

2018/19 Annual Report



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Head Office: 54 York Street, George, Western Cape, South Africa



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 *A Skilled Workforce and Communities*

Strategic Objective 2 *Bulk Infrastructure Co-ordination*

Strategic Objective 3 *Financial Viability.*

Strategic Objective 4 *Good Governance.*

Strategic Objective 5 *Growing an inclusive district economy.*

Strategic Objective 6 *Healthy and socially stable communities*

Strategic Objective 7 *Sustainable Environmental Management and
Public Safety.*

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.

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- (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 332km² 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

On 12 April 2019, I delivered the first inaugural state of the district address from the inauguration of this Council. On 8 May 2019, our country has held its sixth National and Provincial democratic elections to usher in, the sixth administration and legislatures at National and Provincial level.

SITUATIONAL ANALYSIS

Our district has undergone major changes regarding access to basic services, given the fact that we are the second largest population non-metro district municipality in the Western Cape, our population has grown and is estimated to 679 213 (2024). The built environment of our district has changed profoundly, as the result of access to basic services as from 2016.

Our district is confronted by a dependency ratio which has grown to 56.1% with a proportion of poor people below poverty lines within the district standing at 40.5%.

SOCIO ECONOMIC RISKS

We are also confronted by three (3) socio economic risks;

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Risk1: Slow Economic growth.

Risk2: Increase population and demand for services.

Risk3: Rising unemployment.

COMMUNITY SAFETY

On safety we are confronted by three (3) most serious crimes, such as Theft, Assault and Drug abuse. We hosted a district anti-crime summit in partnership with SAPS to start engaging on the aforementioned crimes.

INSTITUTIONAL ARRANGEMENT

We had an institutional strategic planning session from the 12 – 13 March 2019, one of the fundamental purpose was to do an institutional diagnosis, asking ourselves three fundamental questions and answer those questions quite frank and honest.

1. "What do we do"
2. "For whom do we do it"
3. "How do we excel"

In responding to those three questions, we have taken a clear decision to perform all powers and functions as mandated by the Local Government: Municipal Structures Act, Section 84. We are going to develop a long term vision of our district "VISION 2040", it will outline our strategy in enhancing the relevancy of the Garden Route district, and how the gains of this district are going to be sustained and advanced.

MUNICIPAL SUPPORT

We have committed R500 000 during 2018, to assist Kannaland Municipality for drought disaster. This intervention included the donation of 850x2 litres of potable water containers to the community of Kannaland, the tankering of water to both the Zoar community as well as rural communities in water distress as well as provision of 5000 litre water tanks to be used during water shedding

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Council availed the amount of R130 000 to develop a Tourism Strategy for Kannaland to aid the Kannaland Municipality and various stakeholders to prioritise and implement various tourism projects in order to market and develop Kannaland as a tourism destination.

The aim of the proposed tourism strategy is to ensure positive economic benefits and opportunities for all stakeholders. The development of the tourism strategy was informed by stakeholders' inputs through various mechanisms including workshops that were held.

JOB CREATION AND PEOPLES DEVELOPMENT

The financial year 2018/19, marked the beginning of a prosperous year for approximately 120 young people from the Knysna and Plettenberg Bay municipal areas, as they benefited from the Garden Route Municipal Training Programmes, which includes: First Aid Level 3 Training; Driver's License Training and Law Enforcement Training.

These training programmes originated from the Garden Route Rebuild Initiative (GRRI), which was established after devastating fires hit the district (Knysna/Plettenberg Bay) in June 2017.

The Training Programmes is funded by the Garden Route District Municipality (GRDM) and is managed through the Office of the Executive Mayor, under the Expanded Public Works Programme (EPWP). The project's primary focus is youth development in the Garden Route district, building capacity among young people; breaking the chain of unemployment and ensuring a marketable labour force in the region.

During 2017/18 we have offered 499 and 2018/19 we have offered 411. We have transitioned young men and women to the driving school program which is underway currently, we have enrolled 23 young women, with the total of 26 young people.

We are also offering the opportunity for interns to gain experience through a Municipal Graduate Internship Programme.

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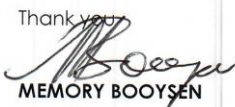
We are also giving study bursaries to the youth of our district, through my office.

Investing in people is the most decisive act of national development. It is through education that we can unleash creativity and cultivate the spirit of resilience among citizens.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

At the centre of the council vision, it is the will of the people of this district. We are trying by all means to **MAXIMIZE CITIZEN IMPACT**, through stakeholder engagement programs and forums.

In conclusion let me take this opportunity to thank all the Councillor of Garden Route District Municipality and the entire administration as led by the Municipal Manager (Mr Monde Stratu)

Thank you

MEMORY BOOYSEN
EXECUTIVE MAYOR

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MUNICIPAL MANAGER
Mr Monde Stratu

MUNICIPAL MANAGER'S OVERVIEW

I'm pleased to indicate that Garden Route District Municipality is compiling its Annual Report for the second time as informed by Circular 63 of the Local government: Municipal Finance management Act.

In providing the overview for 2018/2019 financial year, it's proper that I begin by saying, the Council in its institutional strategic planning session held on the 12 – 13 March 2019, has agreed to perform all functions of the district municipality as entailed in Section 84 of the Local Government: Municipal Structures Act.

NAME CHANGE

On 5 December 2017 Council resolved to change its name and on 24 August 2018 the name was changed from Eden District Municipality to Garden Route District Municipality, after a lengthy process of public participation.

This decision was not taken lightly as there were various names and brands that were used to refer to our region. Names such as Southern Cape, Southern Coast, Eden, and Garden Route were used and this created a state of brand delusion.

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Our district was declared as an international biosphere by UNESCO and was known as the Garden Route Biosphere Reserve. We had to leverage this very prestigious recognition to ensure economic growth for our region. Further to that the Europeans, Chinese, Southern Americans and African markets are already aware of the name Garden Route, which makes it easier to continue with a brand that is already known by our markets.

INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL PERFORMANCE

The organisational structure was approved by council together with relevant policies to ensure smooth and proper running of the organisation. We are trying by all means to balance the employment equity, also to attend to labour matters.

The local labour forum serves as a proper forum to channel labour related issues, to ensure cordial working relations between the administration and labour component.

Skills development is at the centre of the agenda of council. The employment assistance program is also doing very well together with occupational health and safety. We are in the process to implement individual performance.

FINANCIAL VIABILITY AND MANAGEMENT

Garden Route District Municipality is grant dependent and funds are being managed under very tight controls however we ensure that, we rise to our legislative mandate. The supply chain process are open to everyone and local content is encouraged on procurement. The realistic and funded budget is what we advocate for. We strive for clean governance and that is evident in the processes in place to improve on our audit outcomes. The Municipality received an Unqualified opinion with findings with one finding during the 2017/2018 financial audit. For the financial year under review we have also received Unqualified opinion with findings and issues raised by AG on the Annual Report have been adjusted as part of the action plan, the Annual Performance Report has been aligned with the Annual Report, the strategic objectives contained in the APR have also been aligned with the ones' contained in the Annual Report.

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INFRASTRUCTURE AND SERVICE DELIVERY

We have constructed roads and infrastructure throughout the district, the access to basic service delivery has improved and is improving.

ACCESS TO WATER: households with access to piped water inside the dwelling or yard or within 200 meters from yard is **96.9%**

ACCESS TO ELECTRICITY: households with access to electricity as primary source of energy for lighting purposes is **96.1%**

ACCESS TO SANITATION: households with access to flush toilet connected to sewerage system is **94.3%**

ACCESS TO REFUSE REMOVAL: is **88.8%**

ACCESS TO FORMAL DWELLING: is **85.7%**

These qualitative changes in the lives of the people of Garden Route represent a towering monument of progress during the twenty-five years of our democracy.

COMMUNITY SERVICES AND SAFETY

Disaster management is being managed properly and the level of water in our dams is satisfactorily, although we acknowledge that we are not a water rich district.

A Regional landfill site will be constructed, which will be a waste management resource for the entire region. A firefighting academy is also part of our priorities as discussed in our institutional strategic planning session. On safety, we are in the process to develop a safety plan of the district and have also in partnership with SAPS conducted an anti – crime summit, during the financial year under review.

LOCAL ECONOMIC DEVELOPMENT

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

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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 411 job opportunities in the year under review. Tourism strategy is in place, we have also assisted Kannaland Local Municipality in developing its Tourism strategy.

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

During the financial year under review, we have hosted a good governance summit, to augment public confidence in local government. We have also revitalised and capacitated our governance structures to ensure effective oversight, i.e. Municipal Public Accounts Committee (MPAC), Audit and Public Audit Committee (APAC), Risk Management Committee (RMC) and section 80 Committees (Municipal Structures Act).

The council has taken a bold decision to perform all its legislative functions, as outline in section 84 of the Municipal Structures Act. To achieve that there are various approved projects, which include the following:

- Establishment of a Fresh Produce Market
- Becoming a Water Service Authority
- Establishment of Regional Landfill site
- Fire Services Function (Discussion with local municipalities in progress, to determine the best model for this function)

The Executive Management team is fully empowered and capacitated to deliver on the mandate of this council. We have appointed two new Executives in our Finance

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and Roads departments to further strengthen the current executive management team. I am confident that the Executive team will deliver on the ambitious strategy of this council.

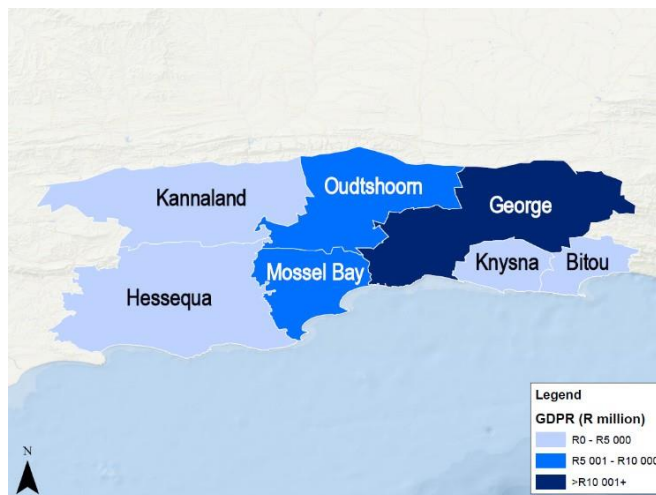
In conclusion, I would like to thank the administration as well as the Council for its guidance.



MONDE STRATU
MUNICIPAL MANAGER

1.1 MUNICIPAL FUNCTIONS, POPULATION AND THE ENVIRONMENT

The Garden Route District is the third largest district in the Western Cape and is well-known for its coastal holiday towns and vast farmlands. The N2 is a valuable transport route for goods and tourists alike and connects the District to the Overberg District and the Cape Metro area in the west and the Eastern Cape Province to the east, while the N12 and the R62 links the District with inland areas to the north.



The seven local municipalities that make up this District include Kannaland, Hessequa, Oudtshoorn, Mossel Bay, George, Knysna and Bitou (Eden District, 2017).

1.1.1 POPULATION DYNAMICS

According to the Department of Social Development's 2018 projections, the Garden Route District Municipality currently has a population of 623 800, rendering it the second largest district population outside of the metro. This total is estimated to increase to 697 213 by 2024 which equates to 1.9 per cent average annual growth over this period. The growth of Garden Route District for the 2018 to 2024 period is just below that of the Province's 2.0 per cent.

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1.1.2 EDUCATION

The extent of improvement in educational circumstances of households in the Garden Route District discussed here using data on learner enrolments, Grade 12 dropout rates and Matric pass rates.

Between 2016 and 2017 the Garden Route District recorded increases in learner enrolment, an overall decrease in Grade 12 dropout rates and a decrease in the average Matric pass rate as indicated in Table 1

TABLE 1

ENROLMENT, DROPOUT AND MATRIC PASS RATES IN GARDEN ROUTE DISTRICT, 2016 - 2017

Municipality	Learner enrolment (2016)	Learner enrolment	%	Grade 12 dropout	Grade 12 dropout	%	Matric pass rates	Matric pass rate	%
Bitou	8 041	8 041	0	44.5	44.5	0.0	78	78.0	0.0
George	34 782	35 441	1	26.4	31.2	18.2	83.4	83.7	0.4
Hessequa	8 566	8 706	1	30.2	35.6	17.9	93.6	87.4	-6.6
Kannaland	4 651	4 679	0	39.3	40.2	2.3	88.9	89.2	0.3
Knysna	12 103	12 326	1	32.2	35.3	9.6	77.9	72.4	-7.1
Mossel Bay	16 401	16 650	1	32.5	36.5	12.3	87.4	83.5	-4.5
Oudtshoorn	18 588	18 657	0	35.6	33.6	-5.6	93.1	80.1	-14.0

Source: Western Cape Education Department, 2018

Most of the municipalities within the Garden Route area have high learner enrolment numbers which is, however, accompanied by high dropout rates exceeding 30 per cent amongst Grade 12 learners in 2016 and 2017. The highest dropout rates are reflected in Bitou (44.5 per cent) and Kannaland (40.2 per cent). The highest matric pass rates in excess of 85 per cent were recorded in Hessequa and Kannaland in 2017, indicating positive education outcomes in these areas.

	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	13 476	7.4	7 046	7.7	2 576	6.1	4 117	6.1

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Schooling								
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

Education levels of population in the Garden Route District, 2017

Table A Source: Quantec/Urban-Econ calculation, 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

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.

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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.

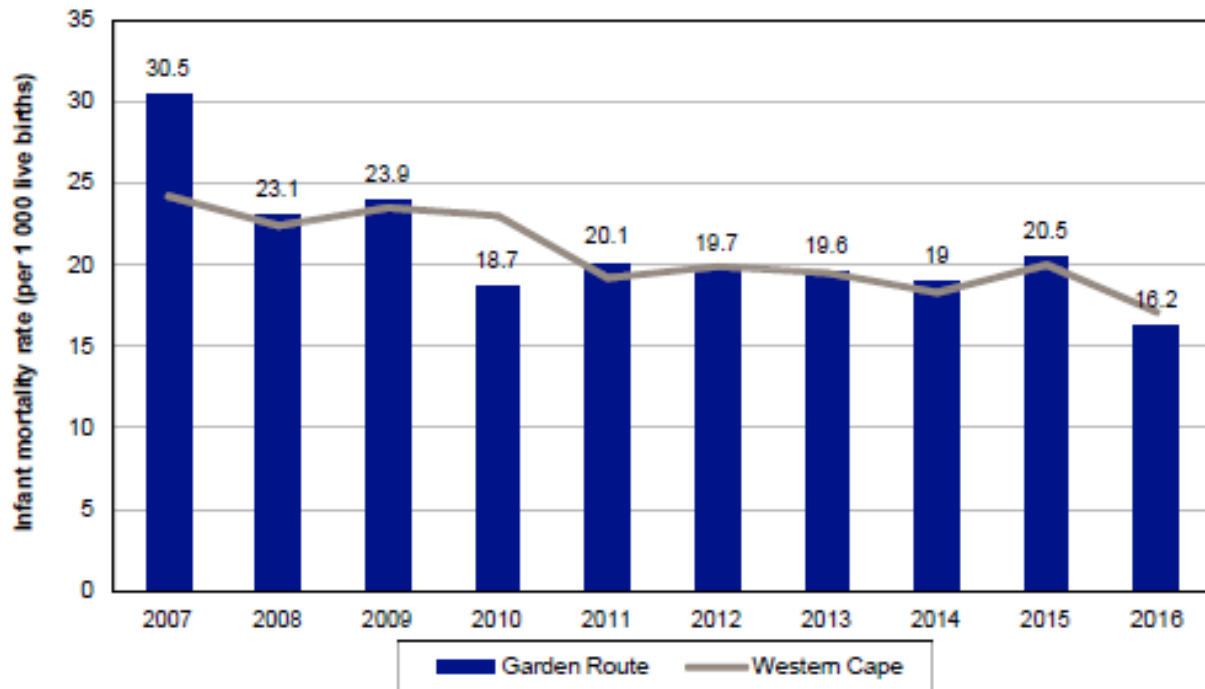
1.1.4 HEALTH DEVELOPMENT WITHIN GARDEN ROUTE DISTRICT

The health conditions of persons living within the Garden Route region are analysed in this section by looking at infant mortality rates, the top 10 causes of death as well as the top 10 injuries that cause death. Between 2011 and 2016 life expectancy in the Western Cape averaged 64.8 years for males and 70.6 years for females according to the mid-year population estimates by Statistics South Africa in 2017. For the period between 2016 and 2021 the average life expectancy is expected to be higher at 66.2 years for males and 72.1 years for females.

Figure 1. shows a decrease in infant mortality rates in Garden Route District between 2007 and 2016, indicating an improvement in child health care in the period under review.

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Figure 1 Infant mortality rates, Garden Route District, 2007 - 2016



Source: Western Cape Health Department, 2018

1.1.5 HUMAN SETTLEMENTS

Access to decent formal housing is regarded as a basic human right and an important indicator of the level of human development within an economy. Table 5.10 shows the different types of dwellings for households living within the Garden Route region in 2017, of which 27 874 or 15.2 per cent are informal and 154 934 or 84.8 per cent are formal dwellings.

TABLE 2 HUMAN DWELLINGS WITHIN GARDEN ROUTE DISTRICT, 2017

	Garden Route		Kannaland		Hessequa		Mossel Bay		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	137 361	75.1	6 897	94.8	16 255	89.7	22 912	72.8	44 929	75.2	18 283	78.3	12 645	67.8	15 440	64.0
Traditional dwelling/hut/structure made of traditional materials	1 358	0.7	30	0.4	152	0.8	197	0.6	392	0.7	191	0.8	201	1.1	195	0.8

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Flat in a block of flats	4 013	2.2	47	0.6	293	1.6	861	2.7	1 445	2.4	463	2.0	255	1.4	650	2.7
Town/cluster/semi-detached house (simplex, duplex or triplex)	6 168	3.4	34	0.5	131	0.7	2 128	6.8	1 468	2.5	1 356	5.8	197	1.1	853	3.5
House/flat/room, in backyard	2 672	1.5	27	0.4	177	1.0	385	1.2	1 184	2.0	405	1.7	138	0.7	357	1.5
Informal dwelling/shack, in backyard	11 066	6.1	82	1.1	467	2.6	1 691	5.4	4 522	7.6	1 071	4.6	1 781	9.5	1 453	6.0
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	16 808	9.2	94	1.3	418	2.3	2 534	8.0	4 839	8.1	1 285	5.5	2 927	15.7	4 712	19.5
Informal dwellings	27 874	15.2	176	2.4	885	4.9	4 224	13.4	9 361	15.7	2 356	10.1	4 708	25.2	6 165	25.6
Room/flatlet not in backyard but on a shared property	1 161	0.6	10	0.1	71	0.4	392	1.2	367	0.6	109	0.5	95	0.5	117	0.5
Other/unspecified/NA	2 200	1.2	52	0.7	152	0.8	388	1.2	640	1.1	198	0.8	418	2.2	351	1.5
Total	182 808	100	7 273	100	18 117	100	31 487	100	59 785	100	23 360	100	18 657	100.0	24 128	100

Source: Quantec Research, 2018

George has the largest number of informal dwellings (9 361 households or 15.7 per cent) followed by Knysna (6 165 households or 25.6 per cent) and Bitou (4 708 or 25.2 per cent). Although the Kannaland and Hessequa municipal areas have lower numbers of informal dwellings compared to the bigger municipal areas in the region, these remain a risk and a concern. The average number of people per household within municipal areas in the Garden Route region has remained stable at approximately four persons per household over the last decade.

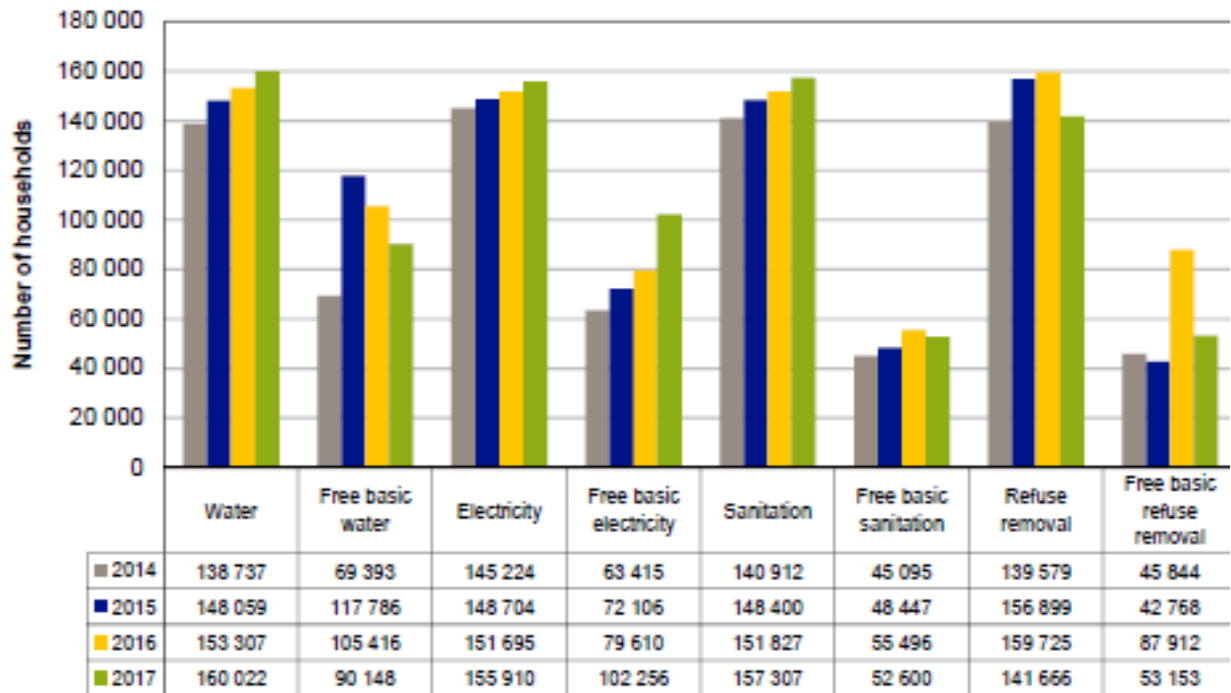
The number of people having access to basic services including water, electricity, sanitation and refuse removal is an indication of the level of human development within a municipal area. Figure 5.11 below shows the number of households receiving water, electricity, sanitation and waste removal services in the Garden Route District between 2014 and 2017. It can be seen from Figure 5.11 that there has been an increase in the number of households receiving water, electricity, sanitation and refuse removal, with significant increases noted for electricity and refuse removal services between 2016 and 2017. In terms of free basic services, it can be seen that a higher number of households receive free basic water between 2014 and 2016 but free electricity exceeded free basic water in 2017. Furthermore, there have been significant

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increases in the number of households receiving free basic services between 2014 and 2015 which declined between 2016 and 2017.

1.1.5 PROVISION OF BASIC SERVICES TO INDIGENT HOUSEHOLDS

FIGURE 2 ACCESS TO BASIC SERVICES IN GARDEN ROUTE DISTRICT, 2014 - 2017



Source: Non-financial Census of Municipalities, Stats SA; Quantec Research, 2018

1.2 EMPLOYMENT AND THE ECONOMY

1.2.1 EMPLOYMENT

This section highlights key trends in the labour market within the Garden Route District municipal area. The wholesale and retail trade, catering and accommodation sector contributed the most jobs in the Garden Route municipal area in 2016 (52 954 or 23.9 per cent), followed by the finance, insurance, real estate and business services sector (38 357 or 17.3 per cent); community, social and personal services (33 584 or 15.1 per cent); agriculture, forestry and fishing (29

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192 or 13.1 per cent) and general government (22 767 or 10.3 per cent). Combined, these top five sectors contributed 176 854 or 79.7 per cent of the 222 010 jobs in 2016.

Garden Route District employment growth per sector 2006 – 2017e									
Sector	Contribution to employment (%)	Number of jobs	Trend		Employment (net change)				
	2016	2016	2006 - 2016	2013 – 2017e	2013	2014	2015	2016	2017e
Primary Sector	13.2	29 381	-13 853	3 656	1 633	-1 203	5 166	-1 189	-751
Agriculture, forestry and fishing	13.1	29 192	-13 860	3 639	1 633	-1 207	5 155	-1 188	-754
Mining and quarrying	0.1	189	7	17	0	4	11	-1	3
Secondary Sector	16.2	35 905	-569	2 568	788	816	222	353	389
Manufacturing	8.9	19 715	-553	1 558	645	190	341	-192	574
Electricity, gas and water	0.4	875	279	105	7	20	25	35	18
Construction	6.9	15 315	-295	905	136	606	-144	510	-203
Tertiary Sector	70.6	156 724	34 929	18 568	4 196	3 857	5 020	154	5 341
Wholesale and retail trade, catering and accommodation	23.9	52 954	9 520	6 835	977	615	2 214	80	2 949
Transport, storage and communication	4.1	9 062	2 972	1 121	574	270	607	-753	423
Finance, insurance, real estate and business services	17.3	38 357	12 948	7 069	1 503	1 436	1 941	950	1 239
General government	10.3	22 767	4 262	-415	-306	1 019	-550	279	-857
Community, social and personal services	15.1	33 584	5 227	3 958	1 448	517	808	-402	1 587
Total Garden Route District	13.2	222 010	20 507	24 792	6 617	3 470	10 408	-682	4 979

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Only the agriculture, forestry and fishing, manufacturing and construction sectors in the Garden Route District municipal area reported average decreases in jobs (-13 860, -553, and -295 respectively) between 2006 and 2016. There were also some job losses reported in the agriculture, forestry and fishing sector in 2016 and 2017 due to the severe drought. This is concerning considering that it provides a significant contribution to Garden Route District's employment. The sector which reported the largest increase in jobs between 2006 and 2016 was

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the finance, insurance, real estate and business services (12 948) and wholesale, retail and trade (2 658) and community, social and personal services (5 227).

The majority of workers in the Garden Route labour force in 2016 was dominated by semi-skilled workers (41.0 per cent) and 27.5 per cent were skilled.

Garden Route District trends in labour force skills, 2006 - 2017					
Formal employment by skill	Skill level contribution (%)	Average growth (%)	Average growth (%)	Number of jobs 2016	
	2016	2006 - 2016	2013 – 2017e	2016	2017e
Skilled	27.5	3.4	3.7	44 472	45 114
Semi-skilled	41.0	0.7	2.0	66 293	66 149
Low skilled	31.5	-0.6	1.9	50 907	50 587
Total Garden Route District	100.0	0.9	2.4	161 672	161 850

Source: Quantec Research, 2018 (e denotes estimate)

The number of skilled workers increased relatively fast over the 2006 – 2016 period, while growth was slower for semi-skilled workers; low skilled employment declined over this period. An improvement in education and economic performance can contribute to further increases in the number of higher skilled workers.

1.2.2 UNEMPLOYMENT

Unemployment Rates for the Western Cape (%)											
Area	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e
City of Cape Town	16.2	15.2	16.5	17.8	17.9	18.1	18.1	18.5	19.1	20.3	21.1
West Coast	4.7	6.5	7.9	9.3	9.7	9.6	9.2	10.0	9.0	10.1	11.1
Cape Winelands	6.5	7.2	8.3	9.6	9.8	9.7	9.4	9.9	9.1	10.1	10.7
Overberg	6.2	6.9	8.3	9.7	10.0	10.0	9.8	10.5	9.8	11.1	11.8
Garden Route	13.2	12.7	13.8	15.0	14.9	15.0	14.8	15.1	15.0	16.3	17.0
Central Karoo	20.5	21.0	22.0	22.9	22.6	22.4	22.1	22.6	21.7	23.0	24.0
Western Cape	13.3	12.9	14.2	15.5	15.7	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

Over the last decade, the Garden Route District's unemployment rate has been rising steadily; it has increased from 15.0 per cent in 2015 to 16.3 per cent in 2016

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and an estimated 17.0 per cent in 2017. The Garden Route District's unemployment rate in 2017 is slightly lower than that of the Province's 18.2 per cent

1.2.3 ECONOMIC OUTLOOK

The local economy of the Garden Route municipal area is dominated by the finance, insurance, real estate and business services sector (R10 014.3 million or 24.9 per cent), followed by the wholesale and retail trade, catering and accommodation sector (R7 223.4 million or 17.9 per cent), manufacturing sector (R5 853.9 million or 14.5 per cent in 2016), general government (R4 106.2 million or 10.2 per cent) and transport, storage and communication (R4 019.8 million or 10.0 per cent). Combined, these five three sectors contributed R31.2 billion (or 77.5 per cent) to the Garden Route District municipal economy, which was estimated be worth R40.3 billion in 2016.

Garden Route District GDPR performance per sector, 2006 – 2017e									
Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)				
			2006 - 2016	2013 – 2017e	2013	2014	2015	2016	2017e
Primary Sector	6.1	2 443.0	1.4	0.5	1.8	6.4	-2.7	-7.3	4.4
Agriculture, forestry and fishing	5.7	2 295.1	1.5	0.4	1.7	6.4	-2.9	-7.7	4.2
Mining and quarrying	0.4	148.0	0.2	3.5	2.7	6.8	-0.1	0.5	7.7
Secondary Sector	24.2	9 750.3	1.8	0.8	2.0	1.0	0.2	0.9	-0.2
Manufacturing	14.5	5 853.9	1.9	0.9	1.7	0.6	0.3	1.6	0.4
Electricity, gas and water	3.1	1 244.6	-1.1	-1.4	-0.7	-1.2	-2.2	-2.7	-0.1
Construction	6.6	2 651.8	3.2	1.2	3.9	2.9	0.6	0.4	-1.8
Tertiary Sector	69.7	28 077.6	3.3	2.4	3.2	2.8	2.4	2.1	1.3
Wholesale and retail trade, catering and accommodation	17.9	7 223.4	2.5	1.4	2.4	1.5	1.9	1.9	-0.7
Transport, storage and communication	10.0	4 019.8	3.4	2.5	3.2	4.0	1.5	1.5	2.4
Finance, insurance, real estate and business services	24.9	10 014.3	4.2	3.4	3.8	3.5	3.9	3.2	2.7
General government	10.2	4 106.2	2.7	1.2	3.5	2.6	0.3	0.4	-0.6

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Community, social and personal services	6.7	2 714.0	2.1	1.6	2.5	1.8	1.1	1.5	1.2
Total Garden Route District	100.0	40 270.9	2.8	1.9	2.9	2.6	1.5	1.2	1.2

Source: Quantec Research, 2017 (e denotes estimate)

The 10-year trend, between 2006 and 2016, shows that the finance, insurance, real estate and business services sector registered the highest average growth rate (4.2 per cent) in the Garden Route District during this period, followed by the transport, storage and communication (3.4 per cent) and construction (3.2 per cent) sectors. Growth of the agriculture sector shrunk into negative territory in 2015 and 2016 due to the severe drought but the estimated growth rate for 2017 is 4.2 per cent.

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 2018/19 financial year:

1.3.1.1 OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager consists of the units as set out on the table below. The main functions of these units are to give support to the entire organisation.

Support Services	Objective
Performance Management	Develop, Implement and maintain an effective performance management system throughout the institution.
Risk Management	Facilitate Risk Management activities throughout the organisations to ensure that performance objectives are met.

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Internal Audit	Provide the accounting officer, management and council with reasonable assurance regarding the effectiveness of controls environment.
Political Office	Providing support to councillors and to manage community based projects
Communication	Develop, Implement and maintain an efficient and effective system of communication to internal and external stakeholders.
Legal Services	Providing support, legal mechanisms and processes that are necessary to enable Garden Route District Municipality to fulfil its strategic objective of Good Governance as a regional leader in local government.

