations Section has the following disputes lodged for the financial year end June 2018. All disputes have not yet been finalised and only an estimation is made based on the claims put forth by the applicants and the possible outcomes as per the Code of Good Practice of the Labour Relations Act as amended.		
V Blom & Roode	500,000	-
L Janse van Rensburg & A Grobler	300,000	-
	<b>23,488,686</b>	<b>64,988,861</b>

**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

56	RELATED PARTIES	2018 R	2017 R
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
56.1	<b>Related Party Transactions</b>		
	The following purchases were made during the year where Councillors or staff have an interest:		
		Transaction(s) value	Outstanding Balance
	<b>Year ended 30 June 2018</b>		
	<b>Mubesko Africa Pty (Ltd)</b>		
	B Holtzhausen (Garden Route District Municipality's Executive Manager Corporate Services) daughter works for Mubesko Africa (Pty) Ltd. Garden Route District Municipality received GRAP and mSCOA support services from Mubesko Africa.	949,856	486,643
	<b>Shabby to Chick – Zingfontein Estates</b>		
	J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	5,740	-
		<u>955,596</u>	<u>486,643</u>
		Transaction(s) value	Outstanding Balance
	<b>Year ended 30 June 2017</b>		
	<b>Mubesko Africa Pty (Ltd)</b>		
	B Holtzhausen (Garden Route District Municipality's Executive Manager Corporate Services) daughter works for Mubesko Africa (Pty) Ltd. Garden Route District Municipality received GRAP and mSCOA support services from Mubesko Africa.	1,472,369	1,124,950
	<b>Shabby to Chick – Zingfontein Estates</b>		
	J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	22,410	-
		<u>1,494,779</u>	<u>1,124,950</u>
56.2	<b>Related Party Loans</b>		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 8 to the Annual Financial Statements.		
56.3	<b>Compensation of key management personnel</b>		
	The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.		

APPENDIX A  
GARDEN ROUTE DISTRICT MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2017	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Office Equipment				-	-					
Mobile Communication Devices				-	-	1,748,944	(300,856)	1,448,088	1,486,144	-
Total Lease Liabilities		334621609	2020/06/14	-	-	1,748,944	(300,856)	1,448,088	-	-
TOTAL EXTERNAL LOANS				-	-	1,748,944	(300,856)	1,448,088	-	-

**APPENDIX B**  
**GARDEN ROUTE DISTRICT MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2017	Correction of Error	Restated Balance 30 June 2017	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2018	Unspent 30 June 2018 (Creditor)	Unpaid 30 June 2018 (Debtor)
<b>National Government Grants</b>												
Equitable Share	-	-	-	146,055,000	-	-	(146,055,000)	-	-	-	-	(1)
Local Government Financial Management Grant	-	-	-	1,250,000	-	-	(1,173,951)	-	(76,050)	(1)	-	-
Municipal System Improvement Grant	-	-	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant	-	-	-	1,280,000	-	-	(1,280,000)	-	(1,680)	4,987,120	4,987,120	-
Energy Efficiency and Demand Side Management	-	-	-	5,000,000	-	-	(11,200)	-	-	381,288	381,288	-
Regional Bulk Infrastructure Grant	381,288	-	381,288	-	-	-	(574,771)	-	(39,229)	1,386,000	1,386,000	-
Municipal Disaster Grant	-	-	-	2,000,000	-	-	(2,595,959)	-	(348,460)	-	-	-
Rural Road Asset Management Systems Grant	524,419	-	524,419	2,420,000	-	-	-	-	-	-	-	-
<i>list</i>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total National Government Grants</b>	<b>905,707</b>	-	<b>905,707</b>	<b>158,005,000</b>	-	-	<b>(151,690,881)</b>	-	<b>(465,419)</b>	<b>6,754,407</b>	<b>6,754,408</b>	<b>(1)</b>
<b>Provincial Government Grants</b>												
Greenest Municipality Competition	-	-	-	130,000	-	-	(130,000)	-	-	-	-	-
Bucket system Elimination Schools/Clinic	-	-	-	-	-	-	-	-	-	-	-	-
Integrated Transport Planning	-	-	-	900,000	-	-	-	-	-	900,000	900,000	-
Mandela Memorial Celebrations	-	-	-	-	-	-	-	-	-	-	-	-
Braille Project	-	-	-	-	-	-	-	-	-	-	-	-
Financial Management Support	78,213	-	78,213	620,000	-	-	(618,299)	-	(1,701)	78,213	78,213	-
DWA: Abstraction Validation on Bitou	-	-	-	-	-	-	-	-	-	-	-	-
Fire Services Capacity Building Grant	-	-	-	800,000	-	-	(597,973)	-	-	202,027	202,027	-
<b>Total Provincial Government Grants</b>	<b>78,213</b>	-	<b>78,213</b>	<b>2,450,000</b>	-	-	<b>(1,346,272)</b>	-	<b>(1,701)</b>	<b>1,180,240</b>	<b>1,180,240</b>	-
<b>Other Grant Providers</b>												
Regional Bulk Infrastructure - Regional Landfill Site	-	-	-	-	-	-	-	-	-	-	-	-
LGESTA Re-Imbursements	638,194	-	638,194	145,438	-	-	(638,194)	-	-	145,438	145,438	-
Nelson Mandela Biosphere Reserve Project	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Grant Providers</b>	<b>638,194</b>	-	<b>638,194</b>	<b>145,438</b>	-	-	<b>(638,194)</b>	-	-	<b>145,438</b>	<b>145,438</b>	-
<b>Total Grants</b>	<b>1,622,114</b>	-	<b>1,622,114</b>	<b>160,500,438</b>	-	-	<b>(153,675,347)</b>	-	<b>(467,120)</b>	<b>8,080,085</b>	<b>8,080,085</b>	<b>(1)</b>
<b>Public Contributions</b>												
Krynsna Relief Fund	984,111	-	984,111	55,600	-	-	(700,000)	-	-	339,711	339,711	-
<b>Total Public Contributions</b>	<b>984,111</b>	-	<b>984,111</b>	<b>55,600</b>	-	-	<b>(700,000)</b>	-	-	<b>339,711</b>	<b>339,711</b>	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

MUN - Reconciliation of Table A1 Budget Summary

Description	2017/18						2016/17					
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	-	-	-	-		-	0.0%	0.0%				-
Service charges	-	-	-	-		-	0.0%	0.0%			0	-
Investment revenue	11,124	961	12,084	12,916		-	0.0%	0.0%				14,103
Transfers recognised - operational	152,945	7,600	160,545	155,063		-	0.0%	0.0%				146,698
Other own revenue	181,160	30,310	211,471	227,441		-	0.0%	0.0%				177,910
Total Revenue (excluding capital transfers and contributions)	345,229	38,871	384,100	395,420		-	0.0%	0.0%				338,711
Employee costs	118,903	9,848	128,751	202,821		-	0.0%	0.0%				172,820
Remuneration of councillors	10,815	-	10,815	10,981		-	0.0%	0.0%				9,421
Debt impairment	3,070	(10)	3,060	10,828		-	0.0%	0.0%				4,376
Depreciation & asset impairment	-	-	-	3,902		-	0.0%	0.0%				3,106
Finance charges	-	-	-	79		-	0.0%	0.0%				427
Materials and bulk purchases	-	-	-	-		-	0.0%	0.0%				-
Transfers and grants	-	-	-	2,304		-	0.0%	0.0%				1,091
Other expenditure	209,976	26,817	236,793	160,823		-	0.0%	0.0%				135,781
Total Expenditure	342,764	36,655	379,419	391,736		-	0.0%	0.0%				327,022
Surplus/(Deficit)	2,465	2,216	4,681	3,684		-	0.0%	0.0%				11,689
Transfers recognised - capital	-	-	-	-		-	0.0%	0.0%				-
Contributions recognised - capital & contributed assets	-	-	-	-		-	0.0%	0.0%				-
Surplus/(Deficit) after capital transfers & contributions	2,465	2,216	4,681	3,684		-	0.0%	0.0%				11,689
Share of surplus/ (deficit) of associate	-	-	-	-		-	0.0%	0.0%				-
Surplus/(Deficit) for the year	2,465	2,216	4,681	3,684		-	0.0%	0.0%				11,689
Capital expenditure & funds sources												
Capital expenditure	2,459	2,218	4,677	-		-	0.0%	0.0%				-
Transfers recognised - capital	-	800	800	-		-	0.0%	0.0%				-
Public contributions & donations	-	-	-	-		-	0.0%	0.0%				-
Borrowing	-	-	-	-		-	0.0%	0.0%				-
Internally generated funds	2,459	1,418	3,877	-		-	0.0%	0.0%				-
Total sources of capital funds	2,459	2,218	4,677	-		-	0.0%	0.0%				-
Cash flows												
Net cash from (used) operating	6,657	12,454	19,110	24,041		-	0.0%	0.0%				(6,328)
Net cash from (used) investing	(2,459)	(2,218)	(4,677)	(5,824)		-	0.0%	0.0%				(6,350)
Net cash from (used) financing	-	-	-	1,448		-	0.0%	0.0%				-
Cash/cash equivalents at the year end	159,532	10,236	169,768	162,384		-	0.0%	0.0%				142,719