We seek to continuously improve and to mature our good governance practices. We have undertaken a number of key activities relating to our application of the good governance practices. We have revitalised and capacitated our governance structures to ensure effective oversight, i.e. Municipal Public Accounts Committee (MPAC), Audit and Public Audit Committee (APAC), Risk Management Committee (RMC) and section 80 Committees (Municipal Structures Act).

We have organised and hosted a very successful Good Governance Summit that was attended by delegates from the Public Sector, Private Sector, the local municipalities within our District and the Office of the Auditor-General.

The main objectives of the summit were to:

- Empower all relevant stakeholders to effectively perform their oversight and enhance accountability through the implementation of effective governance structures;
- Enhance public participation process through effective good governance structures and new innovations to eliminate or minimize protests relating to service delivery;
- Insulate municipalities against interference from external stakeholders;

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- Encourage and improve ethics and ethical conduct within the municipal leadership; and
- Address the cost of corruption and poor governance.

Media Coverage and Highlights



We have successfully procured an Intergrated and Automated Governance System for the District. The system will be rolled out to five local municipalities (George, Mossel Bay, Kannaland, Hessequa and Knysna) to enhance governance, the other 2 municipalities within the district have already procured the system.

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 Communication and Graphic Design Unit, in-house, developed a municipal website, brand standards guide and the new municipal logo. Our

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Facebook page is the second most “liked” out of the 44 district municipalities in South Africa.

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, 1998 (No.117 of 1998) and the National Health Act, 2003 (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

1.3.1.2.3 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)

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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

In terms of Section 15(2) of the National Environmental Management: Air Quality Act, 2004, as amended (Act 39 of 2004) each municipality must include in its Integrated Development Plan (IDP) contemplated in chapter five of the Municipal Systems Act, an air quality management plan (AQMP).

GRDM's Air Quality Management Plan was compiled in 2007 and revised in 2013. The project entailed providing assistance to the seven (7) B-authorities within GRDM's borders to ensure that each B-authority have AQMP and is compliant with the

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requirements of the Air Quality Act. Both the 2007 and 2013 AQMP's versions were included in GRDM Integrated Development Plan (IDP).

The following objectives were defined in the AQMP:

- Set Air Quality Goals
- Set Up Air Quality Management System
- Develop / compile emissions database
- Develop air quality monitoring network
- Dispersion modelling
- Reporting
- Carry Out Risk Assessments
- Assess and Select Control Measures
- Implementation of Interventions and Monitoring Effectiveness
- Revise Air Quality Goals
- Integrate the AQMP into the IDP
- Compliance Monitoring, Enforcement and Control
- Most of these objectives were totally met during the reporting year. Where a goal has been partially met it was due to budgetary constraints

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

The following highlights were achieved during the financial year:

HIGHLIGHTS	DESCRIPTION
<u>MUNICIPAL HEALTH & ENVIRONMENTAL SERVICES</u> <u>GARDEN ROUTE: ENTIRE REGION</u>	
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.

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HIGHLIGHTS	DESCRIPTION
Informal food trader's project.	Provide education and awareness sessions to informal food traders
Listeriosis Awareness and Recall	Awareness, education material on Listeriosis was handed out to various outlets, formal, informal, and monitoring of recalls of food products. During Garden Route employee wellness day, employees were educated through the method of an exhibition
World Tobacco Day	To educate the owners / managers of restaurants to locate designated smoking areas for public.
<u>RIVERSDALE - OFFICE</u>	
World Environmental Health Day: 25 September 2018	Theme: Global Food Safety and Sustainability Target group: Food Caterers
Department of Social Development Training	Communicable Disease training – Training was provided to all Sectional Heads of the region.
George Agriculture "Landbou Vereniging"	Raw Milk and Listeriosis: Training session provided to Dairy Farmers
Department of Education	Environmental Health Training and Inspections of Schools: Training with regard to 9 Key Performance Areas of Municipal Health was provided to School Governing Bodies
Heidelberg and Riversdale Agricultural shows	Successful monitoring of Informal Food traders during the event
<u>MOSSELBAY - OFFICE</u>	
Formal health and hygiene training: Informal Food Traders in Asla Park and Kwa-Nonqaba.	All educators received health training in waste management.
Formal health and hygiene training at 4 x crèches.	51 participants (personnel) received certificates of attendance.
Door-to-door Barber shop hygiene project and education, Kwa-Nonqaba.	6 educators were trained regarding communicable diseases.
Health and Hygiene training at Admirals	12 food handlers received training, on

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HIGHLIGHTS	DESCRIPTION
Casino	health related matters regarding the management of food premises.
Event Planning meetings eg. Buffalo Rally, Whale Rally, Tarka festival, Mossel Bay Sport School week, Dias festival, Friemersheim Fragrance festival and various other events. World Food Day event at Brandwag with national Department of Agriculture and other role players.	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 with Mossel Bay Municipality, SAPS, Tourism, Neighbourhood Watch, ATKV and other role players.	To coordinate activities, and find solutions and give feedback on any matter that may cause a health hazard.
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.
<u>GEORGE - REGION</u>	
<ul style="list-style-type: none"> Outreach Project at crèches in collaboration with Department of Health 	Presentation and demonstrations on health and hygiene practices.
<ul style="list-style-type: none"> Health and hygiene awareness (Clinics, schools, crèches and food premises) 	Public outreach around currently experienced diseases (Listeriosis, Hepatitis B, Scabies and Enteroviral meningitis)

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HIGHLIGHTS	DESCRIPTION
<ul style="list-style-type: none"> Syferfontein Basic Subsistence evaluation 	Door to door sessions to complete the basic Subsistence and Evaluation questionnaires.
<ul style="list-style-type: none"> George Agricultural show 	Health and Hygiene education and awareness presentations and demonstrations in collaboration with other stakeholders.
<ul style="list-style-type: none"> Operation fiela in collaboration with SAPS (Thembaletu, Conville , Uniondale and Lions Den) 	Monitoring food premises and give health education
<ul style="list-style-type: none"> Barbershop and Hairdresser Awareness (Thembaletu) 	Health and hygiene Awareness
<ul style="list-style-type: none"> Listeriosis Awareness and education (George Farmers Association) 	Awareness on prevention of Listeriosis as well as Health and hygiene education.
<ul style="list-style-type: none"> Clean up Campaign in collaboration with George Municipality (Molen River and Borchards) 	Health and hygiene awareness on illegal dumping
<ul style="list-style-type: none"> Exhibition at George Civic Centre 	Public Awareness and health education
<ul style="list-style-type: none"> Health and hygiene inspection at the George Old Car Show and CANSA RELAY, Strawberry festival 	Health surveillance of premises and food monitoring
<u>KLEIN KAROO REGION</u>	
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 2019 KKNK.

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HIGHLIGHTS	DESCRIPTION
Health and Hygiene Awareness program at Clinics.	Environmental Health Practitioners of Klein Karoo region co-ordinated Environmental Health awareness sessions that was held at clinics in Zoar, Amalienstein, Calitzdorp, Bridgton and De Rust.
Food safety training in Oudtshoorn	EHP's provided informal food safety training to formal and informal food handlers in Oudtshoorn.
Global handwashing day celebrations in Oudtshoorn	EHP's held an awareness session on the importance of handwashing to school children.
Health and Hygiene Awareness Drama performed in Hoeko and Dysveldorp.	EHP's develop a health and hygiene awareness drama presented by peer educators and it was presented in commemoration of World Environmental Health Day.
Environmental Health Norms and Standards Information for schools.	Environmental Health Norms and Standards information sessions were presented to School Circuit Managers, School Governing Body members and School Principals.
Communicable diseases and diarrhoea education and awareness sessions to crèche principals in Dysveldorp	EHP's held an awareness session on communicable diseases, diarrhoea and importance of hand hygiene to crèche principals and caregivers.
<u>BITOU - OFFICE</u>	
<ul style="list-style-type: none"> ▪ Health and Hygiene Awareness ▪ 	Presentation and demonstrations on health and hygiene practices to food managers and handlers in terms of R638
World Food Day Celebrations	Presentation on safe food handling at informal food traders – taxi rank, Bossiesgif Soup Kitchen, Kranshoek Kleuterskool, Kurland Crèche
Health and Hygiene Awareness program at Clinics.	Environmental Health Practitioners hand out Environmental Awareness booklets to

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HIGHLIGHTS	DESCRIPTION
	various Clinics
Global hand washing day	To promote hygiene practices at Schools and Crèches Kranshoek Kleuterskool
World Environmental Day	Environmental Health Practitioners held awareness sessions on Health & Hygiene Awareness, Waste Management, Recycling, and Water Quality to learners.
Matric Rage Plettenberg Bay	Registration and monitoring of food outlets were successfully held.
KNYSNA - OFFICE	
Barbers and hairdressers	Education awareness sessions were held with 5 barbers and hairdressers in Nekkie and Damsebos area
Formal food traders	Education session was held at Knysna correctional services Health and hygiene session held with foreign nationals from the informal spaza shop trading and the distribution of pamphlets and posters
Successful held and monitor oyster festival	Monitoring food outlets
Removal of asbestos material	Successful completion of asbestos removal project
Clean up project	Partake in Community clean up at Kanonkop
Blitz operation	Joint blitz operation between Garden Route and Knysna SAPS on SPAZA shops.
Surveillance of premises Karatara fire	Health surveillance of premises during the Karatara fire.
World Environment day	Partake in door to door awareness regarding waste disposal in Knysna
ENVIRONMENTAL SERVICES WASTE MANAGEMENT	
Negotiations have been concluded with the preferred bidder for the establishment of a Regional Waste Management Facility.	The negotiation process with Interwaste / Eden Waste Management was concluded and the PPP Agreement will be finalised at the end of November 2019.
Waste Characterisation Studies conducted at George and Kannaland Municipalities	Waste Characterisation Studies were conducted and final reports were

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HIGHLIGHTS	DESCRIPTION
and the South African Breweries.	compiled by GRDM and submitted.
Home Composting Pilot Project implemented in Hessequa, Mossel Bay, George and Knysna Municipalities.	The home composting pilot project was concluded in the Hessequa and Mossel Bay Municipalities and the data captured and analysed. George and Knysna Municipalities are still ongoing and data recorded on a monthly basis.

Compilation of a Waste Minimisation Plan for South African Breweries	Following the Waste Characterisation Study conducted at SAB, a waste minimisation plan was compiled by GRDM for SAB for implementation.
Implementation of a Schools Recycling Programme Pilot Project at Percy Mdala High School.	Waste education sessions conducted by GRDM to teachers and learners, recycling boxes and bags provided by GRDM.
Schools Education and Awareness	Education & awareness sessions were held at Plettenberg Bay Secondary School, Little Lighthouse Preschool, Kings Kingdom Preschool, St. Pauls Primary School, Zenzele Day care
Upgrade of Garden Route Waste Management Information System	The WIS was upgraded so that the required facilities can register and report directly onto the system / collaborator. This is more user friendly, time efficient and reduces the administrative burdens.
Recycling Mascot	Rocky the Recycling Rooster (Mascot) was utilised at the George Strawberry Festival, Plett Secondary School, Little Lighthouse & Kings Kingdom Preschools, St. Pauls Primary, World Tobacco Day, Zenzele Day care. The Mossel Bay and Knysna Municipality have branded their fleet and educational material with the mascot, respectively.
Enforcement of District Waste Management By-laws	Notices served in terms of Section 10 of the District Waste Management By-laws PG 7818 of 01 September 2017.
AIR QUALITY MANAGEMENT	

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HIGHLIGHTS	DESCRIPTION
Atmospheric Emission Licencing (AEL)	All new and renewal AEL application are processed via SAAELIP within the legislative timeframe
100% NAEIS completion and auditing	All 30 industries submitted their NAEIS reports within the required time-frames. This is due to the assistance given to industry in this regard.
Routine inspections	Compliance and Enforcement inspections and administrative enforcement at Listed Activities and Controlled emitters within the district.
Complaints dealing	Supporting B-municipalities with air quality complaints and resolving complaints concerning Listed Activities and Controlled emitters.
GRDM Air Quality working group meeting	Held 4 Industrial forums/ Working group meetings and thereby capacitated the Industry.
Sampling	The procurement of a mobile air quality monitoring station and the addition of a methane cell to monitor landfill sites. Particulate Matter sampling, Vehicle emission testing, passive sampling and weather station operation.
Air Quality improvements	Mitigation of air pollution at industrial level
GRDM Clean Fires Campaign	GRDM appointed a service provided to compile lesson plans aligned to the national curriculum (CAPS), as well as resources to complement teaching on Pollution (Air Pollution) as part of Life Skills for grade 3 learners. These resources included A3 posters, games and content for use on the interactive whiteboard.
Ambient Air Quality Monitoring	Ambient air quality monitoring were conducted by means of making use of Radiello passive sampling, MiniVol Particulate Matter Sampler, portable

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HIGHLIGHTS	DESCRIPTION
	Scintinal SL50 and the three stationary monitoring stations of the Provincial Directorate: Air Quality Management that is located in Oudtshoorn, George and in Mossel Bay. The purpose of the sampling was to obtain baseline information and when dealing with air quality relating complaints.
Vehicle emission testing:	The Garden Route Air Quality unit embarked on a project in collaboration with the B-municipalities Air Quality and Traffic Department during 2018 whereby several diesel vehicles were tested for excessive smoke emissions. The vehicles first went through a visual test. If the visual test indicated excessive smoke, that vehicle was further tested by means of the vehicle smoke test instrument.

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



World Tobacco Day

Councillors, management and staff of the Garden Route District Municipality (GRDM), in collaboration with other stakeholders, on Friday 31 May 2019, launched a World No Tobacco Day campaign in front of the GRDM head-office in George.

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GRDM Schools guided to a greener future

A pilot Primary School Recycling Programme has been launched at St. Paul's Primary School in George on 10 June 2019, by the Executive Mayor of Garden Route District Municipality (GRDM), Councillor Memory Booysen, in collaboration with the Waste Management Unit of GRDM and their recycling mascot known as 'Rocky the Recycling Rooster'. Through this Programme, learners will be more likely to carry recycling habits into their adult years, while sharing it with family and friends. They will also be able to become more aware of how their personal actions can affect the future of the environment.



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GRDM Clean Fires Campaign

Since 2011 the Garden Route District Municipality's District Air Quality Unit embarked on air quality awareness relating to clean fires, called the Garden Route Clean Fire Campaign. Ongoing projects were identified due to life-threatening air quality incidents in especially informal settlements, caused by fires used for household purposes, such as cooking and heating. Awareness sessions advanced to a level whereby the Department of Education allowed the Air Quality Project to be incorporated into the curriculum of Grade 3 learners in the Garden Route. During the week of 13 to 17 May 2019, the roll-out of the Clean Fires Programme commenced in the Klein Karoo (Oudtshoorn and Kannaland) region, as this is a significant target group, since most of these communities use wood for heating purposes during the cold winter months.



FIRE AND RESCUE SERVICES

The Garden Route District Municipality provides a fire service serving the district as a whole as described in the Local Government: Municipal Structures, Act 117 of 1998 which states under section 84.1 (j):

84. Division of functions and powers between district and local municipalities

(1) A district municipality has the following functions and powers:

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

(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

- This year the GRDM was given a capital budget allocation to procure two fire trucks, an incident command vehicle, equipment and uniform.
- The Incident Command vehicle was delivered and procured via a formal tender process.
- Two(2) firefighting trucks have been ordered and will be delivered before the end of the calendar year and was procured via a formal tender process
- New grass fire fighting apparel which meets the required standards for its application was delivered and procured via a formal tender.
- Station wear was delivered and procured via a formal tender
- Fifteen(15) Self-contained breathing apparatus were delivered and procured via an informal tender process
- Six(6) Level A and 16 level B hazmat suits were delivered and procured via an informal tender process.
 - Four(4) Water nozzles were delivered.
 - One(1) Member is being trained in the Firefighter 2 and Hazmat Operations courses being presented by the WCPG in Mossel Bay
 - Two(2) Members completed the Advanced Rope Rescue training programme being presented by the WCPG in Bredasdorp.

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- Two(2) Members are currently on the OETDP training programme being presented by the GRDM.
- Six(6) Members completed the Radio Telephonic Base Operator training.
- Two(2) Members attended the Incident Management training facilitated by the WCPG in Bredasdorp.
- One(1) Member completed ICS Division Supervisor training
- Two(2) Members completed their SAESI Diploma in Fire Technology
- Four(4) Members wrote subjects in the SAESI Higher Certificate in Fire Technology
- One(1) Member is busy with the Diploma in Public Management through Damelin.
- Public Awareness programmes are conducted with communities to make them aware of the dangers of fire and the actions to be taken in the event of fire.
- Fire safety compliance, inspections and awareness programmes are conducted in Kannaland where all functions of the fire service are provided.
- The October/November fires in George and Hessequa initiated a response from the provincial department responsible for fire services with operational assistance and a grant funding of R10 million.
- The October/November fires saw the following departments, municipalities and state entities involved in combating the disaster fires: GRDM, George Municipality, Mossel Bay Municipality, Hessequa Municipality, Knysna Municipality, Bitou Municipality, Overstrand Municipality, Overberg Municipality, City of Cape Town, Cape Winelands, West Coast Municipality, Cape Nature, SANS Parks, MTO, PG Bison and Working on Fire.
- The GRDM assisted with firefighting crews that were dispatched to Overstrand Municipality during its disastrous fires of December.
- On 5 May 2018, Garden DM Firefighters participated in a Potjiekos competition and a Firefighter Team Challenge at Garden Route Mall. Two teams from Eden DM excelled during the Team Challenge where 11 teams competed.



Firefighter team challenge at Garden Route Mall

FIREFIGHTING SYMPOSIUM

On the 3rd of October 2018 the GRDM in collaboration with the George Campus of the Nelson Mandela University (NMU) hosted the 2018 Fire Management Symposium.

The event was well-attended by representatives from forestry companies, government departments, including the National Disaster Management Centre, municipal authorities, media houses, private and public conservation bodies, academic and research institutions, as well as private and public landowners and land-managers.

The first day's event followed by two more days of active participation and a gala evening which the Executive Mayor of GRDM, Cllr Memory Booysen, and former Principal of the Nelson Mandela University in George, Prof. Quinton Johnson, also attended. At the gala evening, these dignitaries addressed the

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audience about the issue of the expropriation of land which left many delegates with something important to think about.



Speakers who addressed the delegates on the first day of the event, are from left: Dr Christo Marais, Chief Director at the Department of Environmental Affairs, Mr Roger Godsmark, Operations Director of Forestry South Africa, Mr Paul Buchholz, Project Manager of the Garden Route Rebuild Initiative, Dr Jaap Steenkamp, Director of Forestry and Allied Manufacturing, Ms Pumeza Nodada, Acting Deputy Director-General: Forestry and Natural Resources Management, Mr Malcolm Procter, Deputy Director of Regulation and Oversight at DAFF, Mr Leo Long, Senior Practitioner for Training and Skills Development at SAFCOL, Mr Axel Jooste, Projects Manager at SAPPI Forestry, Mr John-John Emary from Volunteer Wildfire Services, as well as Dr Mmaphaka Tau, Deputy Director-General (Head) of the National Disaster Management Centre.



Panel discussions throughout the events, allowed delegates to pose questions to the speakers. The first panel consisted of Mr Gerhard Otto, Manager of Disaster Management at Garden Route District Municipality, Ms Pumeza Nodada, Acting Deputy Director-General: Forestry and Natural Resources Management, Ms Pumeza Nodada, and Deputy Director-General (Head) of the National Disaster Management Centre, Dr Mmaphaka Tau.

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Officials from the Garden Route District Municipality who were present at the symposium, were: Executive Manager of Community Services, Mr Clive Africa, Acting Speaker, Cllr Barend Groenewald, Manager of Disaster Management, Mr Gerhard Otto and the Garden Route DM George Fire Station Officer, Mr Deon Stoffels.

As part of the presentations at the symposium Mr Paul Buchholz, Project Manager of the Environmental work stream of the former Garden Route Rebuild Initiative (GRRi), elaborated on the activities performed soon after the outbreak of the June 2017 fires in the Garden Route and how these activities were maintained. Efforts ensured successful outcomes to prevent further damage to affected areas, e.g. one such activity was the installation of 34 kilometres of fire sausages (soil erosion prevention booms) at the most damaged and affected areas to ensure that sediment does not flow down from higher geographical areas. Mr Buchholz acknowledged that this could not have been successfully implemented without the assistance of geographic information systems (GIS) to analyse the high-risk areas. A drone was also used to spot the most affected areas in order to prioritise and guide intervention initiatives.

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Executive Mayor of GRDM, Cllr Memory Booysen (right), and former Principal of the Nelson Mandela University in George, Prof. Quinton Johnson (left), addressed the delegates at the gala evening on 4 October 2018



Fire Symposium

DISASTER MANAGEMENT

In terms of the legislative requirements, the Garden Route District has a fully functional Disaster Management Centre (DMC). The centre is staffed with the following staff:

- Head of Centre (HOC), Mr. Gerhard Otto,
- One Disaster Management Official, Mr. Wouter Jacobs,

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- One Disaster Risk Reduction & Climate Change Adaptation Practitioner, Dr. Nina Viljoen,
- One Call Centre Supervisor, and Me. Stella Bouwer with 4 permanent and two contract call centre staff as well as;
- Two Disaster Management Interns manning the DMC research unit,

For the 2019/2020 book year the intention would be the appointment and placement of at least two disaster management officials to be placed at disaster management capacity constrained local municipalities.

At this point in time local municipalities do not provide any staff or funding towards the district DMC, but the following local municipalities have appointed dedicated disaster management officials who closely work with the Garden Route Head of Centre:

- Oudtshoorn LM;
- George LM;

The GRDM disaster management centre (DMC) has been equipped with a joint operational command and tactical decision areas. In order 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 provincial Emergency and Medical Services (EMS) and renders an emergency call taking and dispatch platform servicing the district as a whole.

In addition to the EMS call taking staff the Garden Route DM call centre is staffed with four permanently employed Operators as well as two call centre reservists. For the 2019/2020 book year the intention would be to roll out the newly procured disaster management information management as well as fire dispatch platform to all local municipalities in the region. This platform will ensure standard operational procedures, tracking of all resources as well as better coordination during major incidents as well as disasters.

Main activities of the Garden Route Disaster Management center

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1. Due to the ongoing drought in the Western- as well as the Eastern Cape a National drought disaster was declared this year. Although the declaration lapsed after three months, the national drought disaster classification remained and especially for the Northern, areas of the district special drought interventions had to be implemented to prevent towns from running dry.
2. During the year, the Garden Route Call Centre continued with the upgrading of 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.
3. The Garden Route DMC assisted the Oudtshoorn- and Kannaland local authorities during the below normal rainfall periods in the first and second 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 borehole, the first phase in the connection of the deep-water aquifer boreholes at Blossoms to Oudtshoorn as well as the Klein Karoo Rural Water Supply Scheme and the refurbishment of existing infrastructure to ensure that these town's meet their minimum water demand.

4. In order to assist the Zoar community with rainwater harvesting, the tankering of water to water stressed communities as well as during water shedding periods council approved that R550 000 from the disaster centre's budget could be re-prioritised to be used to assist this authority.
5. 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".
6. During October and November 2018 the GRDM district experienced a fire extending over more than 4 times the area that burnt in last year's Knysna / Bitou fire. 10 Lives were lost as a direct consequence to the fires and although

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very few formal structures burnt the fire had a crippling effect on especially the forestry industry. For the 2019/2020 book year the focus would be to quantify the current knock-on effects of this fire disaster as well as to predict the affect this fire would have over the next three to five years. The intention of the DMC would be to provide a heads-up to all stakeholders in order to collectively develop a “safety net” for those affected as well as to be affected by this disaster.

7. The Garden Route DMC, in collaboration with the PDMC, managed to update the Bitou disaster risk assessment the update of the Mossel Bay and Hessequa disaster risk assessments is currently work in progress.
8. 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.
9. Fire, flood and drought awareness campaigns were held in collaboration with the PDMC.
10. The Garden Route DMC, in collaboration with the South African National Roads Agency executed two accident simulations on the N2.
11. The Garden Route DMC continued to build 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.
12. The Garden Route DMC continued 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 .

Analysis of the Centre's outlook on future events, risks and disasters occurring

Economic perspective

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1. The Garden Route DM is an important economic growth area for the Western Cape. It has an expanding population on account 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. The October and November 2018 disaster fires as well as the prevailing drought conditions will continue to cripple the local economy of the district.

Basic services and infrastructure

2. Challenges in terms of the provision of basic services infrastructure are experienced at the local municipalities that have seen rapid population growth. The natural environment and its resources of the GRDM are sensitive and susceptible to overexploitation or inappropriate use.

Condition of natural "disaster barriers"

3. 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 channelling, the removal of reeds, peat and other water flora by transgressors who abstract water, mostly for agricultural purpose.

The Garden Route Annual Fire Commemoration Event :7 June 2019

On the 7th of June 2019 the Garden Route Annual Fire Commemoration and Climate Change & Adaptation Indaba was hosted by the Garden Route District Municipality (GRDM) in collaboration with the South Cape Environmental Forum. The aim of this Indaba was to once again remind role-players about the fire disaster fires that occurred in June 2017 and October 2018 in the Garden Route District as well as to reflect on the aftermaths and tragic losses because of these fires. The Indaba took place at the Wilderness Hotel in Wilderness of which approximately 150 delegates attended.

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Garden Route District Municipality was well represented at the event. FLTR are: Dr Nina Viljoen, Cllrs Rowen Spies, Erica Meyer, Thersia van Rensburg, Joslyn Johnson, Mayor Memory Booysen, Daniel Saayman, Mr Gerhard Otto and Deputy Mayor Rosina Ruiters.



Various role-players from Government Organisations, Training Institutions, Municipalities and members of the media attended the event. Front (fltr) GRDM Manager: Disaster Management, Mr Gerhard Otto, Executive Mayor, Cllr Memory Booysen and Municipal Manager, Mr Monde Stratu.

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Delegates represented organisations and institutions, such as the National Department of Environmental Affairs, the Western Cape Department of Environmental Affairs and Development Planning, Stellenbosch University and Nelson Mandela University, as well as GRDM and Knysna Municipality were in attendance.

The main purpose of the Indaba was not to only host the Annual Fire Commemoration event, but also to build on the momentum and team effort the region has created in their efforts to recover from the fire, but also to host a Climate Change Indaba. The main objective being to shape a better prepared, climate- ready and resilient Garden Route environment for the communities we serve.

Dr Nina Viljoen, Manager: Disaster Risk Reduction and Climate Change Adaptation at GRDM described the event as crucial in the way the region is planning ahead with a challenging environment at play.

Most of the presentations made at the Indaba, placed emphasis on water security, high quality water resources, the living conditions of the communities, sanitation facilities as well as the regrowth of alien vegetation. These factors place a high risk on the state of health of the residents of the area and the economic growth of the Garden Route.



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Dr Nina Viljoen, Manager: Disaster Risk Reduction and Climate Change Adaptation at GRDM during, her presentation at the event.

Dr Jo Barnes, Epidemiologist and Senior Lecturer Emeritus in Community Health at the Stellenbosch University's Faculty of Medicine and Health Science, provided insight in terms of the harsh realities of the impact of climate change on public health systems.



Dr Jo Barnes, Epidemiologist and Senior Lecturer Emeritus in Community Health at the Stellenbosch University, spoke about the harsh realities of the impact of climate change on public health systems in the Garden Route.

Kannaland Drought – Assistance provided

The residents of Zoar in Kannaland will now be able to store their potable water in proper containers, after the Executive Mayor of Garden Route District Municipality (GRDM), Cllr Memory Booysen, handed over 850 x 20 litre water containers to Kannaland on Friday, 15 March 2019 at the Library Hall in Ladismith.

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Executive Mayor of Garden Route District Municipality, Cllr Memory Booysen, addressing the delegation and officials during the handover ceremony.

The potable containers were handed over to the Executive Mayor of Kannaland, Cllr Magdalene Barry, in the presence of the Western Cape Minister of Environmental Affairs and Development Planning, Mr Anton Bredell, Western Cape Minister of Agriculture, Ms Beverly Shafer, officials from GRDM and Kannaland Municipality, as well as farm owners and community members of the area.



The delegation and officials during the discussions prior to the handover ceremony.

Before the handover Mr Gerhard Otto, Manager of Disaster Management of Garden Route DMC, sketched the dire situation of the dams in Kannaland as well as the crippling effect that the drought conditions had in terms of job losses and the adverse

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affect on food security. Mr Willem Burger from the Western Cape Department of Agriculture, delivered a summary of how the Department assisted Kannaland through support programmes and projects rolled out in the area during the past years.



GRDM Manager of Disaster Management, Mr Gerhard Otto, Portfolio Chairperson of Properties and Asset Management at GRDM, Cllr Joslyn Johnson, Western Cape Minister of Environmental Affairs and Development Planning, Mr Anton Bredell, Western Cape MEC for Agriculture, Minister Beverly Shafers, Speaker of Kannaland Municipality, Ms Aletta Theron, Executive Mayor of GRDM, Cllr Memory Booysen, Executive Mayor of Kannaland, Cllr Magdalene Barry and GRDM Councillor, Cllr Albertus Rossouw, in front of the truck, with three tanks, that delivers water to the Zoar Community.

During the event, Minister Bredell, also announced his plans and what his Department had in store for the community of Kannaland. He indicated that the only solution to address poverty is job creation. In terms of this he committed to the roll-out of the following projects nI: the resealing of the road between Calitzdorp and Oudtshoorn, as well as the building of a new clinic– these projects amount to R 38 million. To address the drought in the area, two new boreholes to the value of R3.4 million will be commissioned and the waste water treatment plant would be rehabilitated with a project to the value of R195 000. The Zoar waste water treatment works (R745 000) and also the Calitzdorp waste water treatment works (R1.5 million) were added to his Department's priority list.

1.3.1.3 ROADS SERVICES

Phase two of the Friemersheim multi-year project has been completed, phase three are on schedule for completion in September 2019. The department has managed to spend 103% of its R178 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:

1. **Reduced Financial Resources - Identifying efficiencies and innovations to address the structural budget deficit.** As GRDM takes steps to reduce costs, there will be increased stress on departments and their employees. Although

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the GRDM'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

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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 add 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:

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- Records Management
- Fleet Services
- 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 was filled on 2 May 2019.

A new sub-section namely Fleet Management was added to the section's structure 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:

1. The Records Control Schedule is a statutory guideline which indicates when official records/ documentation may be destructed and or transferred to the repository in Cape Town, and was approved by the Western Cape Archives and Records Service on 4 October 2018.
2. 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.

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3. Annual Disposal program- 2 unemployed young people were appointed for 3 months from 17 September 2018 – 14 December 2018.

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 2018/2019 and it was successfully completed on 30 October 2018.

A Strategic Plan for the centralisation of records was developed and tabled at the Management Committee on 31 January 2019. The objective is to create sustainable records management awareness in the municipality.

Attendance of quarterly Records Management Forum meetings took place on 7 September 2018, 16 November 2018, 3 February 2019 and 2 June 2019. The objective of the said forum meetings is:

- To create a platform for records managers in the Western Cape Province to discuss strategic matters experienced in the records management environment
- To unify Records Managers of the province to ensure a cohesive forum, where consistent records management practices are addressed
- To encourage that records management matters experienced by governmental bodies are brought to the attention of the Forum to enable them to address it
- To ensure that management of records is part of the strategies and strategic development plans of governmental bodies.

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

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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 ICT Strategic Plan is in its final phase and the following policies were revised and approved by Council.

- 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

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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 Surveyor General - diagrams
 - Provide onsite assistance with the alien vegetation projects of council
 - Prepare maps and reports as per requirement of property section.
-
- **Locality Maps**
 - Provision of route 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.

GIsc Web-Service development

- Development of spatial data/intelligence web-services for user departments based on user requirements.
- The GIsc section of Garden Route DM with the assistance of Esri South Africa initiated a project to development web-services for the spatial data management within Garden Route DM.
- Mapping of spatially related projects in the Garden Route DM region was a core component of the project.

1.3.1.5 FINANCIAL SERVICES

- Unqualified audit opinion 2013/14 - 2015/16.
- Unqualified with findings 2016/2017 and 2017/18
- Improvement of cash and financial position.

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- 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

Overhaul of the Supply Chain Management Committees with co-opting of specific specialised skills specifically in addition to a competent SCM staff;

- Appointment of an advocate for ensuring adherence to compliance logical legal flow leading proper contract management,
- appointment of a Risk Manager for ensuring life cycle risk assessment of contracts from the initial phase of procurement
- appointment of an Engineer specialising in project management to ensure methodical structured specifications

Over and above SCM Staff meeting the Minimum Municipal Competency requirements, there has been various additional training initiatives through Western Cape Provincial Government.

1. Treasury facilitated University of Stellenbosch specifically dealing with Contract Management, Demand Management, Asset Management and so forth in ensuring continuous growth and development of staff. Council approved the Preferential Procurement Policy that seeks to address use of procurement as an economic empowerment tool in the region
2. Closer alignment between Supply Chain Management Unit with Local Economic Development Unit
3. Partnership with PGWC(PT) in staging two Supplier Open Day activities in Hessequa and Kannaland Municipality

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4. Increased maturity levels in the institutionalisation of Supply Change Management within the organisation, first formal adoption of Procurement Plans resulting from alignment of Demand management with Budgeting process took place.

K. Compliance to use of National Treasury's Central Supplier Database and Electronic tender

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 for 2018/19 Financial year;

- Garden Route District Municipality managed to chair the EPWP District Municipal Forum as per the requirement of the EPWP National Protocol Agreement.
- Garden Route District Municipality EPWP Section have engage with the local Municipality and agreed that GRDM EPWP to attend their Internal Steering Committee
- GRDM strive to achieve the objectives of the 3rd phase EPWP and institutionalising EPWP within the organisation by enforcing the approved GRDM EPWP Policy. Therefore, the EPWP Section play a vital role by supporting other Departments in particular to implement EPWP and promote the National EPWP recruitment and Selection guide.
- GRDM submitted EPWP Business Plan to National Department of Public Works for grant funding and signed the Incentive Grant Agreement as per

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Division of Revenue Act . This funding was spend 100% on the Work Opportunities that were created through various funding.

- GRDM implemented 17 EPWP projects with a total of 411 Work Opportunities that were created through the EPWP Integrated Grant, GRDM own funding, GRDM Roads Department and other stakeholders
- All EPWP participants 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 14 May 2019 at National Department of Public Works and it was approved to capacitate 27 participants.
- 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 apply for funding at the Provincial Department of Public Works for Labour Intensive training, 46 was capacitated in this regards and the GRDM EPWP Section coordinated this training whereby, it was hosted in this towns; Knysna, Mossel Bay and Oudtshoorn.
- 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 2018/19 financial year

IDP, IGR & PP

- The IDP, IGR & PP section hosted a District Alignment working session on 25 & 26 July 2019 with all the IDP Mangers in the district and performance managers
- On 14 March 2019 an IDP/Budget and PMS Representative Forum Meeting was held in preparation of the 2019/2020 IDP reviews. At this meeting Mayors presented the status of their respectively municipalities in relation

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to IDP/Budget and PMS and Sector Departments presented on their various projects and programmes for the 2019/2020 financial year.

- An IDP Indaba was held on 22 May 2019, in the George Banquet Hall. The objective of the IDP Indaba was to share the Province's final 2019/20 planned programmes and projects to be implemented in the municipal space for inclusion in the IDPs
- 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
--

1. Calitzdorp Spa

- a. Only emergency repairs done as and when needed
- b. New electric security gates installed
- c. New security cameras installed
- d. Preventative maintenance did not take place
- e. Life Savers were appointed for the 2018/2019 festive season
- f. Additional security services procured for the 2018/2019 festive season

2. De Hoek Mountain Resort

- a. Only emergency repairs done as and when needed
- b. New electric security gates installed
- c. New security cameras installed
- d. Preventative maintenance did not take place
- e. Life Savers were appointed for the 2018/2019 festive season
- f. Additional security services procured for the 2018/2019 festive season

3. Swartvlei Caravan Park

- a. Emergency as well as preventative maintenance carried out

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- b. Additional security services procured for the 2018/2019 festive season

4. Victoria Bay Caravan Park

- a. Emergency as well as preventative maintenance carried out
b. Additional security services procured for the 2018/2019 festive season
c. Additional sewer removal services procured for the 2018/2019 festive season as Knysna Municipality could not service the increased demand

5. General projects applicable to all resorts

- a. Applicable leases managed as required
b. Accommodation rates increased in line with similar Resort rates

PROPERTIES

- Existing leases increased by 10 %
- New leases annual increase set at 10 %
- Two long term lease agreements entered into on Regional Landfill Site:
 - a. Moemakoe (Pty) Ltd: Construction of a petroleum storage facility
 - b. Ikusasa Processing Engineering Consultants (Pty) Ltd: Construction of a chemical manufacturing plant, storage and distribution hub
- The following leases will be levied monthly from 1 June 2019 to 31 May 2020.

Table G

Debtor Number	Lessee	Lease Renewals 1 June 2019		Monthly Levy 1 June 2018 to 31 May 2019 Incl. VAT	Monthly Levy 1 June 2019 to 31 May 2020 Incl. VAT	Expiry Date
		Property	Extent			
38000501	Pumpcor	Erf 2027 Riversdale	1 700 m ²	R 5 778.00	R 6 355.80	31-May-20
38100176	JH Stander	Portion 1/64 Farm 233 Moerasrivier	11.4 ha	R 2 658.97	R 2 924.87	31-May-20
38200067	Sunny Herbs	Portions 4/64 + 5/64 Farm 233 Moerasrivier	9.5 ha	R 3 246.00	R 3 570.60	31-May-20
38200066	JAJ Coleman	Portions 2/64 + 3/64 Farm 233 Moerasrivier	12.5 ha	R 6 412.22	R 7 053.44	31-May-20
84000139	J Pistorius	Erf 884 Heidelberg	1.03 ha	R 3 638.26	R 4 002.09	31-May-20
		Total		R 21 733.45	R 23 906.80	

DISTRICT ECONOMIC DEVELOPMENT

Garden Route Smart Cities Summit

The concept of Smart Cities is gaining momentum in the South Cape. The forward-thinking municipalities of this region are working on defining what this means for them, and on how best to maximise the benefits of smart thinking.

To that end, the Garden Route District Municipality, together with the South Cape Economic Partnership (SCEP) and the Western Cape Economic Development Partnership (EDP), convened a workshop on 3 October 2018 in Plettenberg Bay, focused on:

- Clarifying the meaning of Smart Cities in the context of the South Cape
- Sharing best practice in smart thinking from local and international experts
- Exploring how District collaboration can multiply Smart City initiatives.

Attendees at this workshop included representatives of all municipalities in our region, with the emphasis on Local Economic Development, Infrastructure, Strategic Services, Planning and ICT. Private sector attendees included Town Planning experts and local tourism representatives.

Summary of prioritised action points

Smart living action points

- Pilot project in one community in the region to demonstrate all the 7 principles of "Smart Living"
- Increase housing density and accessible public transport and make the region cycle friendly
- Develop a network of small-scale organic agriculture to supply local restaurants and retailers
- Facilitate integrated efforts for safety and security by the police, neighbourhood watches and private security companies
- Invite business to provide innovative solutions through existing forums to current smart living challenges

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- Encourage spatial development for poor communities which will allow activities like gardening, etc.

Smart Waste action points:

- Regional programme for sensitizing residents and incentives for recycling
- Continue with the integrated approach between municipalities for alternative technologies
- Waste-to-energy initiatives

Smart Technology action points:

- An audit needs to be done on what exists that could be expanded or developed further;
- Way leave and trenching policies to be put in place;
- Coordination in terms of free Wi-Fi to be coordinated by die District and local municipalities;

Smart Green action points

- Lack of Skills within municipalities to interrogate green solutions. Will be addressed through Green Cape municipal capacity building initiatives
- Interrogate current policy to create more conducive/enabling environment
- Inter-governmental approach to green solutions

Smart Tourism action points

- Wi-fi hotspots
- Regional public transport e.g. Uber
- Data collection and analytics for smart tourism
- Smart training for hospitality and tourism industry

Smart Design action points

- Ensuring values, visions and policies that underpin smart city design are in place

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- Increase the focus on GIS skills and resources for smart cities
- Integration of data collection and maintenance processes and systems
- Data access protocols that enables access across municipalities

Next steps

The output of this workshop will be used to feed into specific working groups, each focused on one of the Smart areas identified above. While the prioritised action points will be the initial objectives of these groups, the more detailed opportunities and proposals listed in this report will form the basis of the longer-term Smart Cities initiatives in the Garden Route.



Garden Route Film Office

The film office has been established and registered as a Non-profit company and the official Board of Directors have been elected and have been doing intense work for the promotion of the Garden Route film industry.

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In the 2018/19 financial year council contributed R190 000 towards the establishment of the Garden Route Film Office for the promotion of the Garden Route district as a preferred film destination with which they have already implemented various initiatives as entailed in the enclosed report. The Mossel Bay Municipality has also contributed towards this initiative and has made office space and an intern available for this purpose.

The role of the Film Office is to:

- Regulate standards in the local industry
- Create a comprehensive database
- Create a professional administrative and regulatory support structure, i.e. permits, by-laws & auxiliary services
- Uplift and develop skills to underpin a sustainable industry

Strategic Interventions:

- Formation of a GR&KK Film Office
- Locations catalogue
- Location support and permitting
- Skills database
- Training, skills development and talent management
- Enterprise development and support
- Coordinated marketing efforts

Business Model:

- To make money by hosting film events/festivals and award ceremonies and sponsorships
- Their go-to-market strategy is to attend film festivals and form strategic partnerships with investors, government, other media players
- Will reach customers by upgrading website, comprehensive database, social media and a planned media blitz

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- Channels to market are Wesgro, Tourism offices, International and Regional film festivals, internet and social media
- Current traction is from Cape Town overflow alternative, over 100km radius a variety of diverse locations and limited traffic, saving time and money
- Will build momentum by offering a professional service, being efficient and informative, offering slick auxiliary services, offering filming potential, as yet untapped

Benefits of co-funding the Garden Route Film Office

- Exposure to a new, untapped audience
- Placing the Garden Route and Klein Karoo on the map as a pristine tourist and film destination
- Film credit/endorsement
- Past film successes and growth in the region
- Skills creation and community upliftment

iKASI MEDIA ACCREDITED FILM AND MEDIA ORIENTATION PROGRAMME CERTIFICATE CEREMONY

22 Students from the Garden Route and Klein Karoo completed the iKasi Media Accredited Orientation to Film and Television programme presented by iKasi Media. The National Youth Development Agency also provided entrepreneurship training to the group. Short films were produced by these learners of which 4 were selected to be entered into the 48 Hour Film Festival. The Garden Route District Municipality has supported the iKasi Media programme up until when they were accredited.



EXPORT DEVELOPMENT PROGRAMME

The District Economic Development unit embarked on an informal tender process for the appointment of a service provider to conduct an Export Advancement: Gap Analysis and Mentorship programme for a total of 20 participants (SMME's), in order to build the competitive capacity, improve the trade potential and expand the export markets of the business. The project entailed assessment of the business identifying gaps and challenges for each of the participating businesses. Tradewize International was the successful bidder and appointed as service provider to conduct one-on-one, on-site assessments of small businesses across the district.

PROGRAMME BENEFITS

The general benefits from the '**Export Advancement**' programme include the following:

- Knowledge and skills transfer
- New market penetration and expansion
- Higher exports
- Improved productivity
- Opportunities to innovate, upgrade and increase competitiveness
- Growth in employment creation

The programme covered the following:

ONE – ON – ONE MENTORSHIP - OUTCOMES

- Business Export Gap Analysis
- Export specific mentorship per business implemented based on findings of the export gap analysis.
- Specific goals to be set linked to a timeframe.
- Exporters to be provided with practical guidance in order to implement the set goals.
- Addressing specific business needs as per exporter's business requirements
- Mentor to work with the exporters, advising on developing certain business areas
- Skills transferred should be tailored to the exporter's requirements

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- A “Ready to export checklist”;
- Market information/research and match making resources to enable the compilation of a marketing plan;
- Advise on technical material requirement for exporting;
- A list of funding sources for product development and export marketing e.g. export marketing platform attendance

CRITERIA FOR EXPORT PROGRAMME PARTICIPANTS

- Product/Service should have a niche or competitive edge;
- Company should be registered with registrar of companies CIPC;
- Be in possession of a valid Tax Clearance Certificate;
- Enterprise should have conquered the local market to an extent;
- Enterprise must be committed to developing an export market;
- Enterprise should have or have access to finance;
- Enterprise should have operational capacity to service additional markets;

The Small Enterprise Development Agency (SEDA) has agreed to become a partner and assist in addressing the gaps and challenges identified during these assessments and will compile a detailed intervention plan with actions for each of the participating businesses that will be directly linked to their export development programme.

GARDEN ROUTE AIRLIFT STEERING COMMITTEE

The Garden Route District Municipality in collaboration with the Airports Company of South Africa (ACSA) and the George Municipality has initiated a Regional Airlift project for which a steering committee was established.

Project committees are also in the process of being established in order to more effectively coordinate the system of transporting cargo and passengers by aircraft.

REGIONAL SPECIAL ECONOMIC ZONE

The District Municipality is driving a process in collaboration with the Mossel Bay Municipality by which an application will be submitted to the Department of Trade and Industry for the establishment of a Regional Special Economic Zone to further

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enhance the district's appeal for investment and increase the export potential of products and access to markets.

TOURISM

KANNALAND TOURISM STRATEGY DEVELOPMENT

The Garden Route District Municipality allocated funds through the 2018/2019 budget for the development of a Tourism strategy for Kannaland Municipal area.

In 2017, Garden Route District Municipality conducted an Investment readiness roadshow throughout the District and one concern specifically from the Mayor of Kannaland was that there was no strategy for Tourism in Kannaland. The area has enormous potential for Tourism as well as investment opportunities, but required a document that could streamline all the opportunities and activities.

A service provider was appointed through the Supply Chain Management tender process to review, evaluate and conceptualise a tourism strategy document that will aid the Kannaland Municipality and various stakeholders to prioritise and implement various tourism projects in order to market and develop Kannaland as a tourism destination.

The aim of the proposed tourism strategy is to ensure positive economic benefits and opportunities for all stakeholders. The development of the tourism strategy was informed by stakeholders' inputs through various mechanisms including workshops that were held.



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GARDEN ROUTE CATER CARE PROJECT

The Garden Route District Municipality made the amount of R300 000 available to train 15 previously disadvantaged individuals in the tourism and hospitality sector. Interviews with applicants for Cater Care course 2018/19 were held on 21 and 22 February 2019 at the Francois Ferreira Academy in George.

A total of 37 candidates were listed to be interviewed over the two days, 20 candidates on the 21st of February and 17 on the 22nd of February 2019.

21 st February 2019			22 nd February 2019		
Did not pitch	Unsuccessful	Successful	Did not pitch	Unsuccessful	Successful
3	8	9	6	5	6

The course started on 4 March 2019 and the School phase finished on 31 May 2019

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Classes were presented from Monday to Thursday from 08:30 – 15:00. The course was presented at the Francois Ferreira Skills Academy at Oubaai.

Cater Care Certificate Ceremony 2019

A certificate ceremony was held on 12 July 2019 for the learners who completed the course.



REGIONAL TOURISM STRATEGY

The Garden Route District Municipality's Integrated Development Plan (IDP) final review 2018/2019 – 2021/2022 states that the tourism industry generally spans across

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the economic sectors, ranging from accommodation and- catering, retail and wholesale, transport, manufacturing, business services and social services. The most visited towns in Garden Route and Klein Karoo include Knysna, Plettenberg Bay, Wilderness, Mossel Bay, George, and Oudtshoorn. Stilbaai is also a popular town for holiday homes. The most visited attractions by tourists in South Africa include the Garden Route (284 000 visitors in 2015), Karoo Ostrich Farms (144 000 visitors in 2015) and the Cango Caves (132 000 visitors in 2015).

The tourism unit of the Garden Route District Municipality was tasked to develop a new 5-year Regional Tourism Strategy for Garden Route and Klein Karoo Tourism in order to stay up to date with the ever changing tourism environment and the economy.

The document was developed in collaboration with Local Tourism organisations as well as private sector stakeholders in the region. The strategy is presented as a 5-year strategy to align with the reviewed IDP of the Garden Route District Municipality and is intended to clearly define the strategic priorities for regional tourism and to streamline all tourism activities in the region.

Garden Route District Municipality's Tourism Unit's strategic objectives underpinned in the approved Tourism strategy developed in line with this vision and mission, and informed by the national and provincial objectives and local opinions, are:

Effective Marketing

- Increase visitor numbers to the region;
- Enhance the effectiveness of international marketing to establish the Garden Route and Klein Karoo as a destination of choice;
- Expand and improve domestic marketing activities
- Attraction and hosting of events (business, sporting and lifestyle) to improve the seasonal and regional spread of tourism benefits.

Visitor Experience

- Diversify and enhance tourism product offerings

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- Enhance local destination sites through cleanliness, safety and security, aesthetics, and information improvements
- Enhance tourist safety;
- Improve tourism skills and service excellence.

Destination Management

- Improve the focus and delivery of tourism marketing and development support provided by local government (Lobby and ensure policy sustainability support from B's for tourism)
- Effective streamlining and strengthening of collaborative efforts in the region to make more impact.
- To provide knowledge to inform policy, planning and decision-making.

Transformation

- Promote Broad-Based Black Economic Empowerment (B-BBEE)
- Support sustainable Enterprise development (LED strategies includes tourism development).

Facilitate Ease of access

- Enhance ease of access to the region.
- Facilitate ease of doing business to ensure the growth of the tourism economy.

The strategic objectives is based on the following five pillars:

- Effective marketing;
- Visitor experience;
- Destination management;
- Transformation;
- Facilitate ease of access

MARKETING PLATFORMS

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1. World Travel Market Africa 2019

Garden Route & Klein Karoo Tourism exhibited on a regional Garden Route and Klein Karoo stand for the first time this year. This platform provided the region the opportunity to engage with tour operators, travel agents and travel writers to direct more tours and travels to the Garden Route & Klein Karoo, this regional initiative in turn sent a strong message of unity to our competitors.

Garden Route & Klein Karoo booked 36m² providing space for the Local Tourism Offices and their products/services in the region to form part of the exhibition. The following Local Tourism Offices exhibited with Garden Route & Klein Karoo on the GR&KK stand:

- Oudtshoorn Tourism
- George Tourism
- Hessequa Tourism
- Calitzdorp Tourism
- Plettenberg Bay Tourism

The following Local Tourism products/services exhibited with Garden Route & Klein Karoo on the GR&KK stand:

- Redberry farm
- Oubaai hotel and Spa
- De Rustica olive estate
- Destination Garden Route
- Knysna River Club
- Gourikwa nature reserve
- Hog Hollow

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- Dine with a Local



2. Annual Tourism Indaba 2019

Garden

Route & Klein Karoo

Tourism attended this year's Indaba on the Cape Town and Western Cape Stand with Wesgro, for the 8th year.

Indaba 2019 was attended by Ms. Amagene Koeberg, Mr. Denver Johnson (both from GRKK tourism office) and Ms. Joan Shaw (George Tourism), representing the Garden Route and Klein Karoo on the Cape Town and Western Cape stand.



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COORDINATION OF EVENTS FUNDING THROUGH WESGRO

The Garden Route & Klein Karoo Tourism Office coordinated tourism funding for events through Wesgro. A call for event applications were sent from the regional tourism office, requesting all Local Tourism Offices to submit event proposals and applications for events in their respective towns that required funding for the period starting from 1 April 2019 to 31 March 2020.

Wesgro has supported six (6) events in our area and contributed approximately R250 000.00 towards these events for the Garden Route and Klein Karoo.

GARDEN ROUTE AND KLEIN KAROO EVENTS AND FESTIVALS SPONSORSHIP

The Garden Route & Klein Karoo Regional Tourism Office sent out a call for applications from Local Tourism Organisations for their submission of tourism festivals and events for funding from Garden Route District Municipality.

Consideration is given for smaller events that take place from December 2018 until June 2019, which were not funded by Wesgro. The applications process closed on the 28th of September 2018, and no late applications were considered. The following events were sponsored with an amount of R25 000.00 each:

- Proe Bietjie Arts festival
- Ostrich Crawl Experience
- Saxophone Festival
- Calitzdorp Winter Festival

GARDEN ROUTE ACSA EASTER CAMPAIGN

The Airports Company of South Africa (ACSA) George, in collaboration with Garden Route & Klein Karoo Tourism (GR&KK) section of Garden Route District Municipality (GRDM) hosted an Easter Welcoming Campaign at the George Airport on 17 & 18 April 2019.

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The campaign aim was to create awareness about the Garden Route and Klein Karoo and its tourism offerings, which are mostly accessed by tourists whose first point of entry is the George Airport.

Visitors to the region were welcomed and given goodie bags filled with promotional marketing material. ACSA concurrently had an Easter Egg Give-Away to kids and they are also had the opportunity to partake in a colouring competition. The following organisations for sponsored tourism products:

Cango Caves Estate: Coffee Roastery, Cango Caves Zipline, Kobus se Gat and the Cango Wildlife Ranch.

The GRDM Tourism Unit had a pop-up welcome desk in the foyer of the airport; guests took selfies with employees as they were handed goodie bags.



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.

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: 2018/19 R'000			
Details	Original budget	Adjustment budget	Actual
Income:			
Grants:	158 885	172 435	165 934
Other:	231 230	230 210	234 435
Sub Total:	390 115	402 645	400 369
Less: Expenditure	387 838	398 403	385 685
Net Total*	2 277	4 242	14 684
*Note: surplus/(deficit) T 1.4.2			

Operating Ratios	
Detail	%
Employee Cost	57
Repairs & Maintenance	0.69
Finance Charges & Impairment	0
T 1.4.3	

COMMENT ON OPERATING RATIOS:

Employee Costs: 57%

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

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

Repairs and maintenance: 0.69%

There are limited funding available to allocate to repairs and 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 finance leases for mobile devices.

COMMENT ON CAPITAL EXPENDITURE:

The majority of the budget includes:

1. Purchase of an office building for the Environmental Health section in Plettenberg Bay
2. Purchase of fire fighting vehicles and equipment
3. Purchase of IT equipment
4. Purchase of risk management and internal audit software

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 it mission to serve and support the interest of all personnel. In this regard, the HR strives to:

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- 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

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organisational differences. Ultimately, HR professionalism will be enhanced by reducing inconsistencies in the profession.

The goals of the project are as follows:

1. To improve standardised approaches to professional HR practices and thus promoting HR professionalism;
2. To develop a national HR scorecard with specific HR measurements and metrics, supported by a National HR Research and Benchmarking Centre;
3. To create a National HR Academy with a standardised HR Curriculum;
4. To ensure that HR features in integrated reporting;
5. 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	2013/14	2014/15	2015/16	2016/17	2017/2018	2018/2019
Status	Unqualified Opinion	Unqualified Opinion	Unqualified opinion	Unqualified with findings	Unqualified with findings	Unqualified with findings

1.7 STATUTORY ANNUAL REPORT PROCESS

Annual Process Plan as per Circular 63 of the MFMA

Activity	Process Owner/Role Player	Timeframes
Consideration of next financial year's Budget and IDP Process plan.	MM assisted by other Section 56 Managers & the CFO	July

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Implementation and monitoring of approved Budget and IDP through the approved SDBIP commences	MM assisted by other Section 56 Managers & the CFO	July
Finalise 4 th quarter report of previous financial year	MM assisted by other Section 56 Managers & the CFO	July
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	July
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
Mayor tables the unaudited Annual Report in Council	Mayor	August

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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	
Municipality submits Annual Report including final annual financial statements and annual performance report to Auditor General for auditing purposes by 31 August 2018	CFO	August
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	September

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Annual Report and oversight report process for adoption to be used as input into public participating meetings for the IDP review process	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
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	
Oversight committee finalises assessment on Annual Report within 7 working days of receipt of AGs report.	Oversight Committee	November
Auditor General review the audited report	Auditor General	November/December
Mayor tables audited Annual Report and financial to Council	Mayor	December
Audited Annual Report is made public, e.g. posted on municipality's website.	MM	
Council adopts oversight report	Council	
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 four (34) Councillors, Management and officials. Minutes of all meeting proceedings are recorded and safeguarded for record purposes and future reference.

TOP POLITICAL STRUCTURE



Cllr Memory Booysen
EXECUTIVE MAYOR (DA)



Cllr Rosina Ruiters
DEPUTY EXECUTIVE
MAYOR (DA)



Cllr Barend Groenewald
SPEAKER (DA)
27 June 2019
Acting Speaker
28 May 2018 - 26 June 2019
Acting Speaker
1 November 2018 -
12 December 2018



Cllr Eleanore Bouw-Spies
SPEAKER (DA)
13 December 2019
- 8 May 2019



Cllr Mark Willems
SPEAKER (DA)
31 August 2016 -
30 October 2018

CHIEF WHIPS



CHIEF WHIP
Cllr Rowan Spies
DA



CHIEF WHIP
Cllr Piet van der Hoven
ANC



CHIEF WHIP
Cllr Virgil Gericke
PBI



CHIEF WHIP
Cllr Theresa Fortuin
ICOSA



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

2016/17 - 2021/22 Council



DA Cllr Barend Groenewald
DA



Cllr Memory Booysen
Executive Mayor
DA



Cllr Rosina Ruiters
Deputy Executive Mayor
DA



Cllr Erica Meyer
DA



Cllr Isaya Stemela
DA



Cllr Joslyn Johnson
DA



Cllr Rowan Spies
DA



Cllr Khayaletu Lose
DA



Cllr Liza Stroebe
DA



Cllr Doris Xego
ANC



Cllr Albertus Rossouw
DA



Cllr Jennifer Hartnick
DA
(Starts 2 October 2018)



Cllr Ivan Mangaliso
ANC



Cllr Jerome Lambaatje
DA



Cllr Bernardus van Wyk
DA



Cllr Daniel Saayman
DA



Cllr Klaas Windvogel
ANC



Cllr Luzuko Tyokolo
DA



Cllr Mputumi Mapitiza
ANC



Cllr Ndoda Tsengwa
ANC
(Starts 10 September 2018)

2016/17 - 2021/22 Council



Cllr Piet van der Hoven
ANC



Cllr Raybin-Gibb Figland
DA



Cllr Clodia Lichaba
ANC



Cllr Ryk Wildschut
DA



Cllr Sebenzile Mbandezi
ANC



Cllr Tobeka Teyisi
ANC



Cllr Steven de Vries
ANC



Cllr Sharon May
DA



Cllr Theresa Fortuin
ICOSA



Cllr Thersia Van Rensburg
DA
(Starts 10 January 2019)



Cllr Virgil Gericke
PBI



Cllr Anne Windvogel
DA



Cllr Nomhiki Jacob
ANC



Cllr Nontsilelo Kamte
ANC



Cllr Mark Willemse
Speaker
DA
(Resigns 30 October 2018)



Cllr Eleanore Bouw-Spies
Speaker
DA
(13 December 2019 - 8 May 2019)



Cllr Victor Molosi
ANC
(Deceased 23 July 2018)



Cllr Simon Odendaal
ANC
(Resigns 5 December 2018)

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 Democratic Party (PBI)	Independent Civic Organisation of South Africa (ICOSA)
21	12	1	1

2.1.2 COUNCIL COMPILATION (REFER TO APPENDIX A & B)

Proportion al 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	
	Mputumi Patco Mapitiza	
ICOSA	Theresa Fortuin	Proportional Representation

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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	Jennifer Lorraine Hartnick	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 Stroebe	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	Ndoda Aubrey Tsengwa	ANC	3
	2	DMC Pofadder(10 July 2019)	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	2	0	6	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	0	0	0	0	0	1	0	0	1

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Africa (ICOSA)									
TOTAL	8	10	0	3	5	7	0	2	35

During the year under review (1 July 2018 to 30 June 2019), 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
Total of meetings held and agendas distributed	89	2331

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).