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18						2016/17					
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	192,572	37,343	229,916	197,432		-	0.0%	0.0%				171,652
Executive and council	192,041	36,549	228,590	196,542		-	0.0%	0.0%				171,484
Finance and administration	532	794	1,326	890		-	0.0%	0.0%				169
Internal audit	-	-	-	-		-	0.0%	0.0%				-
Community and public safety	6,921	-	6,921	7,270		-	0.0%	0.0%				7,234
Community and social services	-	-	-	-		-	0.0%	0.0%				-
Sport and recreation	6,713	-	6,713	7,054		-	0.0%	0.0%				7,000
Public safety	-	-	-	-		-	0.0%	0.0%				-
Housing	-	-	-	-		-	0.0%	0.0%				-
Health	208	-	208	216		-	0.0%	0.0%				234
Economic and environmental services	145,314	-	145,314	190,019		-	0.0%	0.0%				159,826
Planning and development	-	-	-	614		-	0.0%	0.0%				-
Road transport	145,000	-	145,000	189,191		-	0.0%	0.0%				159,611
Environmental protection	314	-	314	214		-	0.0%	0.0%				215
Trading services	422	1,528	1,950	-		-	0.0%	0.0%				-
Electricity	-	-	-	-		-	0.0%	0.0%				-
Water	-	-	-	-		-	0.0%	0.0%				-
Waste water management	-	-	-	-		-	0.0%	0.0%				-
Waste management	422	1,528	1,950	-		-	0.0%	0.0%				-
Other	-	-	-	-		-	0.0%	0.0%				-
Total Revenue - Standard	345,229	38,871	384,100	394,720		-	0.0%	0.0%				338,712

Description	2017/18					2016/17						
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	112,150	2,226	114,375	100,494	-	-	0.0%	0.0%	-	-	-	100,429
Executive and council	43,977	744	44,720	44,491	-	-	0.0%	0.0%	-	-	-	51,700
Finance and administration	65,711	1,405	67,115	53,309	-	-	0.0%	0.0%	-	-	-	46,899
Internal audit	2,463	77	2,540	2,694	-	-	0.0%	0.0%	-	-	-	1,831
Community and public safety	69,838	12,089	81,927	73,365	-	-	0.0%	0.0%	-	-	-	66,398
Community and social services	6,358	5,369	11,727	-	-	-	0.0%	0.0%	-	-	-	-
Sport and recreation	12,640	-	12,640	11,610	-	-	0.0%	0.0%	-	-	-	10,905
Public safety	26,478	1,020	27,498	29,761	-	-	0.0%	0.0%	-	-	-	29,053
Housing	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Health	24,362	5,700	30,062	31,995	-	-	0.0%	0.0%	-	-	-	26,440
Economic and environmental services	155,630	20,782	176,412	212,819	-	-	0.0%	0.0%	-	-	-	157,666
Planning and development	5,030	600	5,630	18,644	-	-	0.0%	0.0%	-	-	-	9,775
Road transport	148,320	20,000	168,320	191,680	-	-	0.0%	0.0%	-	-	-	146,170
Environmental protection	2,280	182	2,462	2,494	-	-	0.0%	0.0%	-	-	-	1,721
Trading services	2,281	1,558	3,839	2,055	-	-	0.0%	0.0%	-	-	-	2,530
Electricity	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Water	-	-	-	-	-	-	0.0%	0.0%	-	-	-	344
Waste water management	18	-	13	-	-	-	0.0%	0.0%	-	-	-	-
Waste management	2,263	1,558	3,821	2,055	-	-	0.0%	0.0%	-	-	-	2,186
Other	2,866	-	2,866	-	-	-	0.0%	0.0%	-	-	-	-
Total Expenditure - Standard	342,764	36,655	379,419	388,733	-	-	0.0%	0.0%	-	-	-	327,023
Surplus/(Deficit) for the year	2,465	2,216	4,681	-5,987	-	-	0.0%	0.0%	-	-	-	11,689

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description  R thousand	2017/18						2016/17					
	Original Budget	Budget Adjustments (f.Lo. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	192,391	36,645	229,035	196,542		-	0.0%	0.0%				171,484
Vote 2 - Budget and Treasury Office	-	-	-	-		-	0.0%	0.0%				2
Vote 3 - Corporate Services	182	698	880	890		-	0.0%	0.0%				166
Vote 4 - Planning and Development	-	-	-	614		-	0.0%	0.0%				-
Vote 5 - Public Safety	-	-	-	-		-	0.0%	0.0%				-
Vote 6 - Health	208	-	208	216		-	0.0%	0.0%				234
Vote 7 - Community and Social Services	-	-	-	-		-	0.0%	0.0%				-
Vote 8 - Sport and Recreation	6,713	-	6,713	7,054		-	0.0%	0.0%				7,000
Vote 9 - Waste Management	422	1,528	1,950	-		-	0.0%	0.0%				-
Vote 10 - Roads Transport	-	-	-	-		-	0.0%	0.0%				-
Vote 11 - Waste Water Management	-	-	-	-		-	0.0%	0.0%				-
Vote 12 - Water	-	-	-	-		-	0.0%	0.0%				-
Vote 13 - Environment Protection	314	-	314	214		-	0.0%	0.0%				-
Vote 14 - Roads Agency Function	145,000	-	145,000	189,191		-	0.0%	0.0%				215
Vote 15 - Electricity	-	-	-	-		-	0.0%	0.0%				159,611
<b>Total Revenue by Vote</b>	<b>345,229</b>	<b>38,871</b>	<b>384,100</b>	<b>394,720</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>338,712</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Executive and Council	46,560	714	47,274	47,186	-	-	0.0%	0.0%	-	-	-	51,700
Vote 2 - Budget and Treasury Office	20,172	190	20,362	18,918	-	-	0.0%	0.0%	-	-	-	19,297
Vote 3 - Corporate Services	38,523	822	39,345	34,395	-	-	0.0%	0.0%	-	-	-	29,432
Vote 4 - Planning and Development	12,419	4,269	16,688	18,644	-	-	0.0%	0.0%	-	-	-	9,775
Vote 5 - Public Safety	31,990	3,020	35,010	29,756	-	-	0.0%	0.0%	-	-	-	29,053
Vote 6 - Health	27,579	5,900	33,479	31,995	-	-	0.0%	0.0%	-	-	-	26,440
Vote 7 - Community and Social Services	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Vote 8 - Sport and Recreation	12,640	-	12,640	11,610	-	-	0.0%	0.0%	-	-	-	10,905
Vote 9 - Waste Management	2,263	1,558	3,821	2,055	-	-	0.0%	0.0%	-	-	-	2,186
Vote 10 - Roads Transport	3,320	-	3,320	2,489	-	-	0.0%	0.0%	-	-	-	1,720
Vote 11 - Waste Water Management	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Vote 12 - Water	18	-	18	-	-	-	0.0%	0.0%	-	-	-	344
Vote 13 - Environment Protection	2,279	182	2,461	2,494	-	-	0.0%	0.0%	-	-	-	1,721
Vote 14 - Roads Agency Function	145,000	20,000	165,000	189,191	-	-	0.0%	0.0%	-	-	-	144,450
Vote 15 - Electricity	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>342,764</b>	<b>36,555</b>	<b>379,419</b>	<b>388,733</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>327,023</b>
<b>Surplus/(Deficit) for the year</b>	<b>2,465</b>	<b>2,216</b>	<b>4,681</b>	<b>5,987</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>11,689</b>