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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 2018 to 30 June 2019:

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

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- 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	J Daniels	T Van Rensburg(DA) D Saayman (DA) BN Van Wyk (DA) NF Kamte (ANC) PJ Van der Hoven (ANC)
Financial Services	Income and Expenditure, Supply Chain, BTO, Revenue Management, Asset Management, Stores, Financial Statements, GRAP Statements	JC Lambaatjeen	RE Spies	JW De Jager	BN van Wyk (DA) RR Wildschut (DA) L Tyokolo (DA) MP Mapiitiza (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) JL Hartnick (DA) CN Lichaba (ANC) K Windvogel (ANC) T Fortuin (ICOSA)
Property Management and Development	Property Planning and Maintenance, Resorts, Strategic, Investment Properties, Regional Bulk Infrastructure Planning, Rural	JP Johnson	I Stemela	L Menze	SF May (DA) EH Stroebel (DA) BHJ Groenewald (DA) NF Kamte (ANC) MP Mapiitiza (ANC) V Gericke (PBI)
District Economic Development and Tourism	Regional Economic Development, Tourism, Arts and Culture, Youth	RH Ruiters	KS Lose	L Menze	SF May (DA) BHJ Groenewald (DA) EH Stroebel (DA) S De Vries (ANC) NA Tsengwa (ANC) V Gericke (PBI)
Corporate	Human Resource	I Stemela	RH Ruiters	B	RGS Figland (DA)

Services	Development, Support services (Records / Telephone Management / Access Control), Committee Services, Legal Services, Gender / Disability related matters, HIV (Garden Route staff).			Holtzhausen	BHJ Groenewald (DA) AJ Rossouw (DA) SS Mbandezi (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) JL Hartnick (DA) D Saayman (DA) NC Jacob (ANC) MP Mapitiza (ANC) T Fortuin (ICOSA)

Section 79 Committees			
Committee	Chairperson	Other political representation	Unions
Budget Steering	JC Lambaatjeen (DA)	RE Spies (DA) T Fortuin (ICOSA), D Xego (ANC),	-
Appeals Committee		E Meyer (DA), RH Ruiters (DA), JL Hartnick (DA), PJ Van der Hoven (ANC), T Fortuin (ICOSA); V Gericke (PBI)	-
Governance		RE Spies (DA), PJ Van der Hoven (ANC), T Fortuin (ICOSA), V Gericke (PBI)	-
MPAC	CN Lichaba (ANC)	Eh Stroebel (DA), AJ Rossouw (DA), BHJ Groenewald (DA), BN van Wyk (DA), IT Mangaliso (ANC), T Fortuin (ICOSA)	-
Training & Development	S De Vries (ANC)	RE Spies (DA), RGS Figland (DA),	2 Imatu 2 Samwu
Occupational Health & Safety	V Gericke (PBI)	D Saayman (DA), NF Kamte (ANC)	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 Stroebel (DA), B Groenewald (DA) T Van Rensburg (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				Dr A Potgieter
Members	-	-	-	Adv D Block Ms. N Bulabula Mr G Stenekamp
DA	D Saayman BHJ Groenewald RH Ruiters	BHJ Groenewald E Meyer RH Ruiters	I Stemela JP Johnson RGS Figland	-
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)
Chairperson	Public Transport Council representatives	Road Agency	District Assessment Committee (DAC)
DA	RE Spies	RE Spies	RH Ruiters
ANC	NF Kamte	PJ Van der Hoven	S De Vries
ICOSA	T Fortuin		
BPI			

2.1.8 POLITICAL DECISION-MAKING PROCESS

Step 1	Executive Managers	Submit Reports to Portfolio Committee
Step 2	Council Committees	For notice and/or Recommendations
Step 3	MAYCO Prelim	Technical Review / Interrogate Reports
Step 4	Mayoral Committee	Recommendation
Step 5	Council	Approve / Consider
Step 6	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 JW De Jager
Executive Manager: Roads and Transport Planning	Mr JG Daniels
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:

1. Senior Management meetings (ManCom);
2. Middle Management meetings (Reflection group);
3. Operation Clean Audit (GRAP / OPCAR);
4. Excellence Enhancement Initiative Task Team; and
5. 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



Mr Jan-Willem de Jager
Executive Manager:
Financial Services (CFO)



Mr Lusanda Menze
Executive Manager:
Planning and Economic
Development



Mr John G Daniels
Executive Manager:
Roads 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
JW De Jager	Executive Manager: Financial Services	Yes
JG Daniels	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:

1. To promote horizontal and vertical partnership building towards coherent governance for the effective provision of municipal services and the realization of national priorities;
2. Co – ordinate and partake in district, provincial and national intergovernmental structures;
3. The implementation, reporting and monitoring of the Back – to Basics – Programme;
4. To co-ordinate and facilitate good relationships with municipalities and Provincial and National spheres of government;
5. To ensure that internal departments and sections build strategic developmental partnerships with their technical counterparts;

6. To co-ordinate the sharing of best practices, knowledge and information amongst municipalities; and
7. 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:

1. Mayoral Committee
2. Council's Section 79 and Section 80 Committees
3. Management Committee
4. Municipal Public Accounts Committee (MPAC)
5. Audit and Performance Management Committee
6. Budget Steering Committee
7. Garden Route IDP Task Team
8. Garden Route Risk Committee
9. Occupational Health and Safety Committee
10. 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 22 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 22 IGR Forums, it is reported that all Forums have been strengthened with the exception of the Youth, Legal and Speakers Forum.

The District IGR, IDP and Public Participation office 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 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 IDP Officers/Coordinators DPLG – Integrated Development Plan Directorate	Garden Route DM, IDP Manager: Mr M Cekiso

Garden Route District Forums				
Forum name	Frequency of meetings	Purpose	Composition	Chairperson
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
South Cape Economic Partnership/LED Managers Forum	Quarterly	Platform for Economic Development Practitioners, government departments and private sector stakeholders 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 Manager: Ms M. Wilson
District Green Energy Forum	Quarterly	Platform through which developers could engage regulators on issues affecting the Renewable Energy	PMU Managers, Department of Energy and Provincial Sector Departments and relevant stakeholders.	Garden Route DM, PMU Manager: Ms P.Dongi
District 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, LED & Tourism Manager: Ms M. Wilson
District Public Participation Forum	Quarterly	Platform for district to discuss plans, strategies and best practices for public participation related matters.	Public Participation Official GCIS DPLG – Public Participation Directorate	Garden Route DM, IDP Manager: Mr M Cekiso
District Communicators Forum	Quarterly	To discuss and Review the Communication Strategy and Policy related matters.	District and Local Communication Managers/officials, GCIS, and Provincial Sector Department.	Garden Route DM, Senior Communication Officer : Mr H. Pieters

Garden Route District Forums				
Forum name	Frequency of meetings	Purpose	Composition	Chairperson
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 Provincials 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 (ICT) Forum	Quarterly	To discuss and strategize issues with regard to IT.	Local Municipalities IT Specialists and Administrators	Garden Route DM, ICT Manager: K. Nieuwoudt
District GIS Forum	Quarterly	To discuss Geographical Information System (GIS) related matters.	District and Local GIS Managers and officers, Provincial Department	Garden Route DM, GIS Coordinator: Mr S. Damons
District Roads and Infrastructure Forum	Quarterly	To discuss the Integrated Roads, Bulk Infrastructure and Engineering related matters.	District and local municipalities Engineers and Relevant Provincial Department	Garden Route DM, Roads Manager: Mr J. Daniels
Garden Route Waste Management Officers forum	Quarterly	To discuss matters related to Waste management and Landfill site	District and Local Waste Managers, Provincial Sector Departments	Garden Route DM, Waste Manager: Mr Morton Hubbe
District GRRRI Waste Beneficiation Flagship	Quarterly	To discuss Waste Minimisation strategy and action plan	District and Local Waste Managers, Provincial Sector Departments	Garden Route DM, Waste Manager: Mr Morton Hubbe
District Air Quality Forum	Quarterly	To discuss educational and Awareness Air Quality Management Plan related issues.	District and Local Air Quality Managers/ Officers, Provincial Sector Department, Relevant Stakeholders and Industries	Garden Route DM, Waste Manager: Dr J. Schoeman

Garden Route District Forums				
Forum name	Frequency of meetings	Purpose	Composition	Chairperson
Garden Route Air Quality Working Group with Garden Route Industries	Quarterly	To discuss, communicate Air Quality issues with Industries and coordinate training related matters.	District and Local Air Quality Managers/ Officers, Provincial Sector Department, Relevant Stakeholders and Industries	Garden Route DM, Waste Manager: Dr J. Schoeman
Garden Route Fire Chief Officers Forum	Quarterly	To discuss the district's Fire Services related issues.	District and local municipalities Chief Fire Officers, Department of Local Government	Garden Route DM, Fire Chief: Mr F. Thaver
District Chief Risk Officers Forum	Quarterly	To discuss Transversal Risk Management related issues.	District and Local Chief Risk Managers and officers	Garden Route DM, Risk Officer: Ms L James
District Chief Audit Executive Forum	Quarterly	To discuss challenges related to Internal Audit and implement resolutions from provincial structures	District and Local Chief Audit Executive, Provincial Treasury, and AG	Garden Route DM, CAE: Mr J-W de Jager/P Lufele
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: Ms N.Klaas
Regional Skills Development Facilitators Forum	Quarterly	Skills development in the region (Central Karoo and Garden Route).	Garden Route, B-Municipalities and Central Karoo, LGSETA and other relevant SETA's, Educational Institutions	Skills Development Facilitator: Mr R Salmons
District EPWP Forum	Quarterly	To discuss EPWP related matters	District and Local EPDP Managers/Coordinators, Provincial and National Department of Public Works	Garden Route DM, EPWP Managers: Mr R. Dyantyi
District/Regional Task Committee	Quarterly	To discuss Job Description and evaluation related matters	District and Local TASK/Job Evaluators Officials	Garden Route DM, HR Managers: Ms N.Klaas

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:

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

2.4 IDP PARTICIPATION & PERFORMANCE ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
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

IDP Participation and Alignment Criteria	Yes/No
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:

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

2.5.3 LEGISLATIVE REQUIREMENTS

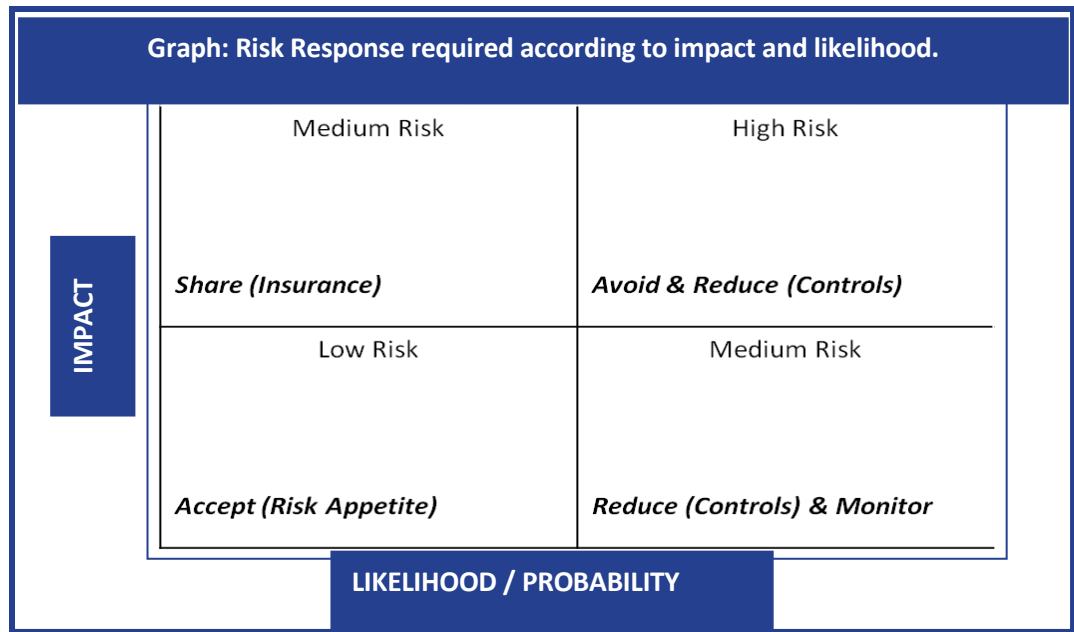
Sections 62(1)(c)(i) and 95(c)(i) of the MFMA specifically require Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management.

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:

1. **Internal Environment** – the municipality's internal environment is the foundation of all other components of risk management and needs to be thoroughly assessed.
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.

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.
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.
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.
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.
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.
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 been presented at the Strategic Session held in March 2019.

As at 30 June 2018, the top ten risks to the municipality			
No.	Risk Group	Risk	Cause of risk (root cause)
	Sustainable Environmental Management and Public Safety	Excessive alien vegetation in the District	<ul style="list-style-type: none"> • Alien infestation not being eradicated due to no Alien invasive species, monitoring, control and eradication plan • Droughts, • Unharvestable fields/crops • Non maintenance of fire breaks • Excessive alien invasive plant growth in the entire district.
	Sustainable Environmental Management and Public Safety	Climate change	<ul style="list-style-type: none"> • Greenhouse gases • Changes in temperature • Changes in weather patterns • Human fingerprint
	Financial Viability	Financial Sustainability	<ul style="list-style-type: none"> • Limited own revenue sources • Grant dependency • Lost opportunity of income due to minimal or no payments of Council properties • District municipality providing minimal leviable services

As at 30 June 2018, the top ten risks to the municipality			
No.	Risk Group	Risk	Cause of risk (root cause)
			Non recoverability of fire service accounts
	Good Governance	Negative Audit Opinion	<ul style="list-style-type: none"> •Irregular expenditure •Failure to provide credible AFS •Failure to properly administrate payments •Ineffective systems control procedures with regards to capturing of data •Lack of / no service delivery with regard to key areas within the finance department •Incorrect treatment of VAT resulting in over-or under payment to SARS •Vendor still developing basic functionality on the system e.g. Bank reconciliation module •Capacity of the vendor to support their client •SCM related processes
	Growing and inclusive district economy	Lack in economic growth in the district	<ul style="list-style-type: none"> •Ineffective facilitation and coordination of district economic activities, projects and programmes across the region. • Lack of funding; • Lack of investor confidence in GRDM – insufficient or ineffective investment promotion; Absence of investment incentive policies • Capacity constraints at B or C municipal level; • Lack of buy in from stakeholders; • Misalignment of programs; • Lack of coordinated strategic plan to grow the district; • Failure of b municipalities to regularly attend LED / IGR Forums; •Outdated Growth and Development Strategy for the district.
	Financial Viability	Loss of Roads Agency Function	There are discussion of taking the function back to province Receiving R150m
	Good Governance	Litigation	<ul style="list-style-type: none"> •Incorrect legal advice •Possible litigation as a result of district fire (R500m) •Non Compliance with legislation an policies •Lack of knowledge/understanding •Poor Contract Management •Lack of life savers at resorts

As at 30 June 2018, the top ten risks to the municipality			
No.	Risk Group	Risk	Cause of risk (root cause)
			•Poor service
	Good Governance	Non Compliance with legislation and policies	<ul style="list-style-type: none"> •Lack of knowledge and understanding •Lack of resources •Inaccurate reporting •Red tape •Lack of training •System failures + •Incorrect decisions
	Healthy and Social stable communities	Failure to properly dispose of waste	Long process before the establishment of the land fill site

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 is going strong and quarterly engagements are taking place with all local municipalities in the District involved. This allows all members to give constructive inputs into risk discussions that affect the whole district.

The newly amended Public Audit Act will ensure that Risk Management takes on a bigger role in the municipality, especially with regards to consequence management and the overall performance of the municipality.

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.

The procurement of an electronic Risk and Audit system has been successful. The system will go live on 1 August 2019. Training is being rolled out and the Risk Management unit, Internal Audit unit, Risk Management Committee and Risk Champions have been trained. An awareness campaign to promote the system will be facilitated by the Risk Management unit to all officials. The system will enhance the streamline of 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

A tender was awarded to Advanced Call for the Anti-Fraud Hotline after a competitive bidding process

2.7 SUPPLY CHAIN MANAGEMENT

Section 217 of the Constitution of the Republic of South Africa, 1996, states the following with reference to Procurement by the state:

“(1) 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.

(2) 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."

Section 111 of the Municipal Finance Management Act 56 of 2003 gives effect to section 217 of the Constitution of the Republic and requires each Municipality (Local Government) to have and implement a supply chain management policy which is fair, equitable, transparent, competitive and cost effective; complies with all regulatory frameworks prescribed in Chapter of the Municipal Supply Chain Management Regulations. A supply chain management policy to also comply with any minimum norms and standards that may be prescribed in terms of section 168 of the Municipal Finance Management Act (MFMA).

MFMA, section 63, 77 and 78 effectively allocate joint responsibility for integrity and maintenance of good corporate governance to all public servants with regards to Supply Chain Management.

In terms of section 217(2) of the constitution as cited earlier, Preferential Procurement Policy Framework Act of 2007 gives effect to ensuring that provision in Policy is made in addressing and providing of preference in allocation of contracts to and the protection or advancement of persons, disadvantaged by unfair discrimination. The Act however may only be implemented within a framework as prescribed by national legislation as contemplated in section 217(3) of the Constitution. Preferential Procurement Regulations, 2017, then gives effect and guidelines on how to realise the objectives as enshrined in the constitution for the protection and advancement of persons, disadvantaged by unfair discrimination.

There are more than 58 different pieces of legislation that have a direct impact and affect Supply Chain Management in Local Government, as we see more being enacted in addition to the various National Treasury Guidelines which Supply Chain Management is meant to comply with. Some of these to mention is; Competition Act (1998), Broad-Based Black Economic Empowerment Act (2003), Construction Industry

Development Board Act 38 of 2000, Prevention and Combating of Corrupt Activities Act of 2003, National Small Business Act 102 of 1996, NEMA Act 107 Of 1998 and many more to mention.

As at July 2019 the Municipal Cost Containment Regulations, 2019, (MFMA) came into effect and in addition to the more than 58 different pieces of legislation. The object of the Cost Containment Regulations, in line with sections 61(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Municipal Finance Management Act, is to ensure that resources of a municipality or municipal entity are used effectively, efficiently and economically by implementing cost containment measures. The regulations broadly covers the following within the sphere of Supply Chain Management:

Procurement of: Consultants, Vehicles used for political office bearers, Travel and subsistence, domestic accommodation, credit cards, sponsor ships, events and catering, communication, conferences, meetings and study tours and other related expenditure. Regulation 13(1) of the Cost Containment Regulations, states the following: All commodities, services and products covered by a transversal contract, concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.

The constitution provides the 5 pillars of Supply Chain Management Act which is to be fair, equitable, transparent, competitive and cost effective. Out of these 5 pillars we more than 58 active pieces of legislations that have a direct impact on how procurement is within Municipal (local government) sphere is conducted.

The burden cost of compliance on Local Government from a quantitative and qualitative aspect is clearly captured in the Auditor General Media Report of 26 June 2019, where The Auditor General findings on local government are astounding.

Of the 257 Municipalities and 21 Municipal entities in the country, only 18 Municipalities managed to comply with all key legislation thereby receiving a clean audit. This is a regression from 33 Municipalities in the previous financial year that had clean audits. Municipalities with material compliance findings on supply chain management increased from 72% to 81%. Irregular expenditure decreased from R29.7 Billion to R25.2

Billion. Irregular expenditure is mainly about one or other compliance matter not being complied with irrespective of prevailing circumstances or context at the time.

In conclusion, the Supply Chain Management realm is a complex and heavily regulated space where various considerations must be taken into account before any procurement can be undertaken. It is not simply about an economic decision at arms-length between willing buyer and willing seller at market determined pricing. There is various multi regulatory compliance matters that ought to be ticked before we can proceed in procuring any goods or services. The promulgation of the Cost Containment Regulation which now requires us to first look at national contracts before we proceed on our own procurement process fails to see Local Government spending within its own borders as a major local economic stimulant. Therefore some of the regulations will have far reaching impact than merely just cost saving, the regional economy aspect has yet to be considered. As 2019/20 regularity Audit unfolds, we trust that the remedial audit implementation strategy put in place will yield better audit outcomes.

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 (2018/19)	Yes
All current budget-related policies for the 2017/18 budget	Yes
The annual report for 2017/18	Yes
The annual report for 2017/18 published	December 2018
All performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2018/19) 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:

1. the promotion of efficient, economic and effective use of resources;
2. accountable public administration;
3. to be transparent by providing information;
4. to be responsive to the needs of the community; and
5. 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**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 2018/19 was approved by Council on 28 May 2018. The IDP process and the performance management process are integrated. The strategic objectives that were identified in the reviewed 2018/19 IDP is aligned with the National KPA's. The strategic objectives are linked to the outcomes for 2018/19. 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 19 June 2018

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 in February 2019.

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

1. Areas to be addressed and root causes of the Auditor-General Management Letter, as well as the risks identified during the 2017/18 audit

2. Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
3. Alignment with the adjustments budget
4. Oversight Committee Report on the Annual Report of 2017/18
5. The risks identified by the Internal Auditor / Risk Manager during the municipal risk analysis
6. The recommended changes by the Internal Auditor
7. The requested changes by departmental Heads of Departments
8. The noted system descriptions

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:

1. The actual result in terms of the target set
2. A performance comment
3. 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:

1. The approved Top Layer SDBIP was approved on 19 June 2018 and loaded on an electronic web-based system

2. 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
3. The performance system administrator reminded all departments monthly to update their actual performance on the web-based system
4. 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
5. 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 are further regulated by Regulation 805 (August 2006). The performance agreements for the 2018/19 financial year were signed before or on 31 July 2018.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2018/19 financial year (1 January 2019 to 30 June 2019) will take place during October 2019 and the mid-year performance of 2018/19 (1 July 2018 to 31 December 2018) was completed on 10 May 2019.

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:

- 1) Executive Mayor

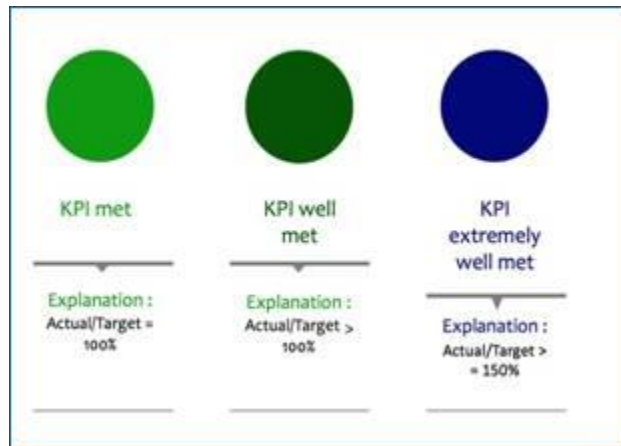
- 2) Portfolio Chairperson
- 3) Municipal Manager
- 4) Chairperson of the Audit Committee
- 5) Municipal Manager from another municipality

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 2018/19 in terms of the deliverables achieved compared to the KPI's and objectives in the IDP. It furthermore includes an overview on achievement in 2018/19 compared to actual performance in 2017/18



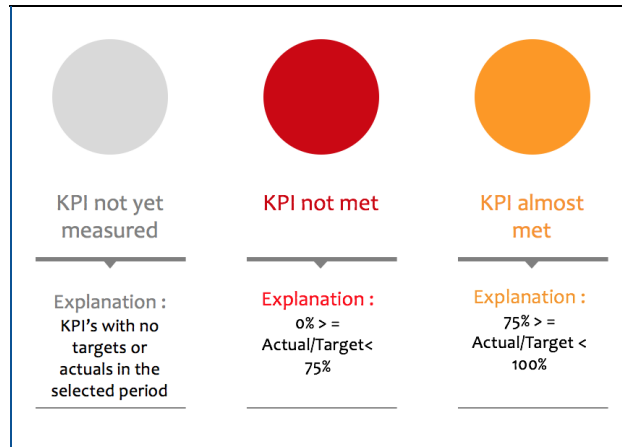


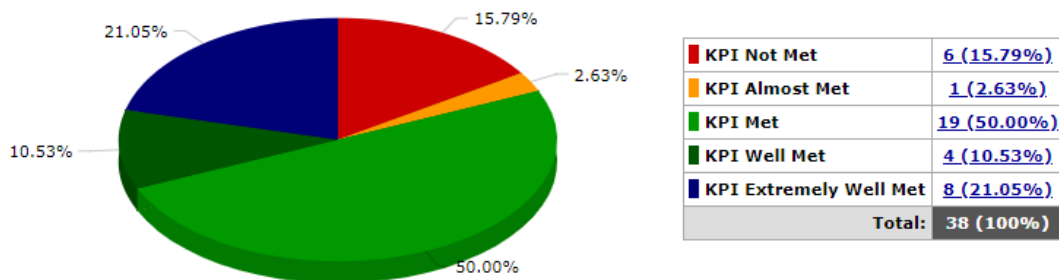
Figure 1 SDBIP Measurement Categories

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)

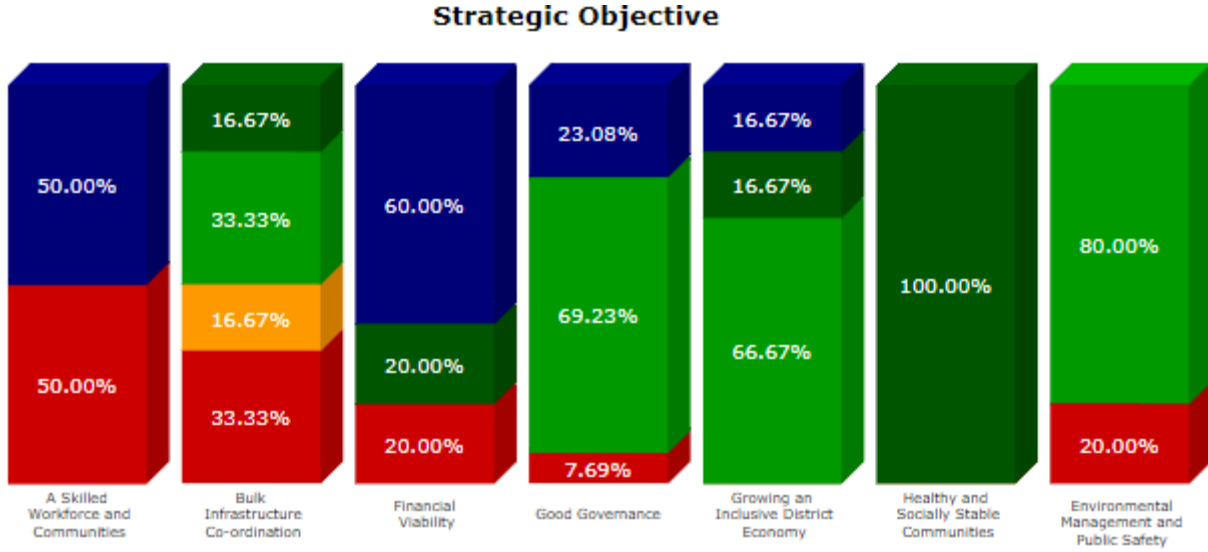
The graphs below give an indication of how the Municipality performed in terms of their Top Layer SDBIP:

1) Overall Performance per Strategic Objective for the 2018/19 Financial Year



Graph 1: **Overall Performance per Strategic Objective for the 2018/19 Financial Year**

2) 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:

Table 1: Top layer SDBIP performance as per Strategic Objective

Measurement category	Objective 1 A Skilled Workforce and Communities	Objective 2 Bulk Infrastructure Co-ordination	Objective 3 Financial Viability	Objective 4 Good Governance	Objective 5 Growing an Inclusive District Economy	Objective 6 Healthy and Socially Stable Communities	Objective 7 Sustainable Environmental Management and Public Safety
KPI Not Met	1	2	1	1	1	0	2
KPI Almost Met	0	1	0	0	0	0	0
KPI Met	0	2	0	9	4	0	3
KPI Well Met	0	1	1	0	1	1	0
KPI Extremely Well Met	1	0	3	3	0	0	0
Total	2	6	5	13	6	1	5

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 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	1.17%	0%	0%	0%	0.50%	0.50%	1.23%	B
TL38	Compile an Annual Training Framework and submit to Corporate Services by 31 March 2019	Number of frameworks submitted	All	New performance indicator for 2018/19. No comparative audit results available	0	0	0	1	1	0	R
Corrective Measure			this kpi will be addressed in the adjustment period of January 2020								

A Skilled Workforce and Communities

b) Bulk Infrastructure Coordination

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	1	0	0	0	1	1	G
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	% of capital budget spent by 30 June 2019	All	70%	0%	0%	0%	90%	90%	93%	G2

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	108%	0%	0%	0%	95%	95%	109%	G2
TL34	Reseal 23.6km of roads by 30 June 2019	Number of km's of roads resealed	All	New performance indicator for 2018/19. No comparative audit results available	0	0	0	23.6	23.6	23.6	G
TL35	Regravel 42.68km of roads by 30 June 2019	Number of km's of roads regavelled	All	New performance indicator for 2018/19. No comparative audit results available	0	0	0	42.68	42.68	25.45	R
Corrective Measure			Not reached due to insufficient approved borrow pits and major mechanical breakdowns. Material will be sourced from commercial sources and more plant will be made available during the 2019/2020 Financial Year								
TL36	Repair 5000m ² of black top patching by 30 June 2019	Number of m ² repaired	All	New performance indicator for 2018/19. No comparative audit results available	0	0	0	5 000	5 000	2 886	R
Corrective Measure			Three main problematic area roads in terms of black topping was put on the tender for a contractor by Provincial Government, hence it is out of the municipality's hands and jurisdiction. This was the main reason for the high target. As per the meeting with the District Roads Engineer the target will be reduced accordingly.								
TL37	Blade 10000km of roads by 30 June 2019	Number of km's of roads bladed	All	New performance indicator for 2018/19. No comparative audit results available	0	0	0	10 000	10 000	9 041.02	O
Corrective measure			Due to dry weather conditions the target was not reached. Additional water trucks will be rented to help with the dry conditions								

Bulk Infrastructure Coordination

c) Financial Viability

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL5	Financial viability measured in terms of the municipality's ability to meet its 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	0%	0%	0%	0%	30%	30%	1%	B
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	Number of months that available cash is sufficient to cover the monthly operating expenditure	All	0	0	0	0	1.5	1.5	7.7	B

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))										
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	0	0	0	0	1	1	5	B
TL9	Submit a bi-annual report to Council on the sustainability of Garden Route District Municipality	Number of reports submitted to Council	All	New performance indicator for 2018/19. No comparative audit results	0	1	0	1	2	1	R
Corrective Measure			The CFO up until November 2018 had not yet submitted the report, as the target was set for December 2018 only. The person acting as CFO from December 2018 onwards, interpreted the section 52 Report, as submitted, to meet the requirements of this KPI								

d) Good Governance

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	0	0	1	0	1	1	G
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	New performance indicator for 2018/19. No comparative audit results available	0	0	1	0	1	1	G
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	0	0	0	1	1	1	G
TL10	The number of people from employment equity target groups appointed in the three highest levels of management during the 2018/19 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	7	0	0	0	1	1	2	B
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	8.07%	0%	0%	0%	15%	15%	9.43%	B

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	1	1	G
TL14	Award 2 external bursaries to qualifying candidates by 31	Number of external bursaries awarded	All	8	0	0	2	0	2	16	B
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	New performance indicator for 2018/19. No comparative audit results available	0	0	0	1	1	0	R
Corrective Measure			Plan will be submitted to Council in July 2019 financial year								
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	New performance indicator for 2018/19. No comparative audit results available	0	0	0	1	1	1	G
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	New performance indicator for 2018/19. No comparative audit results	0	0	1	0	1	1	G

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	New performance indicator for 2018/19. No comparative audit results available	0	0	1	0	1	1	G
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Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
TL26	Develop a 5 year District Tourism Strategy and submit to Council by 31 March 2019	District Tourism Strategy submitted to Council	All	0	0	0	1	0	1	1	G
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	New performance indicator for 2018/19. No comparative audit results available	0	0	1	0	1	1	G

Good Governance

e) Growing an Inclusive District Economy

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	New performance indicator for 2018/19. No comparative audited results available	0	1	0	1	2	2	G
TL27	Submit the Expanded Public Works Programme	EPWP business plan submitted to the National	All	1	0	0	0	1	1	1	G

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	(EPWP) business plan to the National Minister of Public Works for all internal projects by 30 June 2019	Minister of Public Works									
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	499	0	0	0	409	409	411	G2
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	New performance indicator for 2018/19. No comparative audited results available	0	1	0	1	2	19	B
TL30	Sign an agreement with the Western Cape Economic Development Partnership by 31 December 2018	Number of agreements signed	All	New performance indicator for 2018/19. No comparative audited results available	0	1	0	0	1	1	G
TL32	Submit the reviewed District Integrated Development Plan (IDP) to Council by 31 May 2019	Number of IDP's submitted	All	New performance indicator for 2018/19. No comparative audited results available	0	0	0	1	1	1	G

Growing an Inclusive District Economy

f) Healthy and Socially Stable Communities

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	New performance indicator for 2018/19. No comparative audit results available	0	25	0	25	50	58	G2

Healthy and Socially Stable Communities

g) Sustainable Environmental Management and Public Safety

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
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	0	0	0	1	1	1	G
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	New performance indicator for 2018/19. No comparative audited results available	0	1	0	1	2	2	G
TL21	Install a Disaster Management System at Garden Route District Municipality by 31 March 2019	Number of systems installed	All	New performance indicator for 2018/19. No comparative audited results available	0	1	0	0	1	1	G
TL24	Appoint a service provider for the construction of	Number of service providers appointed	All	New performance indicator for 2018/19. No	0	0	0	1	1	0	R

Ref	KPI	Unit of measurement	Area	Actual performance of 2017/18	Overall performance 2018/19						
					Targets					Actual	Rating
					Q1	Q2	Q3	Q4	Annual		
	the Fire Station by 30 June 2019			comparative audited results available							
Corrective Measure			The KPI will be revisited as soon as land has been allocated for the construction of the fire station								
TL25	Submit the Garden Route Air Quality Management Plan to Council by 30 June 2019	Number of plans submitted	All	New performance indicator for 2018/19. No comparative audited results available	0	0	0	0	1	1	G

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	
Constitution Schedule 4, Part B functions:	
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	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
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Municipal function	Municipal function Yes / No
Constitution Schedule 4, Part B functions:	
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

Functional Areas

3.6 COMPONENT A: BULK INFRASTRUCTURE PLANNING

3.6.1 BULK INFRASTRUCTURE PLANNING

On the 22nd of March 2018 Council supported the establishment of the Garden Route Water Management Forum as well as the start of the process to establish the Garden Route Water Services Authority (WSA). Subsequent this meeting engagements with the local municipal Water Services Authorities started in order to unpack the process in terms of the establishment of the Garden Route WSA as well as the areas to be transferred to the DM, should the DM be successful to become the WSA. In addition to this, the CEO of the Municipal Infrastructure Support Agent (MISA) committed to assist the Garden Route District Municipality with the processes required to be registered as the WSA for the district. He also committed to assist and provide funding for the compilation of a district Water Resources and Bulk Water Supply Master Plan.

1. In order to unpack the support to be provided by MISA the Municipal Manager and the Disaster Manager met with the CEO of the Municipal Infrastructure Support Agent (MISA) on Wednesday 5 September 2018. During this meeting the draft guidelines for the proposed Regional Bulk Water Planning Study as well as the draft action plan on acquiring accreditation as a Water Services Authority were discussed. During this meeting the Deputy Director General, Local Government Support and Intervention Management at the Department of Cooperative Governance and Traditional Affairs advised that the Garden Route DM should start the process to be registered as the WSA for the Garden Route District by,
2. officially requesting the MEC to consider the re-allocation of this function, as well as to;
3. request local municipalities in the district to formally resolve in terms of their support in terms of the registration of the Garden Route Water Services Authority

The region is clearly at the crossroads with regard to the choices it is making for addressing water crises. It is therefore opportune for the Garden Route District Municipality to take stock of the water operations within the region, in order to identify the current and emerging water issues, as well as to determine the best ways in which it can support the local B-Municipalities to address issues to 2040 and beyond. On the 1st of October 2018 the Garden Route District Municipal re-affirmed that they support the establishment of the Garden Route Water Services Authority (WSA). The establishment of the Garden Route Water Services Authority (WSA) would be to provide leadership, coordination, guidance and support to local B-Municipalities in defining their respective local areas' water operations.

The Municipal Infrastructure Support Agent (MISA) committed to assist the GRDM with the processes required to be registered as the WSA for the district. They also committed to assist and provide funding for the compilation of a district Water Resources and Bulk Water Supply Master Plan.

ENERGY SECURITY/RENEWABLE ENERGY

Electricity in South Africa is a commodity that is not abundant, intermittent and because of frequent “spillovers”. This is problematic for the industrial production sectors, tourism, the economy in general and for the daily life of the South African citizen. In addition, electric power was a quasi-monopoly owned by ESKOM which sold its very expensive kWh to municipalities. GRDM has different types of renewable energy that it seeks to pursue in its endeavor to create a green economy. GRDM will pursue all these forms of renewable energy but will start with Wave Energy is going to be the first, since in terms of progress a lot of work has been done already.

The law has recently evolved, and municipalities have obtained the right to buy from the producer of their choice through an Independent Power Producer (IPP) contract. Wave energy is part of the renewable energy mix and GRDM was approached by a French Company HACE. The company has a patented technology of generating electricity using sea waves. A meeting took place on 2nd of May 2019 between HACE and a delegation from the Garden Route District Municipality regarding the generation of electricity from waves. This project forms part of the Energy Master Plan of the Garden Route District Municipality. Garden Route District Municipality and HACE entered into a Memorandum of Understanding – this MOU, enabled HACE to submit an application to the French government to obtain funding for the first phase of the project. Given the current challenges with ESKOM's supply of electricity and pricing, the strategic significance of this project is to enable GRDM to meet its legislative mandate (section 84(1)(c) in terms of providing bulk electrical services. This project is also aligned to Council's climate change and adaptation and mitigation strategy.

FOOD SECURITY/FRESH PRODUCE MARKET

Emerging vegetable and fruit producers in South Africa face a litany of constraints, with lack of post-harvest handling facilities being one of those constraints that emerging farmers can hardly resolve without external intervention. The Garden Route District Municipality here in referred to as GRDM, view the establishment of key marketing infrastructure as being imperative in giving emerging vegetable and fruit producers a competitive edge. Section 84 of MSA mandates the district municipality

to establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district. The District municipality is mandated to lead and facilitate inclusive economic growth and development in the region. The agro-industry is one of the prioritised sectors to contribute towards the realisation of this mandate. This emanates from the fact that the region is well endowed with natural resources for agricultural development and industrialisation through the sector. This is also coupled by the spatial reach of the sector into poorer areas of the region, thus providing opportunity for inclusive participation, its labour absorbing nature as well as the abundance of large domestic and international markets.

It is against this background that GRDM want to conduct a feasibility to enable the district to perform this function as mandated by the ACT. In instances where the agriculture sectors are well-organised, sharing of market infrastructure and transport could significantly reduce their expenditure and improve gross farm income. The market infrastructure would allow the producers to centrally bring in their produce, subject them to cleaning, managing post-harvest pests, grading, packaging, loading and transporting to markets in the region, region, nationally and exports if the prices are good. The proposed fresh produce market facilities could also act as points of leverage, where market information, production information and extension services are discharged to the producers hence working towards transformation of the agro-based value chain. Establishment of post-harvest handling technologies in the form of fresh produce depots would reduce post-harvest losses incurred by previously marginalised fresh produce farmers in South Africa.

The facilities would confer a competitive advantage for this group of farmers to produce for established fresh produce markets all over the country. The GRDM view the establishment of key marketing infrastructure as being imperative for the survival of the emerging producers and for the inclusive economic growth of the region. If producers were well-organised, the sharing of market infrastructure and transport could significantly reduce their costs of doing business.

1. Highlights: Bulk Services

The following highlight was achieved during the financial year:

Highlight	Description
Communication with the Minister to assist GRDM to be WSA and MISA	Council took a resolution to have GRDM as WSA. The Municipal Manager sent a letter to the Minister requesting that assistance and also to MISA requesting funding and technical support
Stakeholder Engagement	B – Municipalities were engaged on this council resolution and a team headed by the Municipal Manager has been visiting them to unpack the process and what it seeks to achieve for the greater good of the whole region. This process is still on – going and further engagements are still continuing at different fora like the DCF, MMF, IDP, IGR etc.
Project Task Team	Project Task Team has been established that consists of GRDM officials, MISA officials, and at a later stage it will bring the technical officials from all the B- Municipalities, BGCMA, CoGTA and DWS
Guiding Documents	An MoU was signed between MISA and GRDM for the financial and technical support that was requested. A Technical Support Plan for the period 2019 to 2021 was also signed between MISA and GRDM
Appointments of service providers	A tender document and the process of appointing a PSP for the development of a Water Resource Plan and Master Plan has started already and anticipated to be concluded by September 2019
Study Tours	The task team has visited two Municipalities in the Western Cape that are having the function of WSA and viz: West Coast DM and Overstrand Municipality. The team is also going to visit two other municipalities in the Eastern Cape to learn on how the District Municipalities took over that function from Local Municipalities and these will be Joe Gqabi DM and Amathole DM
Funding Applications	GRDM has submitted an application for funding of R1.5 billion to the National Treasury under the Bulk Infrastructure Funding Programme
Progress on Energy	PSP was appointed for the development of Energy

Highlight	Description
	Master Plan for the region and is currently working with the expectation for conclusion on the GRDM and HACE (a French Company) signed an MoU for the development of the Wave Energy on the coast of Garden Route
Progress on Fresh Produce Market	Call for proposals to carry out a feasibility study and development of a business plan in progress expected completion date is December 2019

Bulk Services Highlights

2. Challenges: Bulk Services

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

Description	Actions to address
Resistance from some of the Stakeholders not keen to engage on the process	The Municipality through the office of the MM has started the process of engaging the management of B-Municipalities to allay all the fears and put clarification as to what the process seeks to achieve. The process seeks to have a water secure region, it also seeks not to affect the revenue base of all the B-Municipalities, the balance sheets. GRDM also wants all the B-Municipalities to remain WSP and GRDM do the bulk side of the function
Funding	The funding is limiting the pace at which this process could be implemented. GRDM task team had requested R4.5 million for the development of the Master Plan for 2019/20 financial but MISA only allocated R1.2 million. Applications for funding are being submitted to NT. The GRDM engaged other partners like Industrial Development Corporation and New Development Bank to assist with funding of some of the projects like the Fresh Produce Market

Bulk Services Challenges

3.6.2 WASTE DISPOSAL SITES

In accordance with Section 84(1)(e) of the Local Government: Municipal Structures Act, No. 117 of 1998, solid waste disposal sites, in so far it relates to the determination of a waste disposal strategy; the regulation of waste disposal and 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, is a function of the district municipality.

GRDM is therefore in the process to establish a Regional Waste Management Facility for the municipalities of Bitou, George, Hessequa (Gouritsmond and Albertinia) and Mossel Bay as well as other local municipalities in the district when and if required

a) Highlights: Waste Disposal

The following highlights were achieved during the financial year:

Highlights	Description
Negotiations have been concluded with the preferred bidder for the establishment of a Regional Waste Management Facility	The negotiations process with Interwaste / Eden Waste Management was concluded and the PPP Agreement will be finalised at the end of October 2019
Waste Characterisation Studies conducted at George and Kannaland Municipalities and the South	Waste Characterisation Studies were conducted, and final reports were compiled by GRDM and submitted
Home Composting Pilot Project implemented in Hessequa, Mossel Bay, George and Knysna Municipalities	The home composting pilot project was concluded in the Hessequa and Mossel Bay Municipalities and the data captured and analysed. George and Knysna Municipalities are still ongoing and data recorded on a monthly basis
Compilation of a Waste Minimisation Plan for South African Breweries	Following the Waste Characterisation Study conducted at SAB, a waste minimisation plan was compiled by GRDM for
Implementation of a Schools Recycling Programme Pilot Project at Percy Mdala High School	Waste education sessions conducted by GRDM to teachers and learners, recycling boxes and bags provided by GRDM
Schools Education and Awareness	Education & awareness sessions were held at Plettenberg Bay Secondary School, Little Lighthouse Preschool, Kings Kingdom Preschool, St. Pauls Primary School, Zenzele Day care

Recycling Mascot	Rocky the Recycling Rooster (Mascot) was utilised at the George Strawberry Festival, Plett Secondary School, Little Lighthouse & Kings Kingdom Preschools, St. Pauls Primary, World Tobacco Day, Zenzele Day care. The Mossel Bay and Knysna Municipality have branded their fleet and educational material
Enforcement of District Waste Management By-laws	Notices served in terms of Section 10 of the District Waste Management By-laws PG 7818 of 01 September 2017

Waste Disposal Highlights

b) Challenges: Waste Disposal

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

Description	Actions to address
Constant delays in the finalisation of the PPP Agreement and subsequently delaying the construction of the Regional Waste Management Facility	The agreements between the DBSA, GRDM and Eden Waste Management (Private Party) and the Treasury Views and Recommendations III and Section 33 processes need to be concluded urgently
Dispute by George and Mossel Bay Municipalities regarding the District Waste Management By-laws PG 7818 of 01 September 2017	Decisions made at the meeting held with the MEC Anton Bredell, GRDM and George and Mossel Bay Municipalities are being implemented

Waste Disposal Challenges

c) Employees: Waste Disposal

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

(T-grade)	2017/18	2018/19			
	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	1	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
Total	3	3	3	0	0

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.

This municipal service an area of approximately 47 000 km² and a total road network of 6 040 km per annum. The GRDM service a budget of more than R.5 billion which consists of a yellow fleet of more than R.35 billion and a monetary budget to the value of almost R.2 billion. This is done through efficient and effective management and leadership. Under the leadership of GRDM, the Roads function is currently the largest in the Western Cape and servicing the most staff compliment. Any new machine that are tested in the Western Cape are done at this Municipality.

This is also one of the only district municipality that upgrade their own roads projects through in-house construction thus creating EPWP jobs and alleviating poverty in the rural areas. This is one of the major challenges of our country and district that we strive to adhere by overcoming through skills education and transfer leaving the community with exit strategies.

Our highly capable staff compliment drive through excellence and discipline by tending to compliant in a timeously order with our huge fleet network. 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. Due to a shortage of borrow pits in the country the Municipality acquired an inline crusher that is now in the testing phase in our area to the value of R25 million for the unit. This will reduce the backlog going forward in the district of garden Route.

The Municipality has more than sixteen grader teams that blade the gravel roads and reward them annually with certificates for the best team in our district.

b) Highlights: Roads

The following highlight was achieved during the financial year:

Highlights	Description
Phase 2 Complete Friemersheim	Upgrading of 7.5km road to permanent surface
The design of Slangrivier Road for implementation in 2019/2020	Upgrading of 4.1km road to permanent surface
EPWP work opportunities of more than R3.2 million	Alleviating poverty
Inline chrusher unit to the value of R25 million	On site re-graveling of roads

Roads highlight

c) Challenges: Roads

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

Description	Actions to address
Lack of funding	Work more effective, efficient and economical
Lack of skilled personnel	In-house training and mentoring

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
2017/18	4 551.53	0	1	4 551.53
2018/19	4 552.53	0	1.9	4 554.43

Gravel Road Infrastructure

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

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
2017/18	687.58	1	37.43	0	687.58

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
2018/19	687.58	1.9	23.6	0	689.48

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		
2017/18	68 425	15 160	91 940
2018/19	58 923	19 898	105 647
The cost for maintenance includes stormwater			

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	176	172	172	15	8.72
4 - 6	43	43	43	9	20.93
7 - 9	45	46	46	9	19.56
10 - 12	24	26	26	3	11.53
13 - 15	6	9	9	1	11.11
16 - 18	1	1	1	0	0
19 - 20	1	0	0	0	0
Total	296	297	297	37	12.45

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 (Eden 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 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 Eden Public Transport Forum. The ITP was successfully implemented through funding from DOT that incorporated all the local municipalities. This was phase one and going forward into phase two non-motorised transport will be addressed in the Garden Route area.

3.8 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

3.8.1 REGIONAL SPATIAL IMPLEMENTATION FRAMEWORK (RSIF)

a) Purpose and scope of RSIF

3.8.1 Southern Cape Regional Implementation Framework (SCRIF)

a) Purpose and scope of SCRIF

The purpose of the SCRIF:

1. Provide a coherent spatial vision for the Southern Cape functional region considering the environmental, social and economic opportunities and constraints
2. Provide guidance on the promotion of a rational and predictable infrastructure, economic and land use planning within the region
3. 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

4. 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
Two long term lease agreements Regional Landfill Site	<ul style="list-style-type: none"> ▪ Long term lease Regional Landfill site: Ikusasa: Construction of a chemical manufacturing plant, storage and distribution hub ▪ Long term lease Regional Landfill site: Moumakoe (Pty) Ltd: Construction of a petroleum product storage facility

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
Rolling out development opportunities on identified Council properties	Continue efforts to develop under utilized properties
Vacant Town Planner position	Fill vacancy as soon as funding becomes available

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)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%

(T-grade)	2017/18	2018/19			
0 - 3	1	0	0	0	0
4 - 6	33	0	0	0	0
7 - 9	8	0	0	0	0
10 - 12	0	2	2	0	0
13 - 15	0	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	42	3	3	0	0

Employees: 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 gearing the district economy for investment readiness and investment recruitment. This mission sees the Garden Route District Municipality continuously building on the progress and awareness created during 2017/2018 processes in collaboration with the South Cape Economic Partnership (SCEP), Green Cape, Wesgro, Department of Economic Development and Tourism (DEDAT) and B-municipalities, to ensure that tangible outcomes and successes are reached in terms of investment promotion, facilitation and recruitment.

The above roll out includes a Regional Airlift project initiated in collaboration with the Airports Company of South Africa (ACSA) and the George Municipality, in order to more effectively coordinate the system of transporting cargo and passengers by aircraft. The District Municipality is also driving a process in collaboration with the

Mossel Bay Municipality by which an application will be submitted to the Department of Trade and Industry for the establishment of a Regional Special Economic Zone to further enhance the district's appeal for investment and increase the export potential of products and access to markets. Although this process was undertaken by a regional approach has been propounded, and thus the District will take the lead and also include all the B-Municipalities.

The District Municipality was integrally involved in the establishment of the Regional (Garden Route) Film Office to grow and develop the film and media industry by co-funding the operations of the film office for the first year, together with the Mossel Bay Municipality.

Municipalities are still applying the investment readiness checklist developed by SCEP as a self-assessment tool to prepare themselves for investment and 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.

The Municipality is unambiguous that the Garden Route is 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 drive is the message that the Garden Route District Municipality 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.

Some of the key strategic issues remaining and currently in process of being addressed include:

- 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, aloe and berries

Currently, most of the economic development projects and processes are still 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:

- Coordinate and facilitate key applications and procedures associated with the identification, implementation, monitoring and reporting of the effectiveness of Local Economic Development (LED) initiatives, programmes and projects in creating a conducive environment for entrepreneurship and business development and job creation

- Commitment to supporting B-municipal LED units in terms of carrying out and achieving the objectives of the above mandate, creating and sharing linkages and networks in order to leverage opportunities for economic growth and development.
- Capacitating citizens, community-based organizations, business and other interest groups towards achieving sustainable ways to meet social, economic and material needs and improve quality of life.

Strategic Interventions

- Drive process of Regional Special Economic Zone
- Regional Film Process
- Smart City Concept and ICT Hub
- Timber Economy
- Regional Skills Development
- Regional Airlift
- Export Development
- SMME Development

Current formal partnerships in terms of growing the economy inclusively:

- MOU with Western Cape Department of Agriculture
- MOU with Airports Company of South Africa
- MOU with Garden Route Film Office
- MOU with Western Cape Economic Development Partnership.

3. Highlights: LED

Highlights	Description
SMME Export Development Programme	The District Economic Development unit embarked on an informal tender process for the appointment of a service provider to conduct an Export Advancement: Gap Analysis and Mentorship programme for a total of 20 participants (SMME's), in order to build the competitive capacity, improve the trade potential and expand the export markets of the business. The project entailed assessment of the business identifying gaps and challenges for

Highlights	Description
	<p>each of the participating businesses. Tradewize International was the successful bidder and appointed as service provider to conduct one-on-one, on-site assessments of small businesses across the district.</p> <p>PROGRAMME BENEFITS</p> <p>The general benefits from the 'Export Advancement' programme include the following:</p> <ul style="list-style-type: none"> ▪ Knowledge and skills transfer ▪ New market penetration and expansion ▪ Higher exports ▪ Improved productivity ▪ Opportunities to innovate, upgrade and increase competitiveness ▪ Growth in employment creation <p>1. The programme covered the following:</p> <p>ONE – ON – ONE MENTORSHIP - OUTCOMES</p> <ul style="list-style-type: none"> ▪ Business Export Gap Analysis ▪ Export specific mentorship per business implemented based on findings of the export gap analysis. ▪ Specific goals to be set linked to a timeframe. ▪ Exporters to be provided with practical guidance in order to implement the set goals. ▪ Addressing specific business needs as per exporter's business requirements ▪ Mentor to work with the exporters, advising on developing certain business areas ▪ Skills transferred should be tailored to the exporter's requirements

Highlights	Description
	<ul style="list-style-type: none"> ▪ A “Ready to export checklist”; ▪ Market information/research and match making resources to enable the compilation of a marketing plan; ▪ Advise on technical material requirement for exporting; ▪ A list of funding sources for product development and export marketing e.g. export marketing platform attendance <p>CRITERIA FOR EXPORT PROGRAMME PARTICIPANTS</p> <ul style="list-style-type: none"> ▪ Product/Service should have a niche or competitive edge; ▪ Company should be registered with registrar of companies CIPC; ▪ Be in possession of a valid Tax Clearance Certificate; ▪ Enterprise should have conquered the local market to an extent; ▪ Enterprise must be committed to developing an export market; ▪ Enterprise should have or have access to finance; ▪ Enterprise should have operational capacity to service additional markets; <p>The Small Enterprise Development Agency (SEDA) has agreed to become a partner and assist in addressing the gaps and challenges identified during these assessments and will compile a detailed intervention plan with actions for each of the participating businesses that will be directly linked to their export development programme. A comprehensive close-out and feedback report was provided by the Service Provider</p>
Garden Route Film Office	This region has become increasingly popular as a film destination and the industry has the potential to create various business and

Highlights	Description
	<p>employment opportunities.</p> <p>The Garden Route Film Office concept and strategy was approved by Council in 2017 to support the formation of the regional film office.</p> <p>The film office has been established and registered as a Non-profit company and the official Board of Directors was elected and has been doing intense work for the promotion of the Garden Route film industry.</p> <p>In the 2018/19 financial year council contributed R190 000 towards the establishment of the Garden Route Film Office for the promotion of the Garden Route district as a preferred film destination. Mossel Bay Municipality has also contributed towards this initiative and has made office space and an intern available for this purpose</p>
South Cape Economic Partnership	<p>A partnering and partnership approach is essential to all economic development work, and one of the most debilitating aspects of many current city government development initiatives is a failure to recognise this. The growth and functioning of the regional economic system is dependent on a wide range of stakeholders beyond municipalities. Locational choices by investors, property developers, businesses, households, the urban poor and migrants contribute to the form and functioning of the region and the way that people and goods move within the region. Patterns of mobility, the cost of services, rental values, and the overall efficiency of the regional economy is influenced by a complex set of interactions and aspirations. Local government is not able to influence or improve the economy without partnering with business, academia, civil society, and labor, as well as other spheres of government.</p> <p>The South Cape Economic Development Partnership is a partnership between local Business Chambers (Business Organizations), Economic Development Practitioners from</p>

Highlights	Description
	<p>municipalities, tertiary institutions, and economic sector specialists.</p> <p>Purpose:</p> <ul style="list-style-type: none"> ▪ More integrated and synchronized economic development strategy and implementation with a project approach that cuts across municipal geographic boundaries. ▪ Mobilised resources from various other players, including meeting spaces and administrative support. ▪ Heightened momentum on projects that have potential to drive the growth and inclusion of the regional economy. <p>Strategic Objectives</p> <p>Within this context the partners have agreed on a set of objectives for the SCEP through a revised Partnership Charter in 2015. The medium-term partnership objectives are to:</p> <ul style="list-style-type: none"> ▪ Facilitate constructive interaction between Business Chambers from neighboring towns, local authorities and other key stakeholders influencing the business environment; towards the implementation of specific regional economic development projects and programmes across municipal boundaries ▪ 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 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

Highlights	Description
	pressing business related issues, problems and challenges
DED Forum	A platform where all LED Managers in the district meet for information and best practice sharing, and to discuss progress on regional projects and programmes

c) Challenges: LED

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

Description	Actions to address
Funding	Strategic Partnerships with private sector and other government departments to address economic challenges.

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	Facilitate constructive interaction between

Strategic areas	Description
toward problem solving	business chambers from neighbouring towns, local authorities and other key stakeholders influencing the business environment. A channel for communication amongst the regional 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

LED strategic areas

e) Employees: LED

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

(T-grade)	2017/18	2018/19			
	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	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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
Total	2	2	2	0	0

Employees: LED

3.8.3 TOURISM

a) Introduction to Tourism

The Garden Route and Klein Karoo (GR&KK) are adjacent and overlapping tourism regions within the administrative boundaries of the Garden Route District in the Western Cape. The regions have complementary attractions with the Garden Route stretching along the South Cape coastline and characterised by several scenic places which includes 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 arts and cultural events. Both regions offer high quality tourism experiences for road-trippers, adventurers, sportsmen, foodies and nature, art, culture and heritage enthusiasts.

The two regions have been marketed together by national, provincial and local authorities responsible for tourism marketing and development for several years as Garden Route & Klein Karoo. There are seven local municipalities within the District and they all provide funding for Local Tourism Offices (LTOs) which are either independent, non-profit organisations or departments within each 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 sponsorships

b) Highlights: Tourism

Highlight	Description
Development of a Tourism Strategy for Kannaland Local Municipality	<p>The Garden Route District Municipality allocated funds within the 2018/2019 budget for the development of a Tourism strategy for Kannaland Municipal area. A service provider was appointed through the Supply Chain Management tender process to review, evaluate and conceptualise a tourism strategy document that will aid the Kannaland Municipality and stakeholders to prioritise and implement various tourism projects in order to market and develop Kannaland as a tourism destination.</p> <p>The aim of the tourism strategy is to ensure positive economic benefits and opportunities for all stakeholders. The development of the tourism strategy was informed by stakeholders' inputs through various mechanisms including workshops that were held</p>
Garden Route Cater Care Programmme	<p>The Garden Route District Municipality made the amount of R300 000 available to train 15 previously disadvantaged individuals in the tourism and hospitality sector. Interviews with applicants for Cater Care course 2018/19 were held on 21 and 22 February 2019 at the Francois Ferreira Academy in George. The course started on 4 March 2019 and the School phase finished on 31 May 2019.</p> <p>Classes were presented from Monday to Thursday from 08:30 – 15:00. The course was presented at the Francois Ferreira Skills Academy at Oubaai</p>
The Development of a Regional Tourism Strategy for Garden Route	<p>The tourism unit of the Garden Route District Municipality was tasked to develop a new 5 year Regional Tourism Strategy for Garden Route and Klein Karoo Tourism in order to stay up to date with the ever changing tourism environment and the economy. The document was developed in collaboration with Local Tourism organisations as well as private sector stakeholders</p>

Highlight	Description
	<p>in the region. The strategy is presented as a 5-year strategy to align with the reviewed IDP of the Garden Route District Municipality and is intended to clearly define the strategic priorities for regional tourism and to streamline all tourism activities in the region. The Regional Tourism Strategy was approved by GRDM Council on 26 March 2019</p>
<p>The Coordination, facilitation and attendance of marketing platforms</p>	<p>Garden Route District Municipality is responsible for tourism marketing and development and runs a regional tourism office Garden Route and Klein Karoo tourism from where tourism is coordinated at a district Level. The office works closely with the local tourism bureaus, provincial, national and international tourism organizations in promoting the Garden Route and Klein Karoo. The main domestic marketing platforms the region attended is the annual Tourism Indaba hosted in Durban and the World Travel Market Africa show hosted in Cape Town. It is the District Municipality's mandated responsibility to coordinate and facilitate regional tourism marketing in the most effective manner possible.</p> <p>Garden Route and Klein Karoo Tourism decided to exhibit on a regional Garden Route and Klein Karoo stand for the first time this year. This platform provided the region the opportunity to engage with tour operators, travel agents and travel writers to direct more tours and travels to the Garden Route & Klein Karoo, this regional initiative in turn sent a strong message of unity to our competitors.</p> <p>Garden Route and Klein Karoo booked 36m² providing space for the Local Tourism Offices and their products/services in the region to form part of the exhibition. The following Local Tourism Offices exhibited with Garden Route & Klein Karoo on the GRDM and KK stand:</p> <ul style="list-style-type: none"> ▪ Oudtshoorn Tourism

Highlight	Description
	<ul style="list-style-type: none"> ▪ George Tourism ▪ Hessequa Tourism ▪ Calitzdorp Tourism ▪ Plettenberg Bay Tourism <p>The following Local Tourism products/services exhibited with Garden Route and Klein Karoo on the GRDM and KK stand:</p> <ul style="list-style-type: none"> ▪ Redberry farm ▪ Oubaai hotel and Spa ▪ De Rustica olive estate ▪ Destination Garden Route ▪ Knysna River Club ▪ Gourikwa nature reserve ▪ Hog Hollow ▪ Dine with a Local
<p>Coordination of events funding through Wesgro</p>	<p>The Garden Route and Klein Karoo Tourism Office coordinated tourism funding for events through Wesgro. A call for event applications were sent from the regional tourism office, requesting all Local Tourism Offices to submit event proposals and applications for events in their respective towns that required funding for the period starting from 1 April 2019 to 31 March 2020.</p> <p>Wesgro has supported six (6) events in our area and contributed approximately R250 000.00 towards these events for the Garden Route and Klein Karoo</p>
<p>Garden Route and Klein Karoo Events and Festivals</p>	<p>The Garden Route and Klein Karoo Regional Tourism Office sent out a call for applications from Local Tourism Organisations for their submission of tourism festivals and events for funding from</p>

Highlight	Description
sponsorship	<p>Garden Route District Municipality. Consideration is given for smaller events that take place from December 2018 until June 2019, which were not funded by Wesgro. The application process closed on the 28th of September 2018, and no late applications were considered. The following events were sponsored with an amount of R25 000.00 each:</p> <ul style="list-style-type: none"> ▪ Proe Bietjie Arts festival ▪ Ostrich Crawl Experience ▪ Saxophone Festival ▪ Calitzdorp Winter Festival

4. Challenges: Tourism

Description	Actions to address
Deviations (particularly exhibition/trade shows and sole suppliers of a specific product/service)	Signing of Agreements with possible partners, but it is not possible with all shows, as some of them are arranged by International companies.

Challenges: Tourism

Strategic Objectives

Garden Route District Municipality's Tourism Unit's strategic objectives underpinned in the approved Tourism strategy developed in line with this vision and mission, and informed by the national and provincial objectives and local opinions, are:

Effective Marketing

- Increase visitor numbers to the region;
- Enhance the effectiveness of international marketing to establish the Garden Route and Klein Karoo as a destination of choice;
- Expand and improve domestic marketing activities

- Attraction and hosting of events (business, sporting and lifestyle) to improve the seasonal and regional spread of tourism benefits.

Visitor Experience

- Diversify and enhance tourism product offerings
- Enhance local destination sites through cleanliness, safety and security, aesthetics, and information improvements
- Enhance tourist safety;
- Improve tourism skills and service excellence.

Destination Management

- Improve the focus and delivery of tourism marketing and development support provided by local government (Lobby and ensure policy sustainability support from B's for tourism)
- Effective streamlining and strengthening of collaborative efforts in the region to make more impact.
- To provide knowledge to inform policy, planning and decision-making.

Transformation

- Promote Broad-Based Black Economic Empowerment (B-BBEE)
- Support sustainable Enterprise development (LED strategies includes tourism development).