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18						2016/17					
	Original Budget	Budget Adjustments (I.O. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Service charges - other	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Rental of facilities and equipment	3,507	-	3,507	792	-	-	0.0%	0.0%	-	-	-	659
Interest earned - external investments	11,124	961	12,084	11,277	-	-	0.0%	0.0%	-	-	-	12,927
Interest earned - outstanding debtors	846	-	846	1,639	-	-	0.0%	0.0%	-	-	-	1,177
Dividends received	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Fines	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Licences and permits	314	-	314	214	-	-	0.0%	0.0%	-	-	-	215
Agency services	15,300	-	15,300	17,373	-	-	0.0%	0.0%	-	-	-	-
Transfers recognised - operational	152,945	7,600	160,545	155,063	-	-	0.0%	0.0%	-	-	-	146,688
Other revenue	161,194	30,310	191,504	209,062	-	-	0.0%	0.0%	-	-	-	177,036
Gains on disposal of PPE	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>345,229</b>	<b>38,871</b>	<b>384,100</b>	<b>395,420</b>		<b>-</b>	<b>0.0%</b>	<b>0.0%</b>				<b>338,711</b>
<b>Expenditure By Type</b>												
Employee related costs	118,903	9,848	128,751	202,821	-	-	0.0%	0.0%	-	-	-	172,820
Remuneration of councillors	10,815	-	10,815	10,981	-	-	0.0%	0.0%	-	-	-	9,421
Debt impairment	1,122	400	1,522	10,828	-	-	0.0%	0.0%	-	-	-	4,376
Depreciation & asset impairment	3,070	(10)	3,060	3,902	-	-	0.0%	0.0%	-	-	-	3,106
Finance charges	-	-	-	79	-	-	0.0%	0.0%	-	-	-	427
Bulk purchases	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Other materials	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Contracted services	15,896	7,433	23,330	26,923	-	-	0.0%	0.0%	-	-	-	33,950
Transfers and grants	-	-	-	-	-	-	0.0%	0.0%	-	-	-	1,091
Other expenditure	192,958	18,984	211,942	133,900	-	-	0.0%	0.0%	-	-	-	101,562
Loss on disposal of PPE	-	-	-	-	-	-	0.0%	0.0%	-	-	-	269
<b>Total Expenditure</b>	<b>342,764</b>	<b>36,555</b>	<b>379,419</b>	<b>389,433</b>		<b>-</b>	<b>0.0%</b>	<b>0.0%</b>			<b>-</b>	<b>327,022</b>

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18						2016/17					
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousand												
Surplus/(Deficit)	2,465	2,216	4,681	5,987		-	0.0%	0.0%				11,689
Transfers recognised - capital	-	-	-	-		-	0.0%	0.0%				-
Contributions recognised - capital	-	-	-	-		-	0.0%	0.0%				-
Contributed assets	-	-	-	-		-	0.0%	0.0%				-
Surplus/(Deficit) after capital transfers & contributions	2,465	2,216	4,681	5,987		-	0.0%	0.0%				11,689
Taxation	-	-	-	-		-	0.0%	0.0%				-
Surplus/(Deficit) after taxation	2,465	2,216	4,681	5,987		-	0.0%	0.0%				11,689
Attributable to minorities	-	-	-	-		-	0.0%	0.0%				-
Surplus/(Deficit) attributable to municipality	2,465	2,216	4,681	5,987		-	0.0%	0.0%				11,689
Share or surplus/ (deficit) or associate	-	-	-	-		-	0.0%	0.0%				-
Surplus/(Deficit) for the year	2,465	2,216	4,681	5,987		-	0.0%	0.0%				11,689

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2017/18					2016/17						
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Executive and Council	350	71	421	-	-	-	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury Office	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate Services	350	1,283	1,633	-	-	-	0%	0%	-	-	-	-
Vote 4 - Planning and Development	-	64	64	-	-	-	0%	0%	-	-	-	-
Vote 5 - Public Safety	519	800	1,319	-	-	-	0%	0%	-	-	-	-
Vote 6 - Health	31	-	31	-	-	-	0%	0%	-	-	-	-
Vote 7 - Community and Social Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 8 - Sport and Recreation	1,100	-	1,100	-	-	-	0%	0%	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 10 - Roads Transport	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 11 - Waste Water Management	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 13 - Environment Protection	109	-	109	-	-	-	0%	0%	-	-	-	-
Vote 14 - Roads Agency Function	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 15 - Electricity	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>2,459</b>	<b>2,218</b>	<b>4,677</b>	-	-	-	<b>0%</b>	<b>0%</b>	-	-	-	-
<b>Single-year expenditure</b>												
Vote 1 - Executive and Council	-	-	-	410,769	-	-	0%	0%	-	-	-	3,199
Vote 2 - Budget and Treasury Office	-	-	-	133	-	-	0%	0%	-	-	-	69
Vote 3 - Corporate Services	-	-	-	1,163	-	-	0%	0%	-	-	-	1,276
Vote 4 - Planning and Development	-	-	-	764	-	-	0%	0%	-	-	-	12
Vote 5 - Public Safety	-	-	-	1,838	-	-	0%	0%	-	-	-	507
Vote 6 - Health	-	-	-	614	-	-	0%	0%	-	-	-	253
Vote 7 - Community and Social Services	-	-	-	178	-	-	0%	0%	-	-	-	2
Vote 8 - Sport and Recreation	-	-	-	217	-	-	0%	0%	-	-	-	489
Vote 9 - Waste Management	-	-	-	8	-	-	0%	0%	-	-	-	373
Vote 10 - Roads Transport	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 11 - Waste Water Management	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 12 - Water	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 13 - Environment Protection	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 14 - Roads Agency Function	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 15 - Electricity	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Capital single-year expenditure</b>	-	-	-	5,324	-	-	<b>0%</b>	<b>0%</b>	-	-	-	6,181
<b>Total Capital Expenditure - Vote</b>	<b>2,459</b>	<b>2,218</b>	<b>4,677</b>	<b>5,324</b>	-	-	<b>0%</b>	<b>0%</b>	-	-	-	<b>6,181</b>

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18						2016/17					
	Original Budget	Total Budget Adjustments (i.l.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>												
Executive and council	700	1,354	2,054	1,707	-	-	0%	0%	-	-	-	4,544
Finance and administration	350	48	398	380	-	-	0%	0%	-	-	-	3,199
Internal audit	350	1,283	1,633	1,296	-	-	0%	0%	-	-	-	1,345
<b>Community and public safety</b>												
Community and social services	1,650	800	2,450	2,846	-	-	0%	0%	-	-	-	-
Sport and recreation	1,100	-	-	178	-	-	0%	0%	-	-	-	1,251
Public safety	519	800	1,319	217	-	-	0%	0%	-	-	-	2
Housing	31	-	-	1,838	-	-	0%	0%	-	-	-	489
Health	109	-	31	614	-	-	0%	0%	-	-	-	507
<b>Economic and environmental services</b>												
Planning and development	109	64	173	764	-	-	0%	0%	-	-	-	253
Road transport	-	64	64	764	-	-	0%	0%	-	-	-	12
Environmental protection	109	-	109	-	-	-	0%	0%	-	-	-	12
<b>Trading services</b>												
Electricity	-	-	-	8	-	-	0%	0%	-	-	-	373
Water	-	-	-	-	-	-	0%	0%	-	-	-	-
Waste water management	-	-	-	-	-	-	0%	0%	-	-	-	-
Waste management	-	-	-	8	-	-	0%	0%	-	-	-	373
<b>Other</b>												
<b>Total Capital Expenditure - Standard</b>	<b>2,459</b>	<b>2,218</b>	<b>4,677</b>	<b>5,324</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,181</b>
<b>Funded by:</b>												
National Government	-	-	-	-	-	-	0%	0%	-	-	-	-
Provincial Government	-	-	-	-	-	-	0%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Other transfers and grants	-	800	800	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>												
Public contributions & donations	-	800	800	-	-	-	0%	0%	-	-	-	-
Borrowing	-	-	-	1,749	-	-	0%	0%	-	-	-	-
Internally generated funds	2,459	1,419	3,877	3,575	-	-	0%	0%	-	-	-	6,181
<b>Total Capital Funding</b>	<b>2,459</b>	<b>2,219</b>	<b>4,677</b>	<b>5,324</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,181</b>