Facilitate Ease of access

- Enhance ease of access to the region.
- Facilitate ease of doing business to ensure the growth of the tourism economy.

e) Employees: Tourism

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

(T-grade)	2017/18	2018/19			
	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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
7 - 9	0	1	1	0	0
10 - 12	3	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	3	5	5	0	0

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 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 (27,6%) 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
411 Work Opportunities created	Target of 409 have been achieved and exceeded
Training of 222 EPWP participants within 2018/19 financial year	The objective of providing training for participants was achieved when 222 EPWP participants were trained in various skills: <ol style="list-style-type: none"> 1. Driver's license, 2. First Aid, 3. Herbicide, 4. Financial Conduct Training; 5. Law Enforcement
Adherence to the protocol agreement for chairing District Municipal Forum	EPWP Manager is the DMF chairperson
Work opportunities for all target groups achieved	Women
Permanent appointments made	<ol style="list-style-type: none"> 1. 2 Friemersheim participants exited program and was appointed permanently at Mosselbay Municipality 2. 1 Leaner Fire Fighter exited program and was appointed permanently at George Municipality

Highlights	Description
One-on-one engagements were held with local municipalities and agreed to participate at their Municipal Internal Steering Committees	District Municipality is required to Coordinate EPWP in the Region by chairing the District Municipal Forum and mitigate challenges that Municipalities encounter for implementation of EPWP

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	Heroldsbay	73918	54	Alien Clearing funding	2 July 2018	31 July 2018	Contract Ended
Environmental	Kleinkrantz	66963	39	Alien Clearing funding	2 July 2018	31 July 2018	Contract Ended
Environmental	Swartvlei	66949	26	Alien Clearing funding	2 July 2018	31 July 2018	Contract Ended
Environmental	Fire Breaks Eden Properties	77472	96	Alien Clearing funding	2 July 2018	27 July 2018	Contract Ended
					08 October 2018	28 June 2019	
					21 January 2019	30 April 2019	
					09 January 2019	28 June 2019	
					01 March 2019	28 June 2019	
					4 March 2019	31 May 2019	
					5 March 2019	31 May 2019	
Social	ECD Assistants	76756	19	Grant Funding	17 July 2018	28 June 2019	Contract Ended
Social	Fire Fighters	87121	16	Own Funding	17 December 2018	18 April 2019	Contract Ended
Social	Events Assistants	85389	6	Alien Clearing funding	23 October 2018	25 October 2018	Contract Ended
Social	Youth Safety and Security	76754	15	Grant Funding Own	18 December 2018	28 June 2019	Contract Ended

Focus area	Project name	Project number	Work opportunities created	Funding Source:	Start date	End date	Status
				Funding			
Infrastructure	Freimersheim	89645	67	Own Funding	2 July 2018 08 October 2018	28 June 2019	Contract Ended
Infrastructure	Road Construction	85326	11	Own Funding	01 September 2018	31 August 2019	Contract Ended
Infrastructure	Stilbay Project	91636	10	Own Funding	08 April 2019	24 May 2019	Contract Ended
Infrastructure	Maintenance Project	83018	2	Own Funding	2 July 2018	31 December 2018	Contract Ended
					1 January 2019	28 June 2019	
Social	School Safety Programmed	87259	4	Alien Clearing funding	17 August 2018	28 June 2019	Contract Ended
Environmental	Knysna Cleaner	88666	1	Own Funding	13 November 2018	12 November 2019	Contract Ended
Environmental	Resort Assistants	86873	10	Own Funding	7&12 December 2018	28 September 2018	Contract Ended
					20 September 2018	10 January 2019	
					10 September 2018	12 January 2019	
Social	Drivers' Licences	89949	20	SLA (Own Funding)	1 August 2018	31 July 2019	Contract Ended
Environmental	Cater Care	89914	15	SLA (Own Funding)	4 February 2018	31 May 2019	Contract Ended

EPWP projects

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

Description	Actions to address
EPWP Human Resource and funding for this initiative	Sourced alternative funding
Projects commencement date delays, due to other stakeholders to sign Agreements SLA's and contracts of appointment	Ongoing consultation were held with relevant parties responsible for delays to address and advise on consequences of delays

EPWP challenges

5. Job Creation through the National EPWP

GRDM has created 411 work opportunities in the 2018/19 financial year via the National EPWP. The table below indicates the number of FTE's created for 2017/18 and 2018/19:

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]
2017/18	19	499	15	N/A	241.03
2018/19	17	411	222	579	105

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 rural 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 the utilisation of the EPWP Policy that was approved by Garden Route District Council for the region.

The following tables explain the Municipality's projected EPWP performance for the Financial Year 2018/19:

Description of sector programmes	Number						% Achieved					
	EPWP Target Annual	Job opportunities per Sector	FTE's		Person days		Youth		Women		Disabled	
			Target#	Actual*	Target#	Actual*	Target#	Actual*	Target#	Actual*	Target#	Actual*
Environmental	409	241	113	55.0	N/A	12653	55%	115	55%	126	2%	2
Social		80		19.0		4359		46		51		0
Infrastructure		90		31.2		7526		60		39		0
# National EPWP standard												

Description of sector programmes	Number						% Achieved					
	EPWP Target Annual	Job opportunities per Sector	FTE's		Person days		Youth		Women		Disabled	
			Target#	Actual*	Target#	Actual*	Target#	Actual*	Target#	Actual*	Target#	Actual*
* EDM'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												

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 2018/19 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

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
Increased Income De Hoek	Increased by 51 %
Increased Income Victoria Bay Caravan Park	Increased by 7 %
Increase Income Swartvlei Caravan Park	Increased by 4 %
Future Revenue Enhancement	Long term lease agreements: Developments Regional Landfill site: Ikusasa Engineering (Pty) Ltd and Mouimakoe (Pty) Ltd
Upgraded security at Resorts and Council buildings	Security cameras installed

Highlights: Municipal Resorts

d) Challenges: Municipal Resorts

Challenges	Actions to address
Old water and electricity infrastructure	Source additional funding
Addressing maintenance backlogs at Resorts	Source additional funding and project manage maintenance at Resorts
Income decrease Calitzdorp Spa 9 %	Focused marketing

Challenges: Municipal Resorts

e) Resorts Income for 2018/19 (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 2018	81 412.69	92 094.52	78 745.28	2 356.52
August 2018	67 481.36	21 387.88	412.66	225.22
September 2018	132 263.38	51 604.85	0	0
October 2018	124 777.73	170 141.67	200.00	15 209.57
November 2018	189 422.93	192 312.28	41 213.93	536 588.33
December 2018	194 587.55	93 580.09	67 053.93	57 191.77
January 2019	475 371.69	584 932.86	1 147 897.40	631 575.82
February 2019	133 333.29	194 429.46	128 284.42	190 076.79
March 2019	112 016.60	252 383.30	61 923.03	187 388.83
April 2019	203 632.46	323 850.55	49 294.78	310 424.92
May 2019	108 107.50	18 162.14	11 327.81	43 248.49
June 2019	418 445.39	196 887.86	64 800.01	48 197.40
Total	2 240 852.57	2 191 767.46	1 650 327.93	1 647 706.00

Resorts Income for 2018/19

f) Employees: Municipal Resorts

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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	1	0	0	0	0
4 - 6	32	30	30	2	6.67
7 - 9	3	0	0	0	0
10 - 12	2	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	0	1	1	0	0
19 - 20	0	0	0	0	0
Total	38	33	33	2	6.06

Employees: Municipal Resorts

g) Capital Expenditure: Municipal Resorts (Draft Information)

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Upgrading of Council Buildings	2 000 000	804 000	505 509	298 491
Total	2 000 000	804 000	505 509	298 491

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 the 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 N0. 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
Atmospheric Emission Licensing (AEL)	All new and renewal AEL application are processed via SAAELIP within the legislator timeframe

Highlights	Description
100% NAEIS completion and auditing	All 30 industries submitted their NAEIS reports within the required timeframes. This is due to the assistance given to industry in this regard
Routine inspections	Compliance, enforcement inspections and administrative enforcement at listed activities and controlled emitters within the district
Complaints dealing	Supporting B-municipalities with air quality complaints and resolving complaints concerning listed activities and controlled emitters
GRDM Air Quality working group meeting	Held 4 industrial forums/ working group meetings and thereby capacitated the industry
Sampling	The procurement of a mobile air quality monitoring station and the addition of a methane cell to monitor landfill sites. Particulate matter sampling, vehicle emission testing, passive sampling and weather station operation
Air quality improvements	Mitigation of air pollution at industrial level
GRDM: "Clean Fires Campaign"	GRDM appointed a service provided to compile lesson plans aligned to the national curriculum (CAPS), as well as resources to complement teaching on Pollution (Air Pollution) as part of Life Skills for grade 3 learners. These resources included A3 posters, games and content for use on the interactive whiteboard
Ambient air quality monitoring	Ambient air quality monitoring was conducted by means Radiello passive sampling, MiniVol Particulate Matter Sampler, portable Sentinel SL50 and the three stationary monitoring stations of the Provincial Directorate: Air Quality Management that is located in Oudtshoorn, George and in Mossel Bay. The purpose of the sampling was to obtain baseline information and when dealing with air quality relating complaints

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 capacity at local authority level	Air Quality management plans to address
Lack of coordination from Town Planning departments	Establishing communications forums between air quality and town planning
Budgetary constraints: No capital funding	AQMP and IDP to address
Poor support from National DEA	Attendance of working group 2 meetings at national level

Air Quality Control Challenges

d) Employees – Air Quality Control

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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	2	0	0	0	0
7 - 9	1	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
Total	5	3	3	0	0

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

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
- 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
Garden Route	
National Department of Health – Listeria Investigation: Meat Processing Plants 20 June 2018	<ul style="list-style-type: none"> ▪ 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
Informal food trader's project.	<ul style="list-style-type: none"> ▪ Provide education and awareness ▪ sessions to informal food traders
Listeriosis awareness and recall	<ul style="list-style-type: none"> ▪ Awareness, education material on Listeriosis was handed out to various outlets, formal, informal, and monitoring of recalls of food products ▪ During Garden Route employee wellness day, employees were educated through the method of an exhibition
World Tobacco Day	To educate the owners / managers of restaurants to locate designated smoking areas for public.
Operation Fiela in collaboration with SAPS	Monitoring food premises and give health education
Riversdale	
World Environmental Health Day: 25 September	Theme: Global Food Safety and Sustainability Target

Highlights	Description
2018	group: food caterers.
Department of Social Development Training	Communicable Disease training – Training was provided to all sectional heads of the region.
George Agriculture “Landbou Vereniging”	Raw milk and listeriosis: training session provided to dairy farmers
Department of Education	Environmental health training and inspections of schools: Training with regard to 9 key performance areas of Municipal Health was provided to school governing bodies
Heidelberg and Riversdale Agricultural shows	Successful monitoring of informal food traders during the event
Mossel Bay	
Formal health and hygiene training: informal food traders in Asla Park and Kwa Nonqaba	All educators received health training in waste management
Formal health and hygiene training at 4 x crèches	51 participants (personnel) received certificates of attendance
Door –to – door barber shop hygiene project and education, Kwa Nonqaba	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
<ul style="list-style-type: none"> ▪ Event Planning meetings eg. Buffalo Rally, Whale Rally, Tarka festival, Mossel Bay Sport School week, Dias festival, Friemersheim Fragrance festival and various other events ▪ World Food Day event at Brandwag with national Department of Agriculture and other role players 	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 with Mossel Bay Municipality, SAPS, Tourism, Neighbourhood Watch, ATKV and other role	To coordinate activities and find solutions and give feedback on any matter that may cause a health hazard

Highlights	Description
players	
Formal health and hygiene training at De Heus Feeds	51 participants (personnel) received certificates of attendance
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
George	
Outreach project at crèches in collaboration with the Department of Health	Presentation and demonstrations on health and hygiene practices
Health and hygiene awareness (Clinics, schools, crèches and food premises)	Public outreach around currently experienced diseases (Listeriosis, Hepatitis B, Scabies and Enteroviral meningitis)
Syferfontein basic subsistence evaluation	Door to door sessions to complete the basic subsistence and evaluation questionnaires
George Agricultural show	Health and Hygiene education and awareness presentations and demonstrations in collaboration with other stakeholders
Barbershop and hairdresser awareness (Thembaletu)	Health and hygiene awareness
Listeriosis awareness and education (George Farmers Association)	Awareness on prevention of Listeriosis as well as Health and hygiene education
Clean up campaign in collaboration with George Municipality (Molen River and Borchersds)	Health and hygiene awareness on illegal dumping.
Exhibition at George Civic Centre	Public awareness and health education
Health and hygiene inspection at the George Old Car Show and CANSA RELAY, Strawberry festival)	Health surveillance of premises and food monitoring
Klein Karoo	
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 2019 KKNK
Food safety training in Oudtshoorn	EHP's provided informal food safety training to formal and informal food handlers in Oudtshoorn
Global handwashing day celebrations in Oudtshoorn	EHP's held an awareness session on the importance of handwashing to school children

Highlights	Description
Communicable diseases and diarrhoea education and awareness sessions to crèche principals in Dysselsdorp	EHP's held an awareness session on communicable diseases, diarrhoea and importance of hand hygiene to crèche principals and caregivers
Knysna	
Barbers and hairdressers	5 barbers and hairdressers in Nekkies and Damsebos area
Formal food traders	Education session was held at Knysna correctional services Health and hygiene session held with foreign nationals from the informal spaza shop trading and the distribution of pamphlets and posters
Successful held and monitor oyster festival	Monitoring food outlets
Removal of asbestos material	Successful completion of asbestos removal project
Clean up project	Partake in Community clean up at Kanonkop
Blitz operation	Joint blitz operation between Garden Route and Knysna SAPS on SPAZA shops
Surveillance of premises Karatara fire	Health surveillance of premises during the Karatara fire
World Environment day	Partake in door to door awareness regarding waste disposal in Knysna
Bitou	
<ul style="list-style-type: none"> Health and Hygiene Awareness 	Presentation and demonstrations on health and hygiene practices to food managers and handlers in terms of R638
World Food Day Celebrations	Presentation on safe food handling at informal food traders – taxi rank, Bossiesgif Soup Kitchen Kranshoek Kleuterskool Kurland Crèche
Health and Hygiene Awareness program at Clinics	Environmental Health Practitioners hand out Environmental Awareness booklets to various Clinics
Global hand washing day	To promote hygiene practices at Schools and Crèches Kranshoek Kleuterskool
World Environmental Day	Environmental Health Practitioners held awareness sessions on Health & Hygiene Awareness, Waste Management, Recycling, and Water Quality to learners
Matric Rage Plettenberg Bay	Registration and monitoring of food outlets were successfully held

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
Lack of resources: Manpower and funding	To be addressed during budget process
Safety and security of personnel	Awareness training, pepper spray training, develop panic button on cell phone
Implementation of the Norms and Standards	Re-address the Norms and Standards (ring fencing MHS)
Language barriers	Investigate language app, better communication skills
Interpretations and enforcement of legislation	Training on Interpretations and enforcement of legislation
Forensic food chemical sampling services	Improve turn-around time and investigate other options
Lack of Inter-governmental relations support	Better communication and cooperation

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	2017/18	2018/19
Inspections at food production and/or handling sites formal and informal	8 030	8 630
Inspections at dairies to ensure legislative compliance	231	180
Inspection to informal settlements	427	945
Inspection of sewerage treatment /waste water sites	554	269
Inspection of farms	368	292
Inspection of non-food premises e.g. garages, crèches, caravan parks	22 769	33 500
Inspection environmental Pollution	7 552	8 676
Inspection conditions promoting breeding and habits of vectors	7 693	9109
Samples	3106	3590

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)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	1	1	0	0
4 - 6	8	8	8	0	0
7 - 9	0	4	4	0	0
10 - 12	30	29	29	2	6.89
13 - 15	8	8	8	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	46	51	51	2	3.92

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 expenditure incurred by the section:

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
3x Notice Boards	4 500	4 500	0	4 500
3 High back office desk chairs	4 104	4 104	3 717	387
Semi Industrial Wet & Dry Vacuum Cleaner	0	3 850	2 900	950
Security Fence Mossel Bay Office	0	30 000	26 043	3 957
3 Drawer Desk	4 300	4 300	3 445	855
Desk shell lockable top drawer	3 871	3 871	1 322	2 549
Highback swivel chair	944	944	913	31
2 x Saver Arm chair	1 183	1 183	0	1 183
1 x Conference Table & 10 x Saver arm chair	24 176	16 027	13 595	2 432
Refrigerator - 250 litre	0	4 299	4 299	0
Plett Office Building	0	2 300 000	2 255 480	44 519

Total	43 078	2 373 078	2 311 714	61 364
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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-

1. planning, co-ordination and regulation of fire services;
2. specialised fire fighting services such as mountain, veld and chemical fire services;
3. co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures;
4. 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	1 Platoon Officer 5 members comprising either of Junior Firefighters, Firefighters or Senior Firefighters per shift. Total operational shift personnel is 24.	1 Platoon Officer working office hours serving the station of Ladismith and Riversdale. 3 members, either Junior Firefighters, Firefighters or Senior Firefighters	3 members either Junior Firefighters, Firefighters or Senior Firefighters
Station hours	The shifts are arranged from 06:00 to 18:00 with 4 rest days after 2 consecutive days and nights	Normal working hours apply to the Ladismith Fire Station and provision is made for stand-by duties (4 days on, 4 days off)	Normal working hours apply to the Riversdale Fire Station and provision is made for stand-by duties (4 days on, 4 days off)

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 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
Budget Allocation	This year the GRDM was given a capital budget allocation to procure two fire trucks, an incident command vehicle, equipment and uniform
Procurement	The Incident Command vehicle was delivered and procured via a formal tender process.
Procurement	Two firefighting trucks have been ordered and will be delivered before the end of the calendar year and was procured via a formal tender process
Procurement and Standards	New grass fire fighting apparel which meets the required standards for its application was delivered and procured via a formal tender
Procurement and Delivery	Station wear was delivered and procured via a formal tender
Procurement and Delivery	15 Self-contained breathing apparatus was delivered and procured via an informal tender process
Procurement and Delivery	6 Level A and 16 level B hazmat suits was delivered and procured via an informal tender process.
Procurement and Delivery	4 Water nozzles were delivered
Education and Training	1 Member is being trained in the Firefighter 2 and Hazmat Operations courses being presented by the WCPG in Mossel Bay
Education and Training	2 Members completed the Advanced Rope Rescue training programme being presented by the WCPG in Bredasdorp.
Education and Training	2 Members are currently on the OETDP training programme being presented by the GRDM.
Education and Training	6 Members completed the Radio Telephonic Base Operator training.

Highlights	Description
Education and Training	2 Members attended the Incident Management training facilitated by the WCPG in Bredasdorp.
Education and Training	1 Member completed ISC Division Supervisor training
Education and Training	2 Members completed their SAESI Diploma in Fire Technology
Education and Training	4 Members wrote subjects in the SAESI Higher Certificate in Fire Technology
Education and Training	1 Member is busy with the Diploma in Public Management through Damelin
Awareness Campaign	Public Awareness programmes are conducted with communities to make them aware of the dangers of fire and the actions to be taken in the event of fire.
Awareness and Compliance	Fire safety compliance, inspections and awareness programmes are conducted in Kannaland where all functions of the fire service are provided.
Grant Funding	The October/November fires in George and Hessequa initiated a response from the provincial department responsible for fire services with operational assistance and a grant funding of R10 million.
Emergency Response	The October/November fires saw the following departments, municipalities and state entities involved in combating the disaster fires: GRDM, George Municipality, Mossel Bay Municipality, Hessequa Municipality, Knysna Municipality, Bitou Municipality, Overstrand Municipality, Overberg Municipality, City of Cape Town, Cape Winelands, West Coast Municipality, Cape Nature, SANS Parks, MTO, PG Bison and Working on Fire.
Assistance to Overstrand Municipality	The GRDM assisted with firefighting crews that were dispatched to Overstrand Municipality during its disastrous fires of December.

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
07/12/2018	
Ladismith- Church street	Vehicle Fire
Pacaltsdorp ,Dellville Park	Veldt Fire
Seweweeks Poort gravel road	MVA
Zoar Sports Grounds	MVA
Thembaletu/zone 9	Shack Fire
N2 / Heidelberg	MVA
Laingsburg Road	MVA
Corner R62 & Albert str. In Ladismith	Oil Spill
Opposite Sakkies Baai in Ladismith	Veldt Fire
R62, between Shell Garage & Olive Garden, Ladismith	Diesel Spill
Bo plaas	Grass and Bush
Oudtshoorn	Diesel Spill
Meiringspoort	Diesel Spill
Calitzdorp	Grass and Bush
Vleesbaai	Grass and Bush
Ladismith	Grass and Bush
Zoar	House Fire
Blanco	Diesel Spill
Ladismith	House Fire
Denneoord	Control Burn
N9 Crossing Oudtshoorn	Grass and Bush
Calitzdorp- Paul Theron	Structural Fire
Geelhoutboom Arabella	Grass and Bush
Geelhoutboom	House and Veld Fire
Ladismith	Vehicle Fire
Waterkloof road Ladismith	MVA
Echo Estate / Calitzdorp	Structural Fire
Van Wyksdorp	Veldt Fire
Klipfontein	Veldt Fire
Soutpan	Veldt Fire

Area	Type of Fire
Albertina- Soutpan area	Veldt Fire
Waterkloof Road Ladismith	MVA
Echo Estate / Calitzdorp	Structural Fire
Van Wyksdorp	Veldt Fire
Klipfontein	Veldt Fire
Soutpan	Veldt Fire
Albertina- Soutpan area	Veld Fire
Zoar Mountains / Veldt	Missing person
Waterkloof road Ladysmith	MVA
Echo Estate / Calitzdorp	Structural Fire
Van Wyksdorp	Veldt Fire
Klipfontein	Veldt Fire
Ladismith- January Street	Vehicle Fire
Ylandsvlei	Tree Fire
Esejag Farms	Bush Fire
Schoonberg	Bush Fire
Ezeljacht Fire	Bush Fire
Langkloof	Veldt Fire
Still Bay	Veldt Fire
Outeniqua Pass Fire	Bush Fire
Zoar	Veldt Fire
De Vlught Fire	Bush Fire
Klein kruis rivier	Veld Fire
Garcia Pass , Riversdale	Veldt Fire
Ladismith	Structural Fire
Ladismith	Veldt Fire
Ladismith- Town	Veld Fire
N1 R62 Huisrivierpas	MVA
Ladismith	Vehicle Fire
Calitzdorp- 9 th Ave	Structural Fire
Mosselbay – Alwyndal	Veldt Fire
01/06/2019	
Zoar- Farm Opsoek	Snake Catch
Calitzdorp- Wesoewer	Veld Fire
Calitzdorp- Wesoewer	Veld Fire

Area	Type of Fire
Malan street C/dorp	Structural Fire
Calitzdorp- R62	Veld Fire
Calitzdorp- R62	Veld Fire
U Save / Ladismith	Snake Catch
Albertinia N2	Hazmat
Ladismith	MVA
Ladismith- R62	MVA
George	Scrap yard Fire
Ladismith	Veld Fire
Zoar- Amaliensteyn	Bush Fire
Lainsburg gravel road	MVA
Langhoogte / Ladismith	Snake Catch
Touwsranten	Bush Fire
Hartenbos heuwels	Bush Fire
Geelhoutboom	Bush Fire
Calitzdorp	Snake Search
Hansmoeskraal	Bush Fire
Calitzdorp- Wesoewer	Veld Fire
Calitzdorp- Wesoewer	Veld Fire
Blanco Fire	Bush Fire
George	Water Delivery
Hoekwill	Bush Fire
Wilderness	Bush Fire
Syferfontein (George Assist)	Veld
Outeniqua pass	Hazmat
7 Passes	Veld fire
Ladismith- R62 Barrydale road	Veld fire
Ladismith- R62 Barrydale road	MVA
Syferfontein (George Assist)	Veld
N2 Riversdale	MVA (Hazmat)
Nissanville Ladismith	Veld Fire
Van Wyksdorp Gravel Road	MVA
Groenfontein, Calitzdorp	Veld Fire
Groenfontein, Calitzdorp	Veld Fire
George in town	Diesel Spill

Area	Type of Fire
Besemkop Calitzdorp	Veld Fire
Varkieskloof	MVA
Nissenville	Veldt Fire
Ladismith Municipality	Snake Catch
Huisrivier Pass	MVA
Riversdal, Vermaaklikheid	Hazmat
Van Wyksdorp Gravel road	MVA
Algereins Kraal	MVA
Vermaaklikheid	Veld Fire
York str, George	Milk Spill
Outeniqua Pass	Hazmat Diesel Spill (Vehicle Tank)
Hoekoe	Mountain Fire
Knysna	Boat capsized (Hazmat)
George Bo dorp	Snake Catch
Wilderness, George	Veldt Fire
Hartmansleegte	MVA
Bruintjies hoogte	Structure Fire
Ladismith dorp	Refuse Fire
Amalienstein boerdery	Veldt Fire
R62 to Zoar	MVA
Ladismith dorp	Refuse Fire
Outeniqua Pass	MVA
Outeniqua Pass, George	Diesel Spillage
Mossie str 31 Ladismith	Attempted Suicide
R62 to Barrydale	MVA
Medical call	Unresponsive Patient
Ruitersbos	Veldt Fire
Voorbaat, Ladismith	Veldt Fire
Swavel2 crecent, Ladismith	Snake Catch
Sakkiesbaai, Ladismith	False call (House fire)
George	MVA oil Spill
Syferfontien	Veldt Fire
George fire station	Spill
Haroldsbaai Road	Veldt Fire
Amalienstein, Zoar, Ladismith	MVA

Area	Type of Fire
MtO offices in George	Structure Fire
Waterkloof Road, Ladismith	MVA
Geelhoutboom Road	Spill
Robertson Pass	Hazmat Spill
Jonkersberg	Veld and Bush Fire
Knysna	Veld and Bush Fire
Voorbaad, Ladismith	Veldt Fire
Gwaing sanitation farm	Veldt Fire
Golden Valley	Veldt Fire
Riverdale road between R62 Ladismith/ Riversdale	MVA
Nissanville, Ladismith	House Fire
Sakkiesbaai Ladismith	Shack Fire
N2 outside Heidelberg	Hazmat
Thembaletu Zone 9	Shack Fire
Groenkloof gravel road	Bio Hazard Call

Fires and Incidents

d) Challenges: Fire Services

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

Description	Actions to address
Fragmented Services	DCF resolution to restructure the Fire Services
Aging Fleet	Capital budget allocated to replace old vehicles

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	10 minutes
Average turnout time - rural areas	10 to 60 minutes & 60 to 30 minutes
Fire fighters in post at financial year-end	41
Total fire appliances	11
Reservists and volunteers	21

Service	Description
Veld, mountain and vegetation fires	70
Motor vehicle accidents	26
Vehicle fires	4
Chemical incidents	18
Structural fires	12
Informal dwelling fires	3
Rescue incidents	1
Snake incidents	7
Refuse fires	3
Medical incidents	2
Water Delivery	1
False Calls	1

Service Statistics for Fire Services

d) Employees: Fire Services

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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	7	7	7	0	0
7 - 9	4	4	4	0	0
10 - 12	28	29	29	1	3.45
13 - 15	1	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	41	39	39	1	2.56

Employees: Fire Services

e) Capital Expenditure: Fire Services (Draft Information)

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

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Water Tankers (CRR)	1 550 000	1 523 000	1 372 159	150 840
LDV - 1 x Skid Unit & 1 x Command Unit (CRR)	550 000	515 000	505 333	9 667
Hazmat Rescue & Fire Equipment	300 000	250 000	129 710	120 290
Two Way Radio Repeater	50 000	50 000	0	50 000
Hazmat suits - Level A	160 000	160 000	0	160 000
Thermal Imaging Camera	80 000	80 000	68 215	11 785
New Fire Station/ Training Academy (CRR Funding)	3 000 000	0	0	0
Computer Equipment Relay Stations	0	522 000	521 987	13
Laptops (Fire Fighting)	0	35 000	30 697	4 303
Total	5 690 000	4 613 000	4 003 989	609 011

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 GRDM 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.

During October and November 2018, the GRDM district experienced a fire extending over more than 4 times the area that burnt in last year's Knysna / Bitou fire. 10 Lives were lost as a direct consequence to these fires and although very few formal structures burnt, the fire had a crippling effect on especially the forestry industry. For the 2019/2020 book year, the focus would be to quantify the current knock-on effects of this fire disaster as well as to predict the affect this fire would have over the next three to five years. The intention of the DMC would be to provide a heads-up to all stakeholders in order to collectively develop a "safety net" for those affected as well as to be affected by this disaster. In addition to this council has approved that a new approach namely: integrated veldt fire management should be rolled- out in the district. The Chief Fire Officer will be developing an integrated veldt fire management plan for immediate implementation by all stakeholders.

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 GRDMC developed the following guiding documentation namely:

- 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;
- All Departments of the District Municipality updated the Garden Route Corporate Disaster Management Plan with emphasis on the inclusion of disaster risk reduction.

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. In this regard funding to the value of more than R2,5 mil has been secured from the Fund for the Reconstruction of Knysna and the Eden District (FRKED). To date most of this funding was used to implement soil erosion protection works, the cutting of firebreaks next to high fire risk settlements as well as the control of invasive alien plants in the 2017 Knysna/Bitou burn scar area.

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 work with Garden Route DMC assisting 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:

Department:	Community Services
Division:	Disaster Management
Municipal official	Designation
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
Post vacant	Disaster Management Officer
Post vacant	Disaster Management Officer
Stella Bouwer	Call Centre Supervisor
Call Centre Operators	4 Permanent and 4 ad-hoc
Gail Bekeer	Administrative Assistant
Stenden University final year students	Disaster Management interns focusing on

Department:	Community Services
Division:	Disaster Management
Municipal official	Designation
	disaster related research
The following people will be activated to render assistance to the DMC when the Eden Joint Operational Centre is activated in terms of the District Disaster Response Plan	
Systems support	
IT Section	Koos Nieuwoudt
Spatial information	
GIS Section	Salman Damons
Finance	
CFO	Louise Hoek (until 5 December 2018) Johan Stander (5 December 2018 until 28 February 2019) Jan- Willem de Jager (1 March 2019 to date)
Corporate Services	
Executive Manager Corporate Services	Trix Holtzhausen
Roads	
Executive Manager Roads	Hans Ottervanger (until 30 September 2018) Lusanda Menze (October 2018) John Daniels (November 2018 to date)
Risk and logistics	
DMC Building	Mario Appels
Call Centre	Tippie Bouwer
JOC	Wouter Jacobs

Disaster Management Structure

For the 2019/20 financial year the intention would be the appointment and placement of at least two disaster management officials at the disaster management capacity constrained local municipalities.

At this point in time local municipalities do not provide any staff or funding towards the district DMC, but the following local municipalities have appointed dedicated disaster management officials who closely work with the Garden Route Head of Centre:

- Oudtshoorn LM;
- George LM;

Furthermore the intention would be to roll out the newly procured disaster management information management as well as fire dispatch platform to all local municipalities in the region. This platform will ensure standard operational procedures, tracking of all resources as well as better coordination during major incidents as well as disasters.