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2017/18						2016/17	
	Original Budget	Budget Adjustments (i.to. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts				389,945				315,579
Property rates, penalties and collection charges	-	-	-	-	-	0.0%	0.0%	-
Service charges	-	-	-	-	-	0.0%	0.0%	-
Other revenue	180,314	28,010	208,325	224,528	-	0.0%	0.0%	155,954
Government - operating	152,945	380	153,325	154,142	-	0.0%	0.0%	146,698
Government - capital	-	-	-	-	-	0.0%	0.0%	-
Interest	11,970	861	12,830	11,277	-	0.0%	0.0%	12,927
Dividends	-	-	-	-	-	0.0%	0.0%	-
Payments				(365,905)				(321,907)
Suppliers and employees	(338,572)	(16,898)	(355,470)	(363,522)	-	0.0%	0.0%	(320,389)
Finance charges	-	-	-	(719)	-	0.0%	0.0%	(427)
Transfers and Grants	-	-	-	(2,304)	-	0.0%	0.0%	(1,091)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>6,657</b>	<b>12,454</b>	<b>19,110</b>	<b>24,041</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(6,328)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts				(500)				(169)
Proceeds on disposal of PPE	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current debtors	-	-	-	(500)	-	0.0%	0.0%	(169)
Decrease (increase) other non-current receivables	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
Payments				(5,324)				(6,181)
Capital assets	(2,459)	(2,218)	(4,677)	(5,324)	-	0.0%	0.0%	(6,181)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2,459)</b>	<b>(2,218)</b>	<b>(4,677)</b>	<b>(5,824)</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(6,350)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts				1,749				-
Short term loans	-	-	-	-	-	0.0%	0.0%	-
Borrowing long term/repay financing	-	-	-	1,749	-	0.0%	0.0%	-
Increase (decrease) in consumer deposits	-	-	-	-	-	0.0%	0.0%	-
Payments				(301)				-
Repayment of borrowing	-	-	-	(301)	-	0.0%	0.0%	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,448</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>4,198</b>	<b>10,236</b>	<b>14,434</b>	<b>19,664</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(12,678)</b>
Cash/cash equivalents at the year begin:	155,334		155,334	142,719				155,397
Cash/cash equivalents at the year end:	159,532	10,236	169,768	162,384	-	0.0%	0.0%	142,719

## APPENDICES

### APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Party	PR	Part	Councillor	31 July 2017	30 Aug 2017	20 Sept 2017	20 Nov 2017	5 Dec 2017	22 Jan 2018	26 Feb 2018	22 March 2018	24 April 2018	29 May 2018	13 June 2018
ANC	x		CN Lichaba	A	Y	Y		Y	Y	Y	Y	A	Y	Y
ANC	x		D Xego	Y	Y	Y		Y	Y	A	Y	Y	Y	Y
ANC	x		S De Vries	Y	Y	Y	Y	A	Y	Y	Y	A		Y
ANC	x		NF Kamte	Y		Y	Y	A	Y	Y	Y	Y	Y	Y
ANC	x		MP Mapitiza	Y		Y	Y	Y	Y	Y	Y	A	Y	Y
DA			D Saayman	Y	Y	Y	Y	Y	Y	A	Y	Y	Y	Y
DA	x		BN Van Wyk	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
DA	x		RE Spies	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
DA	x		T Van Rensburg	Y	Y	A		Y	Y	Y	Y	Y	Y	Y
DA	x		Cl M Booysen	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
DA	x		AJ Rossouw	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
DA	x		KS Lose	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
DA			SF May	Y	Y	Y	Y	Y	A	Y	Y	Y	Y	Y
ICOSA	X		T Fortuin	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
George		x	I Stemela	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
George		x	EH Stroebe	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
George		x	PJ Van der Hoven	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
George		x	RGS Figland	Y	Y	Y		Y	Y		Y	Y	Y	Y
George		x	T Teyisi	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y
George		x	V Gericke	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Hessequa		x	IT Mangaliso	Y	Y	Y	Y	A	Y	Y	Y	A	Y	Y
Hessequa		x	SM Odendaal	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Kannaland		x	JP Johnson	Y	Y	A	Y	Y	Y	Y	Y	Y		Y
Knysna		x	VM Molosi	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y
Knysna		x	MS Willemse	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Knysna		x	L Tyokolo	Y	Y	Y			Y	Y	Y	A	Y	Y

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Party	PR	Part	Councillor	31 July 2017	30 Aug 2017	20 Sept 2017	20 Nov 2017	5 Dec 2017	22 Jan 2018	26 Feb 2018	22 March 2018	24 April 2018	29 May 2018	13 June 2018
Mossel Bay		x	SS Mbandezi	Y	Y	Y	Y	Y	Y	<b>A</b>	Y	<b>A</b>		Y
Mossel Bay		x	BHJ Groenewald	<b>A</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mossel Bay		x	E Meyer	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y
Mossel Bay		x	RH Ruiters	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y
Oudtshoorn		x	K Windvogel	<b>A</b>		Y	Y	Y	Y	Y	Y	Y	Y	
Oudtshoorn		x	JC Lambaatjeen	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Oudtshoorn		x	RR Wildschut	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Bitou		x	NC Jacob	Y	Y	Y	Y	?	Y	Y		<b>A</b>	<b>Y</b>	Y
Bitou		x	ASM Windvogel				Y	<b>A</b>	Y	Y	Y	<b>A</b>	<b>Y</b>	Y

**MAYORAL COMMITTEE MEETINGS: 31 AUGUST 2017 UNTIL 30 JUNE 2018**

Councillors	28 Aug 2017	19 Oct 2017	24 Nov 2017	18 Jan 2018	23 Feb 2018	22 March 2018	19 April 2018	28 May 2018
Cllr Memory Booyesen	Y	Y	Y	Y	Y	Y	Y	Y
Cllr Rosina Ruiters	Y	Y	Y	Y	Y	Y	Y	<b>A</b>
Cllr Khayaletu Lose	Y	<b>A</b>	Y	Y	Y	Y	Y	Y
Cllr Isaya Stemela	Y	Y	Y	Y	Y	Y	<b>A</b>	Y
Cllr Joslyn Johnson	Y	Y	Y		<b>A</b>	<b>A</b>	<b>A</b>	Y
Cllr Erica Meyer	Y	Y	Y	<b>A</b>	Y	Y	Y	Y
Cllr Jerome Lambaatjeen	Y	Y	Y	Y	Y	Y	Y	Y
Cllr RE Spies	Y	Y	<b>A</b>	Y	Y	Y	Y	<b>A</b>
Cllr Ms Willemse	Y		Y		Y			Y

## APPENDIX B: THIRD TIER ADMINISTRATIVE STRUCTURE



## APPENDIX C: FUNCTIONS OF GARDEN ROUTE DM

2017/18 Functions of Garden Route DM		
Municipal Functions	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
According to the Constitution, Schedule 4, Part B.		
Air Pollution	Yes	Department: Community Services
Child Care Facilities	Yes	Department: Community Services
Electricity and Gas Reticulation	No	N/A
Firefighting Services	Yes	Department: Community Services
Local Tourism	Yes	Department: Corporate-/Strategic Services
Municipal Planning	Yes	Department: Corporate-/Strategic Services
Municipal Health Services	Yes	Department: Community Services
Municipal Public Transport	Yes	Department: Roads Services
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	Department: Roads Services
Storm water Management Systems in built-up areas	No	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A

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2017/18 Functions of Garden Route DM		
Municipal Functions	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Municipal Airports	No	N/A
Trading Regulations	No	N/A
Building Regulations	No	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	N/A
Constitution Schedule 5, part B functions		
Licensing and control of undertakings that sell food to the public	Yes	Department: Community Services
Municipal roads	Yes	Garden Route DM, however, only upgrade and maintain provincial roads
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	No	N/A
Cemeteries, funeral parlours and crematoria	No	N/A
Cleansing	No	N/A
Control of public nuisances	No	N/A
Control of undertakings that sell liquor to the public	No	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	No	N/A
Licensing of dogs	No	N/A
Local amenities	No	N/A
Local sport facilities	No	N/A
Markets	No	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	No	N/A
Noise pollution	No	N/A
Pounds	No	N/A
Public places	No	N/A
Refuse removal, refuse dumps and solid waste disposal	No	N/A
Street trading	No	N/A
Street lighting	No	N/A

2017/18 Functions of Garden Route DM		
Municipal Functions	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Traffic and parking	No	N/A

## APPENDIX D: MUNICIPAL AUDIT AND PERFORMANCE AUDIT COMMITTEE RECOMMENDATIONS

Date of Meeting	Committee recommendations during year 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
APAC: 25 August 2017	That the progress report on Leave and Attendance serve at the next meeting. <b>(ITEM: INTERNAL AUDIT REPORTS ON HUMAN RESOURCES (LEAVE AND TASK), OCCUPATIONAL HEALTH AND SAFETY AND QUARTER 3 PERFORMANCE MANAGEMENT)</b>	Yes
	That the follow up report on Municipal Health serve at the next meeting. <b>(ITEM: FOLLOW-UP OF INTERNAL AUDIT REPORT ON INSURANCE AND MUNICIPAL HEALTH)</b>	Yes
	That the draft Annual Financial Statements be distributed to the APAC members on 28 August 2017 and that after revision, a meeting be scheduled with the Municipal Manager, Executive Manager: Financial Services and Chief Audit Executive for discussion thereof before close of business 31 August 2017. <b>(ITEM: REVIEW OF THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 30 JUNE 2017)</b>	Yes
APAC: 30 August 2017	That APAC takes note of the content of the Annual Financial Statements for the year ending 30 June 2017 <b>(ITEM: REVIEW OF THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 30 JUNE 2017)</b>	Yes
APAC: 27 September 2017	That the report on Leave and Attendance remain on the agenda until the matter is resolved. <b>(ITEM: FOLLOW-UP OF INTERNAL AUDIT REPORT ON REGARDING MUNICIPAL HEALTH AND LEAVE &amp; ATTENDANCE)</b>	Yes
	That the following become standing items on the APAC agenda: <ul style="list-style-type: none"> <li>- Risk management;</li> <li>- mSCOA;</li> <li>- Section 71 report;</li> <li>- Eunomia compliance report; and</li> <li>- Feedback from APAC members</li> </ul>	Yes
	That the APAC approves the revised APAC Charter and revised Internal Audit Charter. <b>(ITEM: GARDEN ROUTE DISTRICT MUNICIPALITY REVISED AUDIT AND PERFORMANCE AUDIT COMMITTEE CHARTER AND REVISED INTERNAL AUDIT CHARTER)</b>	Yes
	That APAC recommends to Council to approve the revised APAC Charter. <b>(ITEM: GARDEN ROUTE DISTRICT MUNICIPALITY REVISED AUDIT</b>	Yes

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	<b>AND PERFORMANCE AUDIT COMMITTEE CHARTER AND REVISED INTERNAL AUDIT CHARTER)</b>	
	That the changes, as identified, are made on the Risk Management Committee Charter and that the updated Charter is submitted to the next meeting for approval. <b>(ITEM: APPROVAL OF RISK MANAGEMENT COMMITTEE CHARTER)</b>	Yes
	That an urgent meeting be scheduled between the Executive Manager: Financial Services and the Manager: Legal Services to resolve the issue regarding poor services that Garden Route District Municipality is receiving from the service provider and that feedback be provided at the next meeting. <b>(ITEM: PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA))</b>	Yes
APAC: 21 November 2017	That it be noted that instruction was given to employees responsible for Eunomia updates to ensure that all items are updated with action dates and not the date the system is updated. <b>(ITEM: GARDEN ROUTE DISTRICT MUNICIPALITY EUNOMIA COMPLIANCE REPORT 1<sup>ST</sup> QUARTER 2017/2018)</b>	Yes
	That it be noted that employees ensure that deadlines which is not legislative set out corresponds with operational dates of the municipality. <b>(ITEM: GARDEN ROUTE DISTRICT MUNICIPALITY EUNOMIA COMPLIANCE REPORT 1<sup>ST</sup> QUARTER 2017/2018)</b>	Yes
	That it be noted that Heads of Departments ensure that all items are updated. <b>(ITEM: GARDEN ROUTE DISTRICT MUNICIPALITY EUNOMIA COMPLIANCE REPORT 1<sup>ST</sup> QUARTER 2017/2018)</b>	Yes
	That it be noted that Mr Jan-Willem de Jager, Johan Stander and Ms Nadiema Davids compile a report whereby the officials advise the APAC regarding the options and the way forward with Vesta and the financial system. This report is to be submitted to the APAC during the course of January 2018. <b>(ITEM: PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA))</b>	Yes
	That the Audit and Performance Audit Committee approves the Strategic Internal Audit Plan for Implementation. <b>(ITEM: AMENDMENT OF STRATEGIC INTERNAL AUDIT PLAN FOR THE PERIOD OF 01 JULY 2017 – 30 JUNE 2020)</b>	Yes
Council: 5 December 2017	From the Audit Strategy Meeting between the Auditor-General of South Africa (AGSA) and APAC held on 15 September 2017, it became evident that Performance Management will receive greater focus during the external audit this year, and even more so in future years. APAC will therefore monitor the follow-up actions of the first and second quarter reports closely.  We urge management to pay close attention to recurring issues as specified in this report. <b>(COUNCIL ITEM: APAC Performance management report to Council for the period 1 January 2017 – 30 June 2017.)</b>	Yes
APAC: 16 March 2018	That feedback from the Executive Manager on this matter be noted and that the item remains on the agenda until the matter has been finalized. <b>(ITEM: ROADS &amp; TRANSPORT PLANNING SERVICES DEBTOR)</b>	Yes
	That the memorandum of Agreement between Garden Route DM and Province will be provided to the APAC members. <b>(ITEM: ROADS &amp; TRANSPORT PLANNING SERVICES DEBTOR)</b>	Yes

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	That feedback regarding the negotiations be given at the next meeting <b>(ITEM: DISPUTE BETWEEN B-MUNICIPALITIES REGARDING PROPERTIES THAT BELONG TO GARDEN ROUTE DM)</b>	Yes
	That the Exit clause in terms of the Service level agreement be provided to the APAC members. <b>(ITEM: PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE STANDARD CHART OF ACCOUNTS (MSCOA))</b>	Yes
	That a letter be directed to the Auditor-General to inform them of the challenges Garden Route DM experience with the service provider. <b>(ITEM: PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE STANDARD CHART OF ACCOUNTS (MSCOA))</b>	Yes
APAC: 18 May 2018	That Ms Melanie Wilson be requested to attend the next APAC meeting to provide feedback on the Investment Conference <b>(ITEM: REPORT ON THE MINUTES OF THE RISK MANAGEMENT COMMITTEE)</b>	Yes
	That the Risk Charter be put on the next APAC agenda for the committee's consideration and approval. <b>(ITEM: REPORT ON THE MINUTES OF THE RISK MANAGEMENT COMMITTEE)</b>	Yes
	That a progress report regarding implementation of OPCAR serve at the next APAC meeting. <b>(ITEM: REPORT ON THE MINUTES OF THE RISK MANAGEMENT COMMITTEE)</b>	Yes
	That the report on disciplinary processes/exists that served before Council also be included on the next APAC agenda. <b>(ITEM: REPORT ON THE MINUTES OF THE RISK MANAGEMENT COMMITTEE)</b>	Yes
Council: 29 May 2018	From the Audit Strategy Meeting between the Auditor-General of South Africa (AGSA) and APAC held on 15 September 2017, it became evident that Performance Management will receive greater focus during the external audit this year, and even more so in future years. APAC will therefore monitor the follow-up actions of the first and second quarter reports closely.  We urge management to pay close attention to recurring issues as specified in this report. <b>(COUNCIL ITEM: APAC Performance management report to Council for the period 01 July 2017 – 31 December 2017)</b>	Yes
APAC: 22 June 2018	That the Communication Policy be submitted to the next APAC meeting. <b>(ITEM: REPORT ON THE MINUTES OF RISK MANAGEMENT COMMITTEE)</b>	Not yet due
	That Ms T Holtzhausen submits an updated report regarding the skills summit that took place, at the next meeting. <b>(ITEM: REPORT ON THE MINUTES OF RISK MANAGEMENT COMMITTEE)</b>	Not yet due
	That the Audit and Performance Audit Committee approves the Risk Management Committee Charter with the changes as identified. <b>(ITEM: APPROVAL OF THE RISK MANAGEMENT COMMITTEE CHARTER)</b>	Yes
	That a summarised report (process performed & not performed) be submitted at the next meeting. <b>(ITEM: MSCOA REVIEW: ALLOCATION OF TRANSACTIONS)</b>	Not yet due