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

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

Garden Route vision	Garden Route" the leading, enabling and inclusive district, characterised by equitable and sustainable development, high quality of life and equal opportunities for all
DMC departmental vision	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
Strategic objectives	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. 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 commitment to inclusion and participation; and openness to sharing and learning to build consensus and mutual understanding
Inputs (what we use to do the work)	Disaster risk assessments, research, GIS mapping, provincial decision support tool, the Unity disaster information management software, weather data, RADAR data, AFIS data and early warnings.
Activities/mission (what we do)	Building resilience against disaster risk
Output (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
Predetermined outcomes (what we wish to achieve)	Developing a disaster resilient district
Impact (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

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) DMC Projects and programmes

Project/Program	Objective	Date from – date to
First aid training and building disaster management awareness	To train disaster management volunteers to first aid level 3 and build up a disaster management volunteer data base	Continuous, at least 8 courses per year
Update Oudtshoorn Municipal risk assessment	To identify emerging disaster risks in order to build resilience or to mitigate the possible affects thereof	01/01/2019 – 30/10/2019
Update Kannaland Municipal disaster risk assessment	To identify emerging disaster risks in order to build resilience or to mitigate the possible affects thereof	01/01/2019 – 30/10/2019
Build local municipality disaster management capacity	To appoint seven disaster management interns to be coached by the District HOC for placement at each LM	Two DMO's to be appointed and placed by the end of June 2019
To develop a disaster risk reduction dashboard	To spatially indicate all DRR initiatives currently being implemented/ to be implemented by Local Authorities in the district	01/10/2018 – 31/12/2019
Invasive alien plant clearing	The alignment of current programmes aimed at the reduction of alien invasive plants	Continuous over the next 3 to 6 years
Updating of water management plans	To ensure uniformity in terms of water restrictions at all local water service providers (WSP)	01/062018 – 30/06/2020

Project/Program	Objective	Date from – date to
Regional drought public awareness campaign	To raise public awareness as well as to drive down water consumption	Continuous
Climate change	<ul style="list-style-type: none"> Adaptation measures Mitigation measures Awareness and education Alternative food sources Water security measures Smarter building Increasing resilience Research Investment in renewable energy forms Biomass to energy Reforestation 	Continuous
Biodiversity	<ul style="list-style-type: none"> Critical biodiversity mapping incorporated into district SDF Declaration of more Protected areas Protection of core and buffer areas for connectivity Education and awareness Research Robust coastal and estuary management Sustainable building practices 	Continuous
Disaster rehabilitation and reconstruction	To ensure that the funds allocated in terms of post disaster rehabilitation and reconstruction are being spent as per the project plans	Continuous

Break down of GRDM DMC's projects 2019/20

Project Description	Funding Source
Update of local municipal disaster management plans	Own staff
Update of local municipal disaster risk assessments	Own staff/Interns
Research on the re-growth of invasive alien plants in the district after the 2017 and 2018 fire	Interns
Research on civil unrest/protest action at the Bitou and Mossel Bay Local Municipal areas	Interns
Disaster/drought funding and prioritisation assistance	Own staff
GREF spatial data management and archive development	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)/GRDM environmental section
Status of Forestry Industry Research, in collaboration with GRDM (LED), including reflection on indigenous forestry industry	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)
Riversdale/Still Bay burn scar herbicide assistance	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)
Herbicide assistance in the Knysna burn scar	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)
WWF herbicide assistance, project completed February 2019	WWF
TMF/GREF/SCLI/SANParks/CNC Floristic Corridor Revival	Table Mountain Fund
Establishment of Garden Route Environmental Forum	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)/GRDM environmental section
Regional fire risk assessment	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)
Regional Invasive Alien Plant assessment and formulation of a strategy to address this emerging risk	Fund for the reconstruction of Knysna and the Garden Route District (FRKED)

Project description

Disasters and Major Incidents that Occurred During the Year

- During October and November 2018, the GRDM district experienced a fire extending over more than 4 times the area that burnt in last year's Knysna / Bitou fire. 10 Lives were lost as a direct consequence to the fires and although very few formal structures burnt the fire had a crippling effect on especially the forestry industry. For the 2019/2020 book year the focus would be to quantify the current knock-on effects of this fire disaster as well as to predict the affect this fire would have over the next three to five years. The intention of the DMC would be to provide a heads-up to all stakeholders in order to

collectively develop a “safety net” for those affected as well as to be affected by this disaster.

- Continuation of the drought conditions affecting mostly the Northern parts of the District;

f) Strategic Overview

Economic Perspective

The Garden Route DM is an important economic growth area for the Western Cape. It has an expanding population on account 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. The October and November 2018 disaster fires as well as the prevailing drought conditions will continue to cripple the local economy of the district.

ii) Basic Services and Infrastructure

Challenges in terms of the provision of basic services infrastructure are experienced at the local municipalities that have seen rapid population growth. The natural environment and its resources of the GRDM are sensitive and susceptible to overexploitation 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 channelling, 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 a very neutral El-Niño episode towards the summer season with the expectation to continue throughout the autumn season. This indicated that South Africa and especially the Northern parts of the Garden Route District could continue to experience extremely warm and dry conditions for the 2018/19 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

The 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.

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.

- Challenges identified at local municipal level
- Municipalities do have contingency plans, but these plans are not tested during annual table to exercises;
- Mass care facilities have been identified for some areas, but not for inhabitants in rural areas. The management of these facilities does not form part of current contingency plans;
- Municipalities lack a proper plan to oversee the receipt and storage of humanitarian relief donations;
- There is need for integrated planning with all spheres of government in terms of humanitarian aid management;
- A plan and monitoring tool needs to be developed to be used for registration of aid recipients and use this tool to prioritise aid as well as to manage distribution;
- Management of volunteers needs to be beefed-up;
- There is a total lack of SLA's with identified aid organisations;
- The willingness of local authorities in the district to establish a multi-disciplinary one stop emergency call centre;
- The lack of disaster risk reduction projects listed as part of the local authority level IDP and included into multi –year budgets;

ii) General challenges

- The absence at National, Provincial and Local level of a fund aimed specifically at reducing disaster risk;
- The Garden Route DMC do not have the capacity to deploy command staff to local municipalities during major incidents due to the lack of a motorised suitably equipped operational command vehicle;

iii) **Strategic Risk**

- Insufficient funds to implement disaster risk reduction initiatives;
- Lack of disaster management information management system;
- Lack of an integrated real time all Hazards as well as severe weather early warning system;
- Lack of engineering capacity to provide oversight in terms of regional water security, surface as well as ground water;

iv) **Coordination structure**

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	Regional	Garden Route

Forum name	Terms of reference?	Is forum active?	Frequency of meetings	Forum purpose	Forum composition	Forum chairperson
				disaster management issues		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 proactive fire response	Regional	Paul Gerber

Disaster Management Coordination Structures

Disaster Management Coordination Structures

- i) 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:

Municipal Area	Plan	Last Updated
GRDM	Corporate Disaster Management Plan	May 2018
	Winter Preparedness Plan	March 2019
	State Funeral Plan	June 2013
	Disaster Management Relief Protocol	June 2018
	Master Evacuation Plan	Dec 2018

	Load Shedding Contingency Plan	March 2019
	Infectious Disease Contingency Plan	March 2013 (Update in Process)
Bitou	Disaster Management Plan	Jan 2018 (Update in Process)
Knysna	Disaster Management Plan	May 2019 (Update in Process)
George	Disaster Management Plan	May 2019 (Update in Process)
Mossel Bay	<p>1. Disaster Management Plan (Annexure as part of DM Plan)</p> <ul style="list-style-type: none"> ▪ Contact Particulars ▪ Social Management Plan ▪ Little Brak River Flood Contingency Plan ▪ Little Brak River Estuary Management Plan ▪ Great Brak River Flood Contingency Plan ▪ Great Brak River Estuary Management Plan ▪ Hartenbos River Estuary Management Plan ▪ Social Relief Policy ▪ Load Shedding Contingency Plan ▪ Communications Plan ▪ Water and Sanitation Contingency Plan ▪ Electrical Network Services Emergency ▪ and Operational Plan ▪ Streets and Storm Water 	Nov 2018 (Update in Process)

	Contingency Plan <ul style="list-style-type: none"> IT Data and Telecommunications Plan Event Management Plan Landslide Contingency Plan Voorbaai Joint Emergency Response Plan Climate Change Sector plan Public Unrest Contingency Plan 	
Hessequa	Disaster Management Plan	Oct 2017 (Update in process)
Kannaland	Disaster Management Plan	Jul 2018 (Update in process)
Oudtshoorn	Disaster Management Plan	Feb 2019
	KKNK Contingency Plan	March 2019
	Meiringspoort Flood Contingency Plan	March 2018

Status quo of Disaster Management plans in the District

Garden Route District Municipality Corporate Disaster Management Plan

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 2018	.9 sec	24826	89.70
August 2018	.8 sec	21631	91.94

Call Answering Statistics – Garden Route District and Metro Emergency Medical Services			
Month	Average Answering Speed	Incoming Calls	% Answered
September 2018	.7 sec	23659	94.82
October 2018	.8 sec	22777	85.23
November 2018	.8 sec	24526	90.79
December 2018	1.0 Sec	28862	87.51
January 2019	.9 sec	22970	88.52
February 2019	1.2 sec	23484	82.54
March 2019	1.0 sec	24940	88.06
April 2019	.9 sec	21322	89.58
May 2019	1.1 sec	23116	83.02
June 2019	.9 sec	23448	83.90
Total	11 sec	285561	1055.61

Disaster Management Call Answering Statistics

Emergency calls received						
Month	Structure / Hazmat	Fires	Vehicle Accidents	Special services	Rescue	Medical 10177
July 2018	0	10	2	0	0	24 826
August 2018	4	10	4	0	1	21 631
September 2018	2	10	5	0	1	23 659
October 2018	2	58	6	0	0	22 777
November 2018	2	108	5	0	0	24 526
December 2018	1	9	3	0	0	28 862
January 2019	2	24	4	3	0	22 970
February 2019	1	10	4	2	0	23 484
March 2019	6	4	4	1	0	24 940
April 2019	2	4	2	1	0	21 322
May 2019	3	8	9	0	0	23 116
June 2019	2	12	4	0	0	23 448
Total	27	267	52	7	2	285561

Emergency Calls Received

Details of calls received	2017/18	2018/19
Flooding	None	None

Details of calls received	2017/18	2018/19
Structure / Hazmat calls	20	27
Fires calls	155	267
Motor Vehicle Accidents calls	42	52
Special services calls	16	7
Rescue calls	3	2
Medical calls	266 046	285 448
Total	266 282	285 803

Disaster Management Services Data

m) Employees – Disaster Management Services

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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	2	0	0	0	0
4 - 6	1	2	2	0	0
7 - 9	1	4	4	0	0
10 - 12	0	3	1	2	66.67
13 - 15	9	1	1	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	14	11	9	2	66.67

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	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Conference Speaker / recording system with 12 mics	80 000	80 000	0	80 000
Water Cooler/Dispensers	5 000	5 000	4 087	913

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Chairs	12 000	12 000	11 406	594
Small fridge	3 000	3 000	1 735	1 265
Kettle	200	200	0	200
Total	100 200	100 200	17 228	82 972

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	2017/18	2018/19
Councillors	35	35
Administrative staff (contract employees employed in the Office of the Executive Mayor)	5	6

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)				
Office Chair	0	6 000	3 301	2 699
Office Chair	10 000	9 000	2 892	6 108
Aluminium Tables	0	10 000	9 600	400

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Two Visitors chairs - PA of the Deputy Mayor	10 000	10 000	3 458	6 542
Total	20 000	35 000	19 251	15 749

Capital Expenditure: Executive and Council

3.12.2 FINANCIAL SERVICES

a) Introduction to Financial Services

1. Financial Services 2018/19 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 31 August.
- Submission of draft financial statements to the internal audit unit and the audit committee for review by 26 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.
- 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
Unqualified audit opinion with findings from AGSA for 2017/18 statutory audit
Overall assessment on financial viability improved from "concerning" to "good" as per AGSA Management Report issued on 30 November 2018
Continued progress in implementation and operation of new financial system that was implemented to comply to mSCOA regulations
Successful restructuring of Finance Department for increased capacity and working towards decrease in dependency on the use of consultants
Actuals vs Budget for revenue, operational and capital expenditure exceeded 90%
Deviations reported in 2018/19 is half of deviations reported in previous two financial years.

Financial Services highlights

c) Challenges: Financial Services

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

Challenge	Actions to address
Long term financial sustainability	<ul style="list-style-type: none"> ▪ Revenue enhancement strategy

Challenge	Actions to address
	and implementation plan <ul style="list-style-type: none"> ▪ Additional funding sources ▪ Review investment strategy
Fully capacitated and motivated workforce	<ul style="list-style-type: none"> ▪ Skills assessment in department ▪ Update of PDP (assistance from HR) ▪ Training ▪ Regular strategic engagements / consultations ▪ Show appreciation towards staff ▪ Utilisation of WC FMG funding
Efficient/effective SCM turnaround time for procurement	<ul style="list-style-type: none"> ▪ Departmental planning and ownership of procurement plans by HODs
Continued mSCOA system implementation challenges	<ul style="list-style-type: none"> ▪ Engagement with service provider re system improvements/developments and training to all staff on functionalities of new system

Financial Services challenges

d) Employees: Financial Services

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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number				%
0 - 3	0	0	0	0	0
4 - 6	4	1	1	0	0
7 - 9	15	11	11	1	9.09
10 - 12	13	11	11	5	45.45
13 - 15	3	2	2	0	0
16 - 18	0	1	1	0	0
19 - 20	1	1	1	0	0

(T-grade)	2017/18	2018/19			
Total	36	27	27	6	54.54

Employees: Financial Services

- Capital Expenditure: Financial Services (Draft Information)

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Chairs	37 000	37 000	26 006	10 994
Desks	5 000	5 000	3 865	1 135
Total	42 000	42 000	29 871	12 129

Capital Expenditure: Financial Services

3.12.3 HUMAN RESOURCES

a) Introduction to Human Resources (HR)

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.

1. 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:

Highlight	Description
Skills Summit	Skills Summit was held on 7 February 2019 in Still Bay. The event was a great success
External and internal bursary	Successful allocation of internal and external bursary
Expenditure on training Votes	The prescribed percentage on the expenditure on the training votes was achieved
Annual Training Plan	Successful implementing of annual Training Plan
Work Place Skills Plan	Successful submission 30 April 2019
Employment Equity Plan	Successful submission and implementation of the Employment Equity Plan
Driver's license project	Successful implementation of the driver's license project for unemployed youth
Youth Summit	Implementation of Youth Summit
CANSA Relay	Raising money for the George CANSA office and creating cancer awareness
No Tobacco Day	Awareness on Smoking
Employee Wellness Day	Focus on healthy living by getting more information regarding your physical & financial condition
Policies and Standard Operating Procedures (SOP's)	Amendment of policies and development of SOP's
Appointments	That all the appointments made in the last financial year have been within the EE Targets
Recruitment and Selection Policy	The review and approval of the Recruitment and Selection Policy

HR Highlights

c) Challenges: HR

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

Description	Actions to address
Lack of Funding for skills Mecca Implementation	Appointment of the Project Manager for skills Mecca to fast track the implementations of the resolutions taken from the Skills Summit

HR Challenges

d) Labour Relations Statistics

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

Description	Number	
	2017/18	2018/19
Cases	57	46
Terminations	4	3
Counselling sessions	15	4
Disputes	6	5
Incapacities	6	6
Grievances	26	22
Suspensions	1	6

Labour Relations Statistics

e) Employees: HR

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

(T-grade)	2017/18	2018/19			
	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	2	0
7 - 9	5	5	5	1	20
10 - 12	9	6	6	2	33.33
13 - 15	0	3	3	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
Total	15	15	15	5	33.33

Table 1: Employees: HR

f) Capital Expenditure: HR (Draft Information)

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

Capital projects	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Office Chairs (Recruitment and Selection)	10 000	10 000	6 846	3 154
Evacuation Chair (OHS)	30 000	30 000	26 565	3 435
Total	40 000	40 000	33 411	6 589

Capital Expenditure: HR

3.12.4 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The GRDM 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
Hosting regional ICT Forums	The GRDM host's and coordinates regional ICT Forums with great success
Introducing Paperless Agendas	Council adopted a paperless environment. Tablets were provided and the project proofed to be a great success
Hosting GIS regional Forums	The GRDM host's and coordinates regional GIS Forums with great success
Provincial Broadband installed successfully	Fibre connection provided, and installed successfully
Council Resolution Register	As per request from Councillors a Resolution register was provided on the Collaborator system
Developing GIS Web Viewer for GRDM spatial data.	<ul style="list-style-type: none">▪ Integration of spatial data with reporting data used by the Environmental Health Section of GRDM.▪ Spatial viewer developed for council owned properties▪ Spatial viewer developed for Disaster Management functions of GRDM
Organigram , Delegation Register on Collaborator	Organogram, Delegations Register modules successfully implemented on the Collaborator system
Time and Attendance with Access Control	In the process of implementation of time and attendance system linked to HR modules

Table 2: ICT Service Highlights

b) Challenges: ICT Services

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

Description	Actions to address
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Description	Actions to address
Late submission of reports, still a challenge	Training of staff and Councillors will be on an ongoing basis
Resolution register will only work if resolutions and actions are kept updated	Investigate the possibility of populating the Resolution in real time
Data cleansing needs to be done	<ul style="list-style-type: none"> Data cleansing to be done by 31 August 2019 ICT Section to liaise and assist Implementation continuous with current data
Integration between Systems	Data cleansing to be done. Human Recourses section tasked with the process, but the lack of resources is hampering the process

ICT Service Challenges

c) Service Statistics – ICT Services

The table below indicates the services rendered by the Unit:

Details	2017/18	2018/19
% of software licensed	100	100
% of back-ups done	100	100
% of viruses attended to	100	100
% of network downtime	0.08	0.12
% of queries resolved with guidelines of the policy	87	92

Service Data for ICT Services

d) Employees: ICT Services

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

(T-grade)	2017/18	2018/19
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(T-grade)	2017/18	2018/19			
	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	6	4	4	0	0
13 - 15	3	3	3	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	9	8	8	0	0

Employees: ICT Services

3.12.5 LEGAL SERVICES

a) Introduction to Legal Services

The Legal Services Unit consists of four (4) employees.

Legal Services assist Council and the administration with legal opinions, commenting on policies, review and/or comments on new and amended legislation, proclamations, compliance issues, vetting and drafting of contracts and ensure litigation matters are instituted and/or defended to prevent costs being incurred for or against the Municipality. We also 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
SODA	Involved with hosting in the first successful State of the District Address (SODA)
Good Governance Summit	Assisted with the first Good Governance Summit, in consultation with SALGA for the Garden Route District
Contract with French Government	Assisted in drafting the contract with the

Highlights	Description
	French Government for funding
SOP's	Assisted with the review and/or drafting of SOP's for the administration
Anti-Fraud Hotline	Establishment of an Anti-Fraud Hotline
Facilitated investment into the region	Negotiated and drafted contracts with investors stemming from the Investment Conference (Ikusasa and Mamoukwe)

Legal Services Highlights

c) Challenges: Legal Services

The Municipality faces the following challenge to address in the new financial year:

Description	Actions to address
Training	More training/workshop sessions will be held with the administration on contract management, PAIA and consequence management
Disciplinary Hearings	Staff will be equipped to act as chairpersons/initiators to assist with disciplinary hearings not only for this Municipality, but also requests received from other municipalities
Policy review/SOP's	SOP's for each department must be reviewed and drafted where none are existing. Policies must also be reviewed to be in line with the latest legislative developments
Rules of Order	New Rules of Order to be workshopped – current Rules are dated 2008

Legal Services Challenge

d) Employees: Legal Services

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

(T-grade)	2017/18	2018/19			
	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

(T-grade)	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
7 - 9	1	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	1	2	2	0	0
19 - 20	0	0	0	0	0
Total	2	3	3	0	0

Employees: Legal Services

3.12.6 PROPERTY SERVICES

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 immoveable 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

b) Highlights: Property Services

The following highlights were achieved during the financial year:

Highlights	Description
Long term lease Regional Landfill site: Ikusasa	Construction of a chemical manufacturing plant, storage and distribution hub
Long term lease Regional Landfill site: Moumakoe (Pty) Ltd	Construction of a petroleum product storage facility
Valuation of Council owned erven	Market related valuations and determination of market related leases
Registration of water rights on applicable Council properties	Registered water rights will increase the value of the applicable Council properties

Memorandum of agreement with Department of Agriculture	Agricultural opportunities to historically disadvantaged individuals on applicable Council properties
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Property Services Highlights

d) Challenges: Property Services

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

Description	Action to address
Legal eviction processes on applicable Council properties	Legal processes managed by Legal Section
Obtaining National approval to enter into long term lease agreements	Following due processes on any developmental projects and long term lease processes

Property Services Challenges

3.12.7 PROCUREMENT SERVICES

a) Introduction to Procurement Services

Supply Chain Management in the Public Sector continues to draw much interest and attention from all stake holders in the country. Current media attention of high-profile matters relating to procurement within public sector space has also cast much dark cloud within the Supply Chain Management space. There are lessons to learn on all fronts but more so for those directly involved in Supply Chain Management process as such we continue to watch closely as the events unfold.

As the amended Public Audit Act came into effect, we are keen to see the impact on general attitude to procurement as the focus becomes on consequence management. The amended act will have various implications to all those involved in decision making and execution, and from a positive outlook we trust that it will mean greater awareness and increased maturity to the organisation in supply chain management and better planning will take effect.

Promulgation of new regulations specifically, Cost Containment Regulations, could possibly have a significant impact on the Supply Chain Management processes. As we see the tightening of regulatory and compliance environment, we could only hope for a positive change within organisation on attitude towards Supply Chain Management.

Council and the Accounting Officer have been consistent in maintaining keen interest in good governance especially with particular focus on supply chain management. Some of the key outcomes to this concerted effort is seen in a near 50% reduction in Deviations as a result of conscious Executive oversight on proper implementation of procurement

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	3	2	1	67%
Formal: Roads	0	0	0	0
Section 32 applications	0	0	0	0
Capital projects consist of all capital related items				

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	13	12	1	92%
Formal: Roads	2	2	0	100%
S32 applications	0	0	0	0%
Non-capital refers to all service providers and small quotations for all goods and services procured other than non-capital				

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	4	3	1	0
Formal: Roads	0	0	0	0%
Informal: Garden Route	3	2	1	67%
Informal: Roads	0	0	0	0%
Quotations	0	0	0	0%
Section 32 applications	0	0	0	0%
Capital projects consist of all capital related items				

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	20	19	1	95%
Formal: Roads	6	6	0	100%
Informal: Garden Route	21	20	1	95%
Informal: Roads	9	8	1	89%
Quotations	9 343	n/a	n/a	n/a
Section 32 applications	7	7	0	100%
Non-capital refers to all service providers and small quotations for all goods and services procured other than non-capital				

Non- Capital Projects (Regardless of Value)

d) Annual Deviations (Draft Information)

The table below shows the summary of deviations for the 2018/19 and 2017/18 financial years:

Annual deviation			
Department	Annual deviations 2018/19	Annual deviations 2017/18	Change in percentages
Community Services	7 790 668	8 060 687	-3.35
Corporate Services	565 947	4 865 659	-88
Financial Services	152 262	281 961	-46
Planning and Economic Development	672 813	120 433	459
Roads and Transport Services	3 433 3852	8 188 182	-58
Office of the Municipal Manager	203 251	1 324 751	-85
Total	12 818 294	22 841 673	-44

Annual Deviations

e) Highlights: Procurement Services

The following highlights were achieved during the financial year:

Highlights	Description
Significant reduction in overall organisational deviations from Supply Chain Management Policy of the organisation due to a drive by the Office of the Municipal Manager to put stricter internal controls in place with regards procurement processes	Deviations were reduced by an overall 43% in total from prior financial year, from R 22 841 673 to R 12 818 294. A good percentage of the current year's deviations was mainly due to unfortunate catastrophic fire event that took place in the region
Organisational Maturity level with regards to Supply Chain Management has increased, far much greater awareness of regulatory requirement in the environment	Office of the Municipal Manager has placed far much emphasis on Demand Management as such use of procurement plans to execute the budget
Greater capacitation for Supply Chain Management through various appointments to the unit to ensure	2 additional buyers were appointed at stores, a procurement administration officer

Highlights	Description
greater internal control process	

Procurement Services Highlights

f) Challenges: Procurement Services

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

Description	Actions to address
Supply Chain Management is a complex and highly regulated environment that's continuously evolving. It is an exceptional area of interest to a number of stake holders and that is due to the nature of the risk profile associated with it	Continuous learning and capacitation of the unit, organisation and various committees and the organisation especially on new or amended regulations. Greater organisational awareness and compliance to procurement processes and guard the organisation against risk of irregular expenditure due to no compliance

Procurement Services Challenges

6. The Way Forward

Section 217 of the Constitution of the Republic of South Africa, 1996, states 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 –

- Categories of preference in allocation of contracts; and
- 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:

- unlocking resources for equitable, prosperous and sustainable development; and
- 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 the 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.

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;

- 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 2018/19 RBAP on the following areas and the following number of findings listed for each audit performed:

Area of review	Findings			
	Critical	Significant	Housekeeping	Total
Performance Management (Q1)	0	0	0	0
Performance Management (Q2)	0	3	0	3
Performance Management (Q3)	0	3	0	3
Performance Management (Q4)	In progress			
Information and Communication Technology (ICT)	0	11	0	11

Area of review	Findings			
	Critical	Significant	Housekeeping	Total
Overtime, Standby and Acting Allowance	0	13	0	13
Grants	In progress			
Risk Management	0	10	0	10
Occupational Health and Safety	0	12	0	12
Inventory and Store Management	In progress			

Service statistics: Internal Audit

The IA unit also completed a number of investigations and consulting assignments – the more significant ones are listed below:

2. OPCAR 2017/18
3. Internal and External Bursaries
4. 2016/17 and 2017/18 Irregular Expenditure review
5. 2016/17 and 2017/18 Unauthorised Expenditure review
6. 2016/17 and 2017/18 Fruitless and Wasteful Expenditure review

d) Assistance to local municipalities

Garden Route DM's Internal Audit Unit is chairing the Regional Chief Audit Executive Forum. The purpose of the forum is to engage on challenges and other matters relating to internal audit, this platform also serves to discuss issues raised in the Provincial Chief Audit Executive for further deliberations.

The forum is also serving to identify areas where support might be required, GRDM provided training through a service provider to Bitou and Oudtshoorn Municipality on the automated Audit Software.

Garden Route DM's Internal Audit Unit has also been involved in the project of implementing a turnaround strategy to assist Kannaland Municipality that is under Provincial administration.

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 approved the risk-based audit plan for the financial year for execution by the internal audit department	2018/19
Development of the Internal Audit Methodology	APAC approved the new Internal Audit Methodology that provides guidance on the key phases and activities applied in an internal audit engagement to ensure consistency in the delivery of internal audit services	June 2019
BarnOwl Internal Audit Software	We successfully procured an internal audit software through a Tender Process; the successful bidder was BarnOwl. The intention is to go live on 1 August 2019	May/June 2019
Annual stock-take on behalf of the 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 Auditor General South Africa	2018/19
Continuous training of IA Officials	<ul style="list-style-type: none"> ▪ In order to ensure best quality of internal audit services, officials in the unit attend appropriate training programs ▪ 2 officials completed the Professional Internal Auditor (PIA) course presented by IIASA – final exams due in August 2019 ▪ 1 official completed 7 out of 8 modules for the Internal Audit 	2018/19

Project name	Description	Duration / When
	Technician (IAT) course by IIASA – final assessment due in October 2019	
Celebrating Internal Audit Month	The month of May is the International Internal Auditors Month; the GRDM's Internal Audit unit wrote an article in celebrating of this event, which received a lot of positive response from a number of people	May 2019

Internal Audit Highlights

- Challenges: Internal Audit

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

Description	Actions to address
Funding for External Quality Assessment	Provincial Treasury is in process of negotiating an affordable price with suppliers to assist the municipalities in the Western Cape to perform the requested external quality assessment (once every five years)
Capacity constraints after CAE was appointed as CFO	Recruitment is in process to appoint a new CAE and to appoint an intern in the Internal Audit Unit for a duration of 3 years

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.