	That the Committee approves the Audit Plan, subject to amendments, via e-mail confirmation. <b>(ITEM: STRATEGIC INTERNAL AUDIT PLAN FOR THE PERIOD 01 JULY 2018 – 30 JUNE 2021)</b>	Yes
	That OPCAR become a regular / standing item on the agenda. <b>(ITEM: REPORT ON MONITORING OF IMPLEMENTATION OF THE AG MANAGEMENT REPORT FINDINGS OF THE 2014/15, 2015/16 AND 2016/17 FINANCIAL YEARS)</b>	Yes
	That the Economic Growth Strategy be provided at the next meeting. <b>( INTERNAL AUDIT REPORT ON RISK MANAGEMENT)</b>	Not yet due
	That Mr Stratu submits a report on the way forward regarding the above the next meeting. <b>(ITEM: ROADS &amp; TRANSPORT PLANNING SERVICES DEBTOR)</b>	Not yet due
	That Ms N Davids submit a progress report; that the report be submitted to the Auditor General and that the report must contain the opinion of a senior attorney. <b>(ITEM: DISPUTE ON LAND)</b>	Not yet due

## APPENDIX E: LONG TERM CONTRACTS AND PUBLIC/PRIVATE PARTNERSHIPS

Council has not entered into any long term contracts or Public Private Partnerships in the financial year 2017/18. The procurement process for the appointment of a PPP entity for the establishment and running of the Regional Landfill Site for the region is at an advanced stage.

## APPENDIX F: DISCLOSURES OF FINANCIAL INTERESTS

Declaration of interest is undertaken by all personnel in the employ of Council including Political staff and the council. There are various control measures put in place to allow employees to disclose any financial interest before any matters are discussed that may be of relevance to them, this would be in any of the Supply Chain Management Committee meetings or any of the council meetings. Any matters where there is conflict of interest identified is addressed through the office of the Municipal Manager and disclosed accordingly in the Annual Financial Statements.

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

Revenue Collection Performance by Source (R'000)						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Executive and council	171 484	192 391	229 035	196 542	2.54%	-13.86%
Budget and Treasury Office	2	-	-	-	-	-
Corporate Services	166	182	880	890	389.02%	1.14%
Sport and Recreation	7 000	6 713	6 713	7 054	5.08%	5.08%
Health	234	208	208	216	3.85%	3.85%
Planning and Development	-	-	-	614	-	-
Road Transport	159 611	145 000	145 000	189 191	30.32%	30.32%
Waste Management	-	422	1 950	-	-100%	-100%
Environmental Protection	215	314	314	214	-31.85%	-31.85%
Total Revenue by Vote (including revenue from Roads Agency function)	338 712	345 230	384 100	394 720	14.47%	2.89%

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

Revenue Collection Performance by Source (R'000)						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Rentals of facilities and equipment	659	3 507	3 507	792	-77.42%	-77.42%
Interest earned - external investments	12 927	11 124	12 084	11 277	1.37%	-6.68%

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Revenue Collection Performance by Source (R'000)						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Interest earned – outstanding debtors	1 177	846	846	1 639	93.74%	93.74%
Dividends received	-	-	-	-	-	-
Licenses and permits	215	314	314	214	-31.85%	-31.85%
Agency services	-	15 300	15 300	17 373	13.55%	13.55%
Transfers recognised	146 698	152 945	160 545	155 063	1.39%	-3.41%
Other revenue	177 036	161 194	191 504	209 062	29.56%	9.05%
Gains on disposal of PPE	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions and income from roads agency)	338 712	345 230	384 100	395 420	14.47%	2.89%

## APPENDIX H: CONDITIONAL GRANTS RECEIVED EXCLUDING MIG

Conditional Grants: Excluding MIG (R'000)						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants	-	-	-	-	-	-
National Government	-	-	-	-	-	-
Municipal Systems Improvement	-	-	-	-	-	-
Department of Water Affairs	-	-	-	-	-	-
FMG	1 250	1 250	1 250	1 250	0%	0%
WC FMG	400	240	620	620	0%	0%

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Conditional Grants: Excluding MIG (R'000)						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
LGSETA	157	182	880	145	-20.33%	-83.52%
EPWP	1 000	1 280	1 280	1 280	0%	0%
Integrated transport	-	900	900	900	0%	0%
Rural Road assessment	2 364	2 420	2 420	2 420	0%	0%
RBIG & Bulk infrastructure Grant	-	-	--	-	-	-
Municipal Disaster Recovery	-	-	2 000	2 000	0%	0%
Provincial Government:Fire Service Capacity Building Grant	-	800	800	800	0%	0%
Health subsidy	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Ambulance subsidy	-	-	-	-	-	-
Sports and Recreation	-	-	-	-	-	-
Mandela Memorial Celebrations	-	-	-	-	-	-
Inter-Governmental Relations (District assessment)	-	-	-	-	-	-
Nelson Mandela Biosphere Reserve project	-	-	-	-	-	-
Knysna Relief Fund: Interest received on account	-	-	-	56	100%	100%
Study: Solid Waste Tech	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant	-	-	5 000	5 000	0%	0%

Conditional Grants: Excluding MIG (R'000)						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Other grant providers:	-	-	-	-	-	-
TASK	-	350	446	-	-100%	-100%
Total Operating Transfers and Grants	5 171	7 422	15 596	14 471	94.97%	7.21%

## APPENDIX I: CAPITAL EXPENDITURE - NEW AND UPGRADE / RENEWAL PROGRAMMES

N/a

## APPENDIX J (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

## APPENDIX J (I): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

The capital expenditure was spent on:

- Mayor Vehicle
- Fire Vehicle
- Council Chamber – Upgrade – Acquisition of furniture
- Purchase of Computer equipment
- Purchase of Major Incident Alert SMS System

Major capital projects for the year included the following:

Project	Amount
Mayor Vehicle	R615 552.00
Fire Vehicle	R597 972.65
Council Chambers – Upgrade/Acquisitions	R655 426.13
DTP Computer Equipment	R604 122.73

MIA – Major Incident Alert SMS System	R188 000.00
Swartvlei Septic Tank - Project	R119 250.00
Handheld Devices (Asset Scanners)	R78 947.37
Fire Fighting - Equipment	R72 628.95

## APPENDIX J (II) CAPITAL EXPENDITURE - UPGRADE / RENEWAL PROGRAMME

Not applicable, no expenditure incurred for the renewal or upgrade. The capital expenditure was spend on:

- Mayor Vehicle
- Fire Vehicle
- Council Chamber – Upgrade – Acquisition of furniture
- Purchase of Computer equipment
- Purchase of Major Incident Alert SMS System

## APPENDIX K: DECLARATION AND GRANTS MADE BY GARDEN ROUTE DM

No loans or grants have been made by District Municipality for the year under review. Due to the financial constraints, there is no available funding to make available as loans or grants to other institutions.

## APPENDIX L : DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

No loans or grants have been made by District Municipality for the year under review. Due to the financial constraints, there is no available funding to make available as loans or grants to other institutions.

## APPENDIX M: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER THE MFMA S71

MFMA Section 71 Returns not made during year 1 according to reporting requirements	
Return	N/a

## APPENDIX N: CAPITAL PROGRAM BY PROJECT YEAR 1

Limited funding is available for capital projects. The major project that is currently in progress is the establishment of a regional landfill site in Mossel Bay. A PPP process will be followed to obtain the necessary funding for this project.

### CAPITAL: BULK SERVICES

No capital expenditures incurred for the 2017/18 financial year.

### CAPITAL: WASTE DISPOSAL

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Equipment	0	0	8	n/a	0
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

### CAPITAL EXPENDITURE: ROADS

No capital expenditures incurred for the 2017/18 financial year.

### CAPITAL: REGIONAL DEVELOPMENT AND PLANNING

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Furniture and equipment	0	64	764	n/a	0
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

**CAPITAL: LED**

No capital expenditures incurred for the 2017/18 financial year.

**CAPITAL EXPENDITURE – COMMUNITY SERVICES**

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Community and Social Services	0	0	178	n/a	0
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

**CAPITAL EXPENDITURE - TOURISM**

No capital expenditures incurred for the 2017/18 financial year.

**CAPITAL EXPENDITURE - EPWP**

No capital expenditures incurred for the 2017/18 financial year.

**CAPITAL EXPENDITURE - MUNICIPAL RESORTS**

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Municipal Resorts	1 100	1 100	217	(80.27) %	
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

**CAPITAL EXPENDITURE - SOCIAL DEVELOPMENT**

No capital expenditures incurred for the 2017/18 financial year.

### CAPITAL EXPENDITURE – AIR QUALITY CONTROL

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Air Quality Office Furniture, Aeroquille Mobile Analyzer, Weather Station	109	109	0	(100.00) %	
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

### CAPITAL EXPENDITURE – ENVIRONMENTAL MANAGEMENT

No capital expenditures incurred for the 2017/18 financial year.

### CAPITAL EXPENDITURE – NATURAL RESOURCE MANAGEMENT SERVICES

No capital expenditures incurred for the 2017/18 financial year.

### CAPITAL EXPENDITURE – HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTIONS, ETC.

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Health: Furniture and Fittings	31	31	614	1 880.65%	
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

### CAPITAL EXPENDITURE - FIRE SERVICES

Capital Projects	2017/18 (R'000)
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	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Fire services	519	1 319	1 838	254 %	

**CAPITAL EXPENDITURE - DISASTER MANAGEMENT**

No capital expenditures incurred for the 2017/18 financial year.

**CAPITAL EXPENDITURE – EXECUTIVE AND COUNCIL**

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Furniture and equipment; Solar Project, Pool Vehicle and Internal Audit furniture and equipment	350	422	411	17.43%	0
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

**CAPITAL EXPENDITURE – FINANCIAL PERFORMANCE**

Capital Projects	2017/18 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Budget and Treasury Office and Corporate Services	350	1 633	1 296	270%	0
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

**CAPITAL EXPENDITURE – HUMAN RESOURCES**

No capital expenditures incurred for the 2017/18 financial year.

### **CAPITAL EXPENDITURE – CORPORATE SERVICES**

See financial performance expenditure

### **CAPITAL EXPENDITURE – LEGAL SERVICES**

No capital expenditures incurred for the 2017/18 financial year.

### **CAPITAL EXPENDITURE – PROPERTY SERVICES**

No capital expenditures incurred for the 2017/18 financial year.

### **CAPITAL EXPENDITURE – SPORT AND RECREATION**

Refer to capital expenditure of municipal resorts

### **CAPITAL EXPENDITURE – SHARED SERVICES**

No capital expenditures incurred for the 2017/18 financial year.

## **APPENDIX O: AUDIT REPORT 2017/2018**

## Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Garden Route District Municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Garden Route District Municipality set out on pages 7 to 91, which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Garden Route District Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Uncertainty relating to the future outcome of disputes

7. With reference to note 55.5 to the financial statements, the municipality is in a possible dispute with B-Municipalities regarding a land claim. The municipality intends to dispute these claims and is waiting on the provincial treasury to arbitrate. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

#### Material impairments

8. As disclosed in note 8 to the financial statements, receivables from exchange transactions are significantly impaired. The impairment allowance was R19 930 964 (2016-17: R11 304 849).

#### Restatement of corresponding figures

9. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

#### Other matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Unaudited supplementary schedules

11. The supplementary information set out on pages 92 to 102 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion on them.

#### Unaudited disclosure note

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

#### Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the Garden Route District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Other matter

22. I draw attention to the matter below.

### Achievement of planned targets

23. Refer to the annual performance report on pages 8 to 9 and 12 for information on the achievement of planned targets for the year.

## Report on the audit of compliance with legislation

### Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislations are as follows:

#### Procurement and contract management

26. Some quotations and contracts were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by municipal supply chain management (SCM) regulation 13(c).

## Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matter reported below are limited to the

significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

#### Compliance monitoring

32. Management did not review and monitor compliance with applicable supply chain management legislation. In the case of deviations, suppliers were not requested to submit declarations of interest. The municipality was of the opinion that, since they used SCM regulation 36, which is a deviation from normal procurement processes, they were not required to comply with SCM regulation 13(c).

*Auditor-General*

Cape Town

30 November 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Garden Route District Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## **APPENDIX P: APAC REPORT FOR ANNUAL REPORT 2017/2018**

### **REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE**

We present our report for the financial year ended 30 June 2018.

#### **RESPONSIBILITY**

The GARDEN ROUTE DISTRICT MUNICIPALITY (hereinafter referred to as GRDM) has constituted its Audit and Performance Audit Committee (hereafter referred to as the Audit Committee) to function in terms of the provisions of Section 166 of the Municipal Finance Management Act, 2003 (MFMA).

The audit committee is an independent advisory body to the council, accounting officer and the management and 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, the MFMA and any other applicable legislation and issues.

The role of the audit committee is to promote accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation.

The audit committee is also expected to review the annual financial statements to provide an authoritative and credible view of the municipality, its efficiency and effectiveness and its overall level of compliance with applicable legislation.

#### **TERMS OF REFERENCE**

The Audit Committee is constituted in terms of the requirements of sound corporate governance practices and operates in accordance with a written charter that incorporates the specific requirements of section 166 of the MFMA. The Committee reviewed the charter to include latest legislation and guidelines published by National Treasury. The Municipal Manager has signed the charter as confirmation.

## COMPOSITION OF THE AUDIT COMMITTEE

At the end of the financial year ended 30 June 2018, the audit committee comprised of four independent members. An independent member chairs the committee. Both the internal and external auditors had unrestricted access to the audit committee during the year under review.

Said members are:

1. Dr A. Potgieter (Independent Member and Chairperson) re-appointed 01.11.2015
2. Advocate D. Block (Independent Member) appointed 01.03.2016
3. Ms N. Bulabula (Independent Member) appointed 01.09.2017
4. Mr G. Stenekamp (Independent Member) appointed 01.09.2017

## ACTIVITIES

The role of the audit committee is to promote accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation

The audit committee met seven (7) times during the financial year ended 30 June 2018.

We carried out the following functions in terms of our charter:

1. Reviewed and amended the Audit and Performance Audit Committee Charter.
2. Reviewed and commented on GRDM's annual reports within the stipulated time frame;
3. Reviewed and approved the risk-based internal audit plan, including the definition of audit units, audit universe, and prioritisation of audit areas - taking into account the outcomes of the municipality's annual formal risk assessment process.
4. Reviewed executive summaries of all internal audit reports issued.
5. Reviewed the reporting by internal audit on performance management and performance information.
6. Issued reports and recommendations to Council on performance management and performance information.
7. Reviewed the annual financial statements as at 30 June 2018, the final management report of the Auditor General of South Africa (AGSA), as well as the audit report of the AGSA on the annual financial statements.

8. Reviewed the finding reported by the AGSA on predetermined objectives, the annual financial statements and compliance with certain laws and regulations.
9. Performed assessments on the effectiveness of the committee for review and comment by the Municipal Manager and for presentation to Council.
10. Deliberated on the implementation of mSCOA.
11. Considered other matters as deemed appropriate.

## **AGSA AUDIT OPINION AND MANAGEMENT REPORT**

### **Report on the Annual Financial Statements**

The municipality maintained the audit opinion of "unqualified with findings" for the 2017/18 financial year. This is similar to the 2016/17 outcome.

During 2017/18 GRDM had to implement a new financial management system in order to ensure compliance to the new mSCOA Regulations. This implementation was marred with various and significant challenges, specifically due to on-going system development by the vendor and integration issues between the new financial system and a number of third party systems that are key to GRDM's operations.

We do not want to restate the pertinent issues highlighted in the AGSA Management Report for the year 2017/18 issued on 30 November 2018. However, we want to draw Council's attention to the following issues of concern highlighted in the AGSA documents:

### **Material Impairments**

As disclosed in note 8 to the financial statements, receivables from exchange transactions are significantly impaired. The impairment allowance amounted to R19 930 964 (2016-17: R11 304 849).

A substantial percentage of the impairment relates to accounts issued by GRDM for firefighting services. Council should investigate options to strengthen GRDM's position to recover costs from applicable land owners where fires started in the district.

## INTERNAL CONTROL

Paragraphs 41-49 on pages 12-13 of the AGSA Management Report gives a detailed breakdown of the deficiencies in Internal Control at GRDM. These matters, as they relate to the findings on compliance with legislation, are summarised in the auditor's report as follows:

*Management did not review and monitor compliance with applicable supply chain management legislation. In the case of deviations, suppliers were not requested to submit declarations of interest.*

It is our understanding that, similar to the outcome of the 2016/17 audit, non-compliance with supply chain management (SCM) legislation again cost GRDM a clean audit outcome for the 2017/18 year. Council should therefore focus on addressing control deficiencies in the SCM area – this will hopefully ensure that GRDM reclaims the clean audit status enjoyed for the periods 2013/14 – 2015/16.

A breakdown in controls in any area makes for extremely disquieting reading, and Council should give this matter top priority through the OPCAR process.

## RISK MANAGEMENT

To maintain an overall positive perception of the municipality and confidence in the municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the municipality. Section 62(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) stipulates that the Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

The municipality has instituted such a systematic and formalised process in order to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management is essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The municipality has an approved risk management policy, framework and implementation plan as approved by council. The policy is reviewed annually. The risk management function is facilitated internally by the Risk Officer under the supervision of the Strategic Manager in the Office of the Municipal Manager.

The Risk Officer has issued a number of reports covering risk management, including the outcome of the annual risk assessment process and review of risk mitigation plans. We would like to congratulate the municipality and the departments on the progress they made during this year on risk management.

## **SPECIFIC FOCUS AREAS**

### **Financial Viability**

The AGSA audit included a high-level overview of the financial viability of GRDM as at 30 June 2018. This financial viability assessment provides management with useful information for accountability and decision-making purposes and complements the financial statements by providing insights and perspectives thereon. According to the AGSA report on page 17:

The financial health assessment table indicates that the municipality is in good financial health evidenced by good expenditure, asset and liability and cash management. There is an improvement from the prior year most noticeably in debtor collection period and net cash flows from operating activities.

The improvement in the debtor's collection period is attributed mostly to the large increase in the debtor's impairment provision. The majority of the large increase in the debtor's impairment provision is due to those debtors to whom fire services were provided and who have subsequently not settled their debts.

The municipality is encouraged to find ways to improve the debtor collection period and decrease the debtors' impairment provision as far as possible

Our assessment of the financial health showed that, even though very grant-dependent, the municipality has healthy liquidity and other financial ratios.

Given the financial constraints of GRDM, the reported improvement in GRDM's position re financial viability is a commendable achievement.

## **Procurement and Contract Management**

The audit included an assessment of procurement processes, contract management and the related controls in place. A significant amount of close to R57 million has been disclosed as irregular expenditure incurred in the 2017/18 financial year.

It is noted that R38.7 million of this is ongoing expenditure on multi-year contracts that were identified to be irregular in 2016/17. Also that, as per note 48.3 of the annual financial statements, R17.7 million of the irregular expenditure is due to an AGSA finding on non-compliance to SCM Regulation 13(c) – a technical legal matter which management and Provincial Treasury are not in agreement with.

We urge council to earnestly follow the legislated process in terms of MFMA section 32 regarding the recovery and/or write-off of this expenditure, as well as for similar expenditure reported in prior years.

## **EVENTS AFTER THE REPORTING DATE**

Other than the name change of the municipality – from Eden District Municipality to Garden Route District Municipality – no events after the reporting date were noted.

## **CONCLUSION**

The Audit Committee acknowledges that the environment within which management is operating is difficult given the many challenges, and the fact that grant funding to District municipalities have decreased. There have also been ongoing changes to accounting practices, systems, policies and procedures (note mSCOA) which have been difficult to adopt especially given the scarcity of skills.

To this end we would like to thank the municipal manager Mr Stratu and his staff for the cooperation, support and goodwill that they showed towards the Audit and Performance Audit Committee.

We wish to congratulate management for submitting the annual financial statements by the due date of 31 August and for obtaining an unqualified audit outcome, especially considering the significant impact on reporting that the implementation of the new financial

system and mSCOA has had – something that not all municipalities in the region were able to do.

A handwritten signature in black ink, appearing to read 'A Potgieter', written over a dotted line.

**DR A POTGIETER – CHAIRPERSON**

**(On behalf of the Audit and Performance Audit Committee)**

**6 December 2018**

## ACRONYMS

AG:	Auditor-General	IGR:	Intergovernmental Relations
ARMS:	Audit & Risk Management Solutions	IMFO:	Institute for Municipal Finance Officers
BEE:	Black Economic Empowerment	IPWT:	Infrastructure, Public Works and Transport
BIMP:	Bulk Infrastructure Master Plan	ITP:	Integrated Transport Plan
BSD:	Basic Service Delivery	JOC:	Joint Operational Centre
BVM:	Garden Route District Municipality	KPA:	Key Performance Area
CAPEX:	Capital Expenditure	KPI:	Key Performance Indicator
CBD:	Central Business District	LED:	Local Economic Development
CBP:	Community Based Planning	LGSETA:	Local Government Sector Education and Training Authority
CFO:	Chief Financial Officer	LTO:	Local Tourism Office
CRDP:	Comprehensive Rural Development Programme	LTA:	Local Tourism Association
CRR:	Cash Reserve Ratio	LM:	Local Municipality
CSD:	Central Supplier Database	MAYCO:	Executive Mayoral Committee
CTRU:	Cape Town Routes Unlimited	MDMC:	Municipal Disaster Management Centre
DBSA:	Development Bank of South Africa	MFMA:	Municipal Finance Management Act
DCF:	District Coordinating Forum	MFVM:	Municipal Financial Viability and Management
DMA :	District Management Area	MIG:	Municipal Infrastructure Grant
DMC:	Disaster Management Centre	MM:	Municipal Manager
DWAE:	Department of Water Affairs and Environment	MMC:	Member of the Mayoral Committee
DWAF:	Department of Water Affairs and Forestry	MMMTTs:	Municipal Mitigation Monitoring Task Teams
DPLG:	Department of Local Government	MSA:	Municipal Systems Act No. 32 of 2000
DRR:	Disaster Risk Reduction	MPRA:	Municipal Property Rates Act
ECC:	Emergency Control Centre	MTECH:	Medium Term Expenditure Committee
ECDC:	Early Childhood Development Centre	NGO:	Non-governmental organisation
GARDEN ROUTE DM:	Garden Route District Municipality	NQF:	National Qualifications Framework
EDAC:	Garden Route District AIDS Council	NSDP:	National Spatial Development Perspective
EDYC:	Garden Route District Youth Council	NT:	National Treasury
GRDMAF:	Garden Route Disaster Management Advisory Forum	NTod:	National Department of Transport
GRDMMF:	Garden Route District Municipal Managers Forum	OPEX:	Operating expenditure
EE:	Employment Equity	PAYE:	Pay As you Earn
EHP:	Environmental Health Practitioner	PEC:	Provincial Executive Committee
EIA:	Environmental Impact Assessment	PCF:	Premier's Coordinating Forum
EMF:	Environmental Management Framework	PDMC:	Provincial Disaster Management Centre
EMP:	Environmental Management Policy	PGWC:	Provincial Government of the Western Cape
EMS:	Emergency Medical Services	PMS:	Performance Management System
EMSDP:	Environmental Management and Spatial Development and Planning	PP:	Public Participation
EOC:	Emergency Operations Centre	PPP:	Public Private Partnership
EPWP:	Extended Public Works Programme	PT:	Provincial Treasury
EQM:	Environmental Quality Management	RSDF:	Regional Spatial Development Framework
ESS:	Early Warning System	SALGA:	South African Local Government Organisation
ETD:	Economic and Tourism Development	SAMDI:	South African Management Development Institute
EWD:	Early Warning Display	SAPS:	South African Police Services
FRM:	Finance and Resource Mobilization	SCFPA:	Southern Cape Fire Protection Association
FPA:	Fire Protection Associations	SCM:	Supply Chain Management
GAMAP:	Generally Accepted Municipal Accounting Practice	SDBIP:	Service Delivery and Budget Implementation Plan
GDP:	Gross Domestic Product	SDF:	Spatial Development Framework
GIS:	Geographic Information System	SITA:	State Information Technology Agency
GIZ:	German International Corporation	SLA:	Service Level Agreement
GGID:	Good Governance and Institutional Development	TAS:	Turn Around Strategy
GGPP:	Good Governance and Public Participation	WED:	World Environmental Day
GR:	Garden Route		
GRAP:	General Recognised Accounting Practices		

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GSC:	Council for Geosciences	WESSA:	Wildlife and Environmental Society of South Africa
HR:	Human Resources	WIT:	Wage Incentive Teams
ICT:	Information Communication Technology	WOF:	Working On Fire
ICS:	Incident Command System	WWF:	World Wildlife Fund
IDASA:	Institute for Democracy in South Africa	UIF:	Unemployment Insurance Fund
IDP:	Integrated Development Plan		
IFRS:	International Financial Reporting Standards		