- 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:

1. Dr A Potgieter (Chairperson)
2. Adv D Block
3. Ms N Bulabula
4. 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)	2017/18	2018/19			
	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	3	0	0
13 - 15	0	0	0	0	0
16 - 18	1	0	0	1	0
19 - 20	0	0	0	0	0

(T-grade)	2017/18	2018/19			
Total	4	3	3	1	0

Employees: 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 2019/20 and are indicated in the table below:

1. A Skilled Workforce and Communities

Ref	KPI	Unit of measurement	Areas	Annual target
TL10	Number of people from employment equity target groups that will be appointed in the three highest levels of management during the 2019/20 financial year in compliance with the municipality's approved employment equity plan	Number of people that will be appointed in the three highest levels of management in compliance with a municipality's approved employment equity plan	All	1
TL11	Spent 0.5% of personnel budget on training by 30 June 2020 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training by June 2020	All	0.5%
TL12	Limit vacancy rate to 10% of budgeted post by 30 June 2020 (Number of funded posts vacant divided by number of budgeted funded posts)	% vacancy rate	All	10%
TL13	Develop an Work Study Strategy and submit to MANCOM for approval by March 2020	Work Study Strategy developed and submitted to MANCOM by March 2020	All	1
TL14	Review the organisational structure and submit to Council by 30 June 2020	Organisational structure reviewed and submitted to Council by 30 June 2020	All	1
TL15	Compile a Fleet Management Policy for	Fleet Management Policy developed and submitted	All	1

Ref	KPI	Unit of measurement	Areas	Annual target
	the Organisation and submit to Council for approval by March 2020	to Council by March 2020		
TL16	Develop an Implementation Plan for the Skills Mecca concept and submit to MANCOM by January 2020	Implementation Plan developed and submitted to MANCOM by January 2020	All	1
TL17	Award 2 external bursaries to qualifying candidates by 31 March 2020	Number of external bursaries awarded by March 2020	All	2
TL28	Job creation through the construction and operation of the Regional Landfill facility	Number of Jobs created by 30 June 2020	All	100
TL35	Develop an Implementation Strategy to obtain EPWP funding for Calitzdorp and submit to the Municipal Manager by December 2019	Implementation Strategy submitted to the Municipal Manager by December 2019	All	1

Service Delivery Priorities for 2018/19 – A Skilled Workforce and Communities

2. Bulk Infrastructure Coordination

Ref	KPI	Unit of measurement	Areas	Annual target
TL37	Compile a Development Strategy on the upgrading of the Radio Communication System and submit to the Municipal Manager by December 2019	Development Strategy compiled and submitted to the Municipal Manager by December 2019	All	1

Services Delivery Priorities for 2018/19 – Bulk Infrastructure Coordination

3. Financial Viability

Ref	KPI	Unit of measurement	Areas	Annual target
TL23	Appointment of an Independent Valuer to evaluate the District Properties by June 2020	Valuer appointed by June 2020	All	1
TL36	Spent 95% of the roads	% of the roads	All	95%

Ref	KPI	Unit of measurement	Areas	Annual target
	maintenance budget allocation by 30 June 2020 (Actual expenditure divided by approved allocation received)	maintenance spent by 30 June 2020		
TL38	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2020 ((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	5.2
TL39	Submit a Strategic Plan to Council to address the financial sustainability of Garden Route District Municipality by December 2019	Strategic Plan submitted to Council by December 2019	All	1
TL40	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	1
TL43	The percentage of the municipal capital budget spent on capital projects by 30 June 2020 (Actual amount spent on capital projects /Total amount budgeted for capital projects)(Report submitted by CFO)	% of capital budget spent by 30 June 2020	All	90%
TL44	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June	% of debt coverage	All	30%

Ref	KPI	Unit of measurement	Areas	Annual target
	2017 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)			
TL45	Compilation of the Annual Financial Statements (AFS) for the 2018/2019 financial year and submit to the Auditor General (AG) by 31 August 2019	Compilation and submission of the AFS to the AG by 31 August 2019	All	1

Services Delivery Priorities for 2018/19 - Financial Viability

4. Good Governance

Ref	KPI	Unit of measurement	Areas	Annual target
TL1	Submit an OPCAR progress report to the MANCOM on a quarterly basis	Number of progress reports submitted quarterly	All	4
TL2	Develop Standard Operating Procedures for the Municipality and submit to MANCOM for approval(Inclusive Report)	Number of SOP's developed and submitted to MANCOM	All	10
TL3	Submit the Top layer SDBIP for 2020/21 for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP for 2020/21 submitted to the Mayor within 14 days after the budget has been approved	All	1
TL4	Draft the annual performance report for 2018/19 and submit to the Auditor General by 31 August 2019	Annual performance report for 2018/19 drafted and submitted to the Auditor General by 31 August 2019	All	1
TL5	Develop an Individual Performance Management System for the first five levels of reporting within the Organisation by June 2020	Individual Performance Management System developed by June 2020	All	1
TL6	Review the risk management policy submit to Council by 31	Reviewed risk management policy submitted to Council by 31	All	1

Ref	KPI	Unit of measurement	Areas	Annual target
	May 2020	May 2020		
TL7	Compile the Risk based audit plan (RBAP) for 2020/21 and submit to the Audit Committee for consideration by 30 June 2020	RBAP for 2020/21 compiled and submitted to the Audit Committee by 30 June 2020	All	1
TL8	Report to MANCOM on the revision of the Human Resource Policies of the Organisation	Number of reports submitted to MANCOM	All	4
TL9	Compile and submit an implementation plan to MANCOM addressing the Improved Corporate Image of the Organisation by March 2020	Number of implementation plans compiled and submitted to MANCOM by March 2020	All	1
TL33	Signing an MOU with Stellenbosch University to improve qualifications by December 2019	MOU signed by December 2019	All	1
TL41	Develop Standard Operating Procedures for the Finance department on the ten most critical processes and submit to MANCOM for approval by December 2019	Number of SOP's developed and submitted to MANCOM by December 2019	All	10
TL42	Develop a Strategic Plan to address the minimization of the use of Consultants within the Department and submit to MANCOM by December 2019	Strategic Plan submitted to MACNOM by December 2019	All	1

Service Delivery Priorities for 2018/19 - Good Governance

5. Growing an Inclusive District Economy

Ref	KPI	Unit of measurement	Areas	Annual target
TL18	Development of a Growth and Development Strategy and submit to Council by June 2020	Growth and Development Strategy developed and submitted to Council by June 2020	All	1
TL19	Development of a Garden Route Tourism Strategy and submit to Council by June 2020	Tourism Strategy develop and submitted to Council by June 2020	All	1
TL20	Develop a Strategy on SME's	SME's development strategy	All	1

Ref	KPI	Unit of measurement	Areas	Annual target
	development and submit to Council by March 2020	developed and submitted to Council by March 2020		
TL21	Compile a Township Economic Development Strategy and submit to MANCOM by March 2020	Implementation Plan on Township Economic Development compiled and submitted to MANCOM by March 2020	All	1
TL22	Develop an Implementation Plan addressing the Investment Conference, Smart City Summit and Green Energy Summit resolutions and submit to MANCOM by January 2020	Implementation Plan developed and submitted to MANCOM by January 2020	All	1
TL24	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2020	Number of Job opportunities created through the Expanded Public Works Programme (EPWP) by 30 June 2020	All	150
TL25	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2020	Number of Job opportunities created through the (EPWP) (Extensions of contracts) by 30 June 2020	All	80
TL26	Compile a Development Strategy on Organisational Implementation of EPWP and submit to Council by March 2020	Development Strategy compiled and submitted to Council by March 2020	All	1
TL27	Compile and submit the final annual report and oversight report for 2018/19 to Council by 31 December 2019	Final annual report and oversight report for 2018/19 submitted to Council by 31 December 2019	All	1

Service Delivery Priorities for 2018/19 - Growing an Inclusive District Economy

6. Healthy and Socially Stable Communities

Ref	KPI	Unit of measurement	Areas	Annual target
TL32	Conduct Public Health Awareness through 8 sessions with the community by 30 June 2020	Number of sessions conducted by 30 June 2020	All	8
TL34	Develop a Strategic Plan for the establishment of a Regional Waste Management Facility and submit to Council by March 2020	Strategic Plan submitted to Council by March 2020	All	1

Service Delivery Priorities for 2018/19 - Healthy and Socially Stable Communities

7. Sustainable Environmental Management and Public Safety

Ref	KPI	Unit of measurement	Areas	Annual target
TL29	Compile a development plan to establish a fire training division and submit to Council by March 2020	Development plan submitted to Council by March 2020	All	1
TL30	Compile a strategy to address the management of emergency incidents due to inadequate	Strategy submitted to MANCOM by March 2020	All	1

Ref	KPI	Unit of measurement	Areas	Annual target
	equipment and submit to MANCOM by March 2020			
TL31	Development of climate change adaptation interventions in terms of Municipal Health and Environmental Services Strategy and submit to Council by March 2020	Municipal Health and Environmental Services Strategy submitted to Council by March 2020	All	1

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	
	2017/18	2018/19
The number of people from employment equity target groups appointed in the three highest levels of management during the 2018/19 financial year in compliance with the municipality's approved Employment Equity Plan	7	2
Spend 0.5% of the personnel budget on training by 30 June 2019 (Actual total training expenditure divided by total personnel budget)	1.17%	1.23%

National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The District Municipality currently employs 557 permanent officials as at 30 June 2019, 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	3	4	1	2	0	6	0	2	18
Professionally qualified and experienced specialists and mid- management	5	19	0	15	8	16	0	6	69
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	22	102	0	29	11	51	1	8	224
Semi-skilled and discretionary decision making	4	23	0	0	2	9	0	0	38
Unskilled and defined decision making	41	66	1	2	32	53	0	2	197
Total permanent	79	216	2	55	54	136	1	20	563
Non permanent employees	31	178	1	5	59	191	1	3	469
Grand total	110	394	3	60	113	327	2	23	1032

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	7	40	1	20	9	29	0	5	111
Corporate Services	5	12	0	4	7	17	1	3	49
Financial Services	2	15	0	1	5	8	0	5	36
Planning & Eco Management Services	6	21	0	1	1	25	0	2	56
Roads Services	56	128	1	27	30	52	0	4	298
Total permanent	79	216	2	55	54	136	1	20	563
Non - permanent	31	178	1	5	59	191	1	3	469
Grand total	110	394	3	60	113	327	2	23	1032

Department – Race Classification

c) Vacancy Rate

The approved organogram for the Municipality had 615 posts for the 2018/19 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 90 Posts were vacant at the end of 2018/19, resulting in a vacancy rate of 9.43%

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	167	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and	164	0

Per post level		
Post level	Filled	Vacant
superintendents		
Unskilled and defined decision making	226	0
Total	563	0
Per functional level		
Functional area	Filled	Vacant
	1	0
	1	0
	1	0
	1	0
	1	0
Total	5	0

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
2017/18	556	54	12	2.23%
2018/19	557	21	26	4.49%

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	2017/18	2018/19
Office of the Municipal Manager	0	0
Corporate Services	1	0
Financial Services	1	0
Community Services	0	0
Planning and Economic Development Services	0	0
Roads and Transport Planning	38	32
Total	40	32

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 2018/19 financial year shows a decrease when comparing it with the 2017/18 financial year.

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

Department	2017/18	2018/19	Number of Employees per department
Office of the Municipal Manager	72.29	125.66	17
Corporate Services	275.90	640.14	53
Financial Services	165.94	254.72	42
Community Services	377.79	744.04	112
Planning and Economic Development Services	151.04	451.84	64
Roads and Transport Planning	2 166.21	4 290.33	360
Total	3 209.17	6 506.73	648

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

Approved policies	
Experiential Training Policy	DC 515/08/13
Skills Development Policy	DC 744/12/14
Succession Planning & Career Pathing	DC 12/14
SHE Rep Policy	DC 520/03/14
SHE Committee Policy	DC 520/03/14
Policy on incentives for exceptional performance	Draft to be developed during 2019/20
Succession Planning and Career Pathing Policy	DC 744/12/14
Employee Assistance Policy	C.5
Draft Disability Policy	C.5
Revised Employment Equity Policy	C.5
Abscondment Policy	C.5
Grievance Procedure	C.5
Task	20 July 201
Appointment of Consultants Policy	C.5

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 -

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

The performance management system was not rolled out to employees from post level 1 – 6. No performance rewards (bonuses), were paid during 2018/19.

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	0	0
	Male	1	0
Legislators, senior officials and managers	Female	27	8
	Male	53	13
Associate professionals and Technicians	Female	23	10
	Male	35	0
Professionals	Female	43	0
	Male	29	2
Clerks	Female	33	8
	Male	16	4
Service and sales workers	Female	13	2
	Male	25	5
Craft and related trade workers	Female	0	0
	Male	50	7
Plant and machine operators and assemblers	Female	0	0
	Male	50	7
Elementary occupations	Female	92	38
	Male	131	72

Management level	Gender	Number of employees identified for training at start of the year	Number of employees that received training
Sub total	Female	231	66
	Male	370	110
Total		620	377

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
Learnership	Fire Fighting	3	6
Learnership	<ul style="list-style-type: none"> National Certificate: Road Construction 	64	46
Skills Programme	Identify responsibilities of a team leader in ensuring that organisational standards are met	0	32
Skills Programme	Labour Law	0	4
Skills Programme	Operate a truck mounted loader crane	15	0
Skills Programme	Law Enforcement Training	0	16
Total		82	104

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	Gender	Training provided within the reporting period (2018/19)
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categories		Learnership		Skills programmes and other short courses		Total	
		Actual	Target	Actual	Target	Actual	Target
MM and S57	Female	0	0	0	0	0	0
	Male	0	1	0	1	0	1
Legislators, senior officials and managers	Female	0	27	7	27	7	27
	Male	0	52	21	52	21	52
Professionals	Female	0	43	23	43	23	43
	Male	0	29	10	29	10	29
Technicians and associate professionals	Female	0	23	3	23	3	23
	Male	0	35	14	35	14	35
Clerks	Female	0	33	21	33	21	33
	Male	0	16	11	16	11	16
Service and sales workers	Female	0	13	3	13	3	13
	Male	0	25	12	25	12	25
Craft and related trade workers	Female	0	0	0	0	0	0
	Male	0	50	0	50	0	50
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	31	5	31	5	31
Elementary occupations	Female	47	92	0	92	47	92
	Male	75	131	0	131	75	131
Sub total	Female	75	370	73	370	148	370
	Male	47	231	57	231	104	231
Total		122	601	130	601	252	601

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
R152 467 000.00	R4 186 935.00	R3 325 455.86	1.9%

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))

Financial officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior managers	5	5	5	5
Any other financial officials	591	0	0	0
SCM officials				
Heads of SCM units	1	0	0	0
SCM senior managers	2	0	0	0
TOTAL	601	7	7	7

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%:

R'000	R'000	Total operating expenditure	Percentage

R'000	R'000	Total operating expenditure	Percentage
2017/18	128 451	201 170	63.85%
2018/19	136 426	222 809	61%

Operating Expenditure (excluding Roads)

Below is a summary of Councillors and staff benefits for the year under review: (Draft Information)

Financial year	2017/18	2018/19		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
Councillors (Political office bearers plus other)				
Salary	7 370	8 947	7 481	7 792
Pension contributions	261	247	463	428
Medical-aid contributions	142	52	122	144
Motor vehicle allowance	2 312	1 020	1 696	1 088
Cell phone allowance	325	664	1 125	1 023
Housing allowance	405	642	1 046	631
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
Sub Total	10 815	11 572	11 933	11 105
% increase/ (decrease)	N/A	7.0%	10.3%	93.1%
Senior managers of the Municipality				
Salary	4 022	5 277	4 501	5 267
Pension contributions	481	359	165	790
Medical-aid contributions	117	161	125	186
Performance bonus	484	777	838	703
Motor vehicle allowance	670	772	724	788
Cell phone	61	83	114	114

Financial year	2017/18	2018/19		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
allowance				
Housing allowance	84	285	0	321
Other benefits or allowances	132	100	-5	153
Payments in lieu of leave	70	77	0	0
Long service awards	0	0	0	0
In-kind benefits	0	0	0	0
Sub total	6 120	7 890	6 462	8 323
% increase/ (decrease)	N/A	29.3%	5.9%	128.8%
Other municipal staff				
Basic salaries and wages	71 403	79 891	82 376	76 435
Pension contributions	15 225	10 474	16 907	11 897
Medical aid contributions	10 067	9 132	10 351	6 505
Overtime	2 623	2 985	3 328	2 866
Motor vehicle allowance	4 921	6 539	6 363	6 344
Cell phone allowance	119	174	160	82
Housing allowance	888	1 397	1 484	978
Other benefits or allowances	3 475	3 424	4 121	4 859
Payments in lieu of leave	5 334	6 064	6 116	5 631
Long service awards	533	0	0	247
Post-retirement benefits obligations	8 043	5 698	2 866	1 153
Sub total	122 630	125 779	134 072	116 997
% increase/ (decrease)	N/A	2.6%	9.3%	87.3%
Total Municipality	139 565	145 242	152 467	136 426
% increase/	7.59	4.1%	9.2%	87.3%

Financial year	2017/18	2018/19		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
(decrease)				

Personnel Expenditure (excluding Roads)

*Note: Figures in the previous year may be amended and will therefore not necessarily match the figures in the previous year annual report. Figures for 2018/19 financial year are unaudited figures as at 30 June 2019.

CHAPTER 5

FINANCIAL PERFORMANCE



CHAPTER 5: FINANCIAL PERFORMANCE

5.1 FINANCIAL MATTERS

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

COMMENT ON FINANCIAL PERFORMANCE:

Based on the consolidated 2018/19 financial performance, the municipality made a surplus of R14.684m in comparison to R7.882m surplus in 2017/18. 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 3.5%.

5.2 GRANTS

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality is more than 81% dependant on grants and subsidies and are aiming to be less dependable on grants and to generate more own revenue. 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 2019 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:

1. The accurate recording of essential asset information;
2. The accurate recording of asset movements;
3. Exercising strict physical controls over all assets;
4. Treating the assets correctly in the Municipality's Financial Statements;
5. Providing accurate and meaningful management information;
1. Compliance with the Council's accounting policies and GRAP;
2. Adequate insuring of assets;
3. Maintenance of Council's assets;
4. Ensuring that managers are aware of their responsibilities with regard to the assets; and
5. 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	New Water Tankers for Fire Fighting	R3 523 000
Asset 2	Purchase of office building in Plettenberg Bay	R2 300 000
Asset 3	New LDV Skid Unit for Fire Fighting	R515 000
Asset 4	Risk Management and Internal Audit software	R500 000
Asset 5	Hazmat Rescue & Fire Equipment Equipment	R250 000

The other capital items purchased are mainly IT equipment and building upgrades at Resorts.

COMMENT ON ASSET MANAGEMENT

Refer to previous table and comments with regards to the additions for the year.

Repair and Maintenance Expenditure 2018/19				
(R'000)				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	4 598	3 501	2 450	30%

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

There are limited funding available to allocate to repairs and maintenance. In prior years, 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 3.5% 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: 30 June 2019					
Name of Municipality: Garden Route District Municipality					
Financial year-end: 30 June 2019					
Current Ratio:		(Current Assets / Current Liabilities)			
		Norm: 1.5 - 2.1			
		30 June 2019	30 June 2018		
Current Assets		208 240 364	186 175 228		
Current Liabilities		75 302 524	56 854 768		
Current ratio		2,77	3,27	times	
Comment					
The purpose of the current ratio is to determine whether GRDM has the ability to pay its short term liabilities					
The norm is 1.5 - 2.1 times. As at 30 June 2019 GRDM's current ratio is almost 3 times, which is far better than the norm.					
It has deteriorated slightly from the previous financial year.					

Ratio Calculations: 30 June 2019					
Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants):					
((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)					
Norm: 1-3 months					
			30 June 2019	30 June 2018	
Cash and cash equivalents			174 238 085	162 340 923	
Unspent conditional grants			- 6 893 628	- 8 038 509	
			<u>167 344 457</u>	<u>154 302 414</u>	
Total expenditure			395 989 018	362 015 952	
Depreciation and Amortisation			- 4 033 309	- 3 974 117	
Provision for bad debts			-	-	
Loss on disposal of assets			-	- 573 997	
			<u>391 955 709</u>	<u>357 467 838</u>	
Monthly average			32 662 976	29 788 987	
Cost cover			5,1	5,2	<i>times</i>
Comment					
The purpose of this ratio is to determine the amount of cash available to pay monthly operating expenses.					
On a norm of 3 months, GRDM has a strong result showing that it is able to pay 5 months' operating expenses from the current cash and cash equivalent balance.					

Ratio Calculations: 30 June 2019						
Net debtor days:	(((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365					
	Norm: 30 days					
			30 June 2019	30 June 2018		
Gross debtors closing balance			23 956 054	16 759 557		
Billed revenue			29 590 672	17 019 815		
Bad debt provision			-	-		
			295	359	days	
Comment						
This ratio indicates how quick (in days) the municipality is able to receive payment from bills sent out to the public on a monthly basis.						
There has been an improvement in the results since June 2018 (from 359 days to 295 days), but the result is still substantially worse than the norm of 30 days.						
The main reason for this relates to the complexities and legal challenges associated with billing and payment of fire fighting services in the district.						
GRDM sends out letters of demand and, as applicable, hands over non-paying debtors to the legal department. Proving however where a fire originated from remains a challenge and a protracted legal process.						
GRDM installed a new incident management system in the Disaster Management section, which will greatly strengthen GRDM's ability to prove fire origination, which is expected to result in an improvement regarding receiving payment from fire fighting services debtors.						

Grant dependency:	$(\text{Government grants and subsidies} / \text{Total revenue}) \times 100$		
		30 June 2019	30 June 2018
Total revenue (Excluding roads)	205 857 138	191 044 998	
Government grants and subsidies	165 934 347	154 142 467	
	81%	81%	
Comment			
The purpose of this ratio is to indicate the dependency of GRDM on government grants and subsidies.			
As mentioned elsewhere in the report, the result of 81% is considered to be substantially too high.			
GRDM is therefore actively pursuing alternative sources of own revenue in order to address this in future.			

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Introduction to spending against capital budgets

Total Capital Expenditure: 2016/17 to 2018/19 (R'000)			
Detail	2016/17	2017/18	2018/19
Original Budget	5 415	2 459	9 303
Adjustment Budget	6 713	4 677	10 623
Actual	6 181	5 324	9 800

COMMENT ON CAPITAL EXPENDITURE:

The majority of the budget includes the purchase of an office building in Plettenberg Bay, Fire fighting vehicles and equipment, IT equipment and new risk management and internal audit software.

FUNDING OF CAPITAL BUDGET: 2018/2019

Provincial Treasury funded the purchase of new fire fighting vehicles to the value of R2 million. The rest of the funding is 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:

1. Purchase of an office building for the Environmental Health section in Plettenberg Bay
2. Purchase of fire fighting vehicles and equipment
3. Purchase of IT equipment
4. Purchase of risk management and internal audit software

The majority of the budget includes the purchase of an office building in Plettenberg Bay, Fire fighting vehicles and equipment, IT equipment and new risk management and internal audit software.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS
--

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 81% dependent on grant funding to sustain operations. The Equitable Share Grant only increases 3.5% annually which is not aligned to the continuous increase in expenditure.

District Municipalities have very limited 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.

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 2018/2019 financial year. It is not envisioned that new loans will be taken up in 2019/2020.

COMMENT ON BORROWINGS:

Borrowings: No new loans have been taken up in the 2018/2019 financial year. It is not envisioned that new loans will be taken up in 2019/2020. Long term loans were fully repaid during the 2015/2016 financial year.

5.10 PUBLIC PRIVATE PARTNERSHIPS

Garden Route District Municipality is in the process to enter into a Public Private Partnership (PPP) with Eden Waste Management, the Preferred Bidder, for a period of ten (10) years to build and operated a Regional Waste Management Facility. The PPP Agreement will include the build and operation of a domestic and hazardous disposal facility as well as the availability of a rotating mobile chipper and crusher to the participating local municipalities. The participating local municipalities that will make use of the facility will be Bitou, Knysna, George, Mossel Bay and Hessequa (Gouritzmond and Albertinia).

The due diligence process initiated by the Development Bank of South Africa that is the financier of the Private Partner was completed and the final PPP process can be

concluded. The preparation of the Treasury Views and Recommendation III documentations as well as the Section 33 in terms of the MFMA (contract longer than three years) process documentation are nearly finalised to be submitted to National and provincial Treasury for their comments as well as to the National and Provincial Sector Department for their comments. The comments timeline for their comments are thirty (30) days.

As soon as the comments are received the PPP Agreement will be finalised and submitted to Council for approval and signature of the Municipal Manager. It is anticipated that the abovementioned processes will be finalised at the end of November 2019 and construction can proceed from 20 January 2020. The private Partner, Eden Waste Management, will set up camp during the first two (2) weeks of December 2019.

All participating local municipalities have made provision in their existing multi year budgets for their individual operating cost contribution from date of operation of the regional Waste Management Facility.

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:

1. The Managers of the finance department;
2. Their first line of supervisors;
3. The risk officer and
4. 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:

1. CFO
2. Municipal Manager;
3. Head of Departments;
4. Finance Deputy Managers;
5. Internal Audit;
6. Other Role-Players

5.12 PERFORMANCE OF SERVICE PROVIDERS

In terms of section 116(2)(d) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Accounting Officer of a municipality must report on the management of the contract or agreement and the performance of the contractor. Please see below the performance of service providers who delivered material services.

Description	Department	Responsible person	Tender no allocated	Awarded to	Amount (VAT included)	Performance Review of the Supplier - Give a brief description of the supplier performance
Supply of PABX and Telephone Management Solution system (voice) for a period of three period-renting option	Corp Dept: IT Dept	Rhyn Alberts	E/02/16-17	Telkom	R4 000 000,00	Satisfactory
Supply and delivery of spares and accessories	Roads Department	Marisa/Melvin	R/02/16-17	Autozone and Wurth SA (Pty) Ltd	R2 000 000,00	Satisfactory
Supply and delivery of concrete block pavers	Roads Department	Bernadende Prinsloo	R/05/16-17	Mobicast Pty Ltd	R 4 000 000,00	Satisfactory
Review and development of intergrated waste management plans for the municipalities of Hessequa, Mosel Bay, George, Knysna, Bitou, Kannaland and Garden Route District Municipality	Community services	Morton Hubbe	E/16/18-19	Gibb Pty Ltd	R 1 541 000,00	Satisfactory
Fencing of Roads Dept in George	Roads department	Mr. JP Du Plessis/E Du Plessis	R/04/18-19	Jonty Engineering and Trading SA CC	R 616 044.65	Satisfactory

Purchasing of a building for office use near the central business park of Bitou (Plettenberg Bay)	Planning & Development Dept	Mario Appels	E/43/18-19	Me AJ Pretorious/ Helen Melon Properties	R 2450 000.00	Satisfactory
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APPENDICES

VOLUME II: ANNUAL FINANCIAL STATEMENTS

GARDEN ROUTE DISTRICT MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2019

GARDEN ROUTE DISTRICT MUNICIPALITY

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GARDEN ROUTE DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
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

SPEAKER

Mr. BHJ Groenewald

CHIEF WHIP

Mr. RE Spies

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor
Deputy Executive Mayor
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 2019
GENERAL INFORMATION

MUNICIPAL MANAGER

Mr. M.G Stratu

CHIEF FINANCIAL OFFICER

Mr. J.V.H de Jager

REGISTERED OFFICE

54 York Street
GEORGE
6529

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, 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
Rauch Gertenbach Attorneys
AA Solwane Attorneys
Mamatela Attorneys
Mosdell, Pama & Cox 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 2019
GENERAL INFORMATION

MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY

WARD		COUNCILLOR
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. JL Hartrick</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 Saayman</i>
Proportional		<i>Mr. BN van Wyk</i>
Proportional		<i>Mr. AJ Rossouw</i>
Representative:	George Municipality	<i>Ms. T Teyisi</i>
Representative:	George Municipality	<i>Mr. PJ van der Hoven</i>
Representative:	George Municipality	<i>Mr. I Stemela</i>
Representative:	George Municipality	<i>Ms. EH Stroebe</i>
Representative:	George Municipality	<i>Mr. RS Figland</i>
Representative:	George Municipality	<i>Mr. V Gericke</i>
Representative:	Mossel Bay Municipality	<i>Mr. BHJ Groenewald</i>
Representative:	Mossel Bay Municipality	<i>Ms. E Meyer</i>
Representative:	Mossel Bay Municipality	<i>Ms. RH Ruiters</i>
Representative:	Mossel Bay Municipality	<i>Mr. SS Mbandezi</i>
Representative:	Oudtshoorn Municipality	<i>Mr. JJC Lambaatjeen</i>
Representative:	Oudtshoorn Municipality	<i>Mr. RR Wildschut</i>
Representative:	Oudtshoorn Municipality	<i>Mr. K Windvogel</i>
Representative:	Knysna Municipality	<i>Mr. L Tyokolo</i>
Representative:	Knysna Municipality	<i>Mr. DMC Pofadder</i>
Representative:	Knysna Municipality	<i>Mr. A Tsengwa</i>
Representative:	Hessequa Municipality	<i>Ms. T Van Rensburg</i>
Representative:	Hessequa Municipality	<i>Mr. IT Mangaliso</i>
Representative:	Bitou Municipality	<i>Ms. NC Jacob</i>
Representative:	Bitou Municipality	<i>Ms. ASM Windvogel</i>
Representative:	Kannaland Municipality	<i>Ms. JP Johnson</i>

GARDEN ROUTE DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with 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.

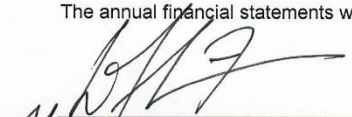
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 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.


Mr. M.G. Stratu
Accounting Officer

29/11/2019
Date

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R	2018 R
ASSETS			
Non-Current Assets		307 903 003	289 970 725
Property, Plant and Equipment	2	159 923 096	145 428 100
Investment Property	3	86 108 386	85 420 899
Intangible Assets	4	2 138 885	1 362 639
Investments	5	27 445	26 027
Employee Benefits	13	59 705 191	57 733 060
Current Assets		208 240 364	186 175 228
Inventory	7	2 730 766	2 567 785
Receivables from Exchange Transactions	8	23 956 054	16 759 557
Receivables from Non-exchange Transactions	9	100 556	100 556
Operating Lease Asset	6.1	69 950	18 833
Taxes	16	3 278 029	279 131
Current Portion of Non-Current Employee Benefits	12	3 866 923	4 108 443
Cash and Cash Equivalents	10.1	174 238 085	162 340 923
Total Assets		516 143 368	476 145 953
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		144 851 903	137 986 376
Long-term Borrowings	11	28 488	590 799
Non-current Employee Benefits	12	144 823 415	137 395 577
Current Liabilities		75 302 524	56 854 768
Current Employee Benefits	13	37 155 386	32 411 893
Trade and Other Payables from Exchange Transactions	14	30 555 297	15 533 418
Unspent Transfers and Subsidies	15	6 893 628	8 038 509
Operating Lease Liability	6.2	-	13 658
Current Portion of Long-term Borrowings	11	698 214	857 290
Total Liabilities		220 154 428	194 841 144
Net Assets		295 988 940	281 304 809
Capital Replacement Reserve	18	31 325 891	31 704 865
Accumulated Surplus/(Deficit)		264 663 049	249 599 945
Total Net Assets and Liabilities		516 143 368	476 145 953

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
REVENUE			
Revenue from Non-exchange Transactions		166 274 058	159 236 939
Transfer Revenue		166 274 058	155 063 318
Government Grants and Subsidies	19	165 934 347	154 142 467
Public Contributions and Donations	20	339 711	920 850
Other Revenue		-	4 173 621
Actuarial Gains	12	-	4 173 621
Revenue from Exchange Transactions		231 906 683	218 529 023
Department of Transport - Roads Service Charges	22	192 323 602	186 720 963
Sales of Goods and Rendering of Services	23	21 572 639	16 227 717
Rent on Land	24	704 013	444 513
Rental of Facilities and Equipment	25	978 020	347 585
Interest Earned - External Investments	26	12 306 263	11 936 951
Interest Earned - Exchange Transactions	27	2 423 660	1 639 116
Licences and Permits	21	484 416	213 594
Operational Revenue	28	1 114 071	998 584
Total Revenue		398 180 740	377 765 961
EXPENDITURE			
Employee related costs	29	(220 799 701)	(204 452 482)
Remuneration of Councillors	30	(11 053 302)	(10 980 692)
Bad Debts Written Off		(3 994 605)	(3 527 609)
Contracted Services	31	(32 674 297)	(26 977 749)
Depreciation and Amortisation	32	(4 033 309)	(3 974 117)
Actuarial Losses	12	(1 508 425)	-
Finance Costs	33	(127 408)	(79 372)
Inventory Consumed	7	(78 190 579)	(73 172 033)
Operating Leases		(541 897)	(975 205)
Transfers and Subsidies	34	(2 355 601)	(2 303 540)
Operational Costs	35	(40 709 893)	(35 573 154)
Total Expenditure		(395 989 018)	(362 015 952)
Operating Surplus/(Deficit) for the Year		2 191 723	15 750 009
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	7	34 596	(50 064)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	36	(8 560 292)	(7 300 140)
Gains/(Loss) on Sale of Fixed Assets	37	2 188 768	(573 997)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	38	18 829 335	57 050
NET SURPLUS/(DEFICIT) FOR THE YEAR		14 684 130	7 882 858

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Capital Replacement Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2017	27 728 374	245 214 177	272 942 550
Correction of Error - note 39	-	479 402	479 402
Restated balance	27 728 374	245 693 579	273 421 952
Net Surplus/(Deficit) for the year	-	7 882 858	7 882 858
Net Surplus/(Deficit) previously reported	-	5 987 172	5 987 172
Effects of Correction of Errors - note 39		1 895 686	1 895 686
Transfer to/from CRR	3 976 492	(3 976 492)	-
Property, Plant and Equipment purchased	-	-	-
Balance at 30 June 2018	31 704 866	249 599 945	281 304 810
Restated balance	31 704 866	249 599 945	281 304 810
Net Surplus/(Deficit) for the year	-	14 684 130	14 684 130
Transfer to/from CRR	4 033 309	(4 033 309)	-
Property, Plant and Equipment purchased	(4 412 283)	4 412 283	-
Balance at 30 June 2019	31 325 891	264 663 049	295 988 940

GARDEN ROUTE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		377 131 557	371 669 097
Other Revenue		198 890 947	205 589 679
Government - Operating		165 934 347	154 142 467
Interest		12 306 263	11 936 951
Cash payments		(363 807 043)	(347 671 254)
Suppliers and Employees		(361 324 034)	(345 288 341)
Finance Charges		(127 408)	(79 372)
Transfers and Grants		(2 355 601)	(2 303 540)
Net Cash from Operating Activities	40	13 324 513	23 997 843
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(4 246 688)	(5 266 062)
Proceeds on Disposal of Fixed Assets		6 334 079	-
Purchase of Intangible Assets		(1 061 328)	(58 362)
Decrease/(Increase) in Non-Current Debtors		(1 730 610)	(499 815)
Decrease/(Increase) in Non-Current Investments		(1 419)	-
Net Cash from Investing Activities		(705 965)	(5 824 239)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Long term/Refinancing		212 074	1 748 942
Repayment of Borrowing		(933 460)	(300 856)
Net Cash from Financing Activities		(721 385)	1 448 086
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11 897 163	19 621 690
Cash and Cash Equivalents at the beginning of the year		162 340 923	142 719 233
Cash and Cash Equivalents at the end of the year	41	174 238 085	162 340 923
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11 897 163	19 621 690

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	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 2019	Actual Outcome as % of Final Budget	
		R	R	R	R	R	R	R	%	
ASSETS										
Current Assets										
	Cash	164 926 531	9 376 173	174 302 704	-	-	174 302 704	174 238 085	-0,04%	
	Call Investment Deposits	-	-	-	-	-	-	-	0,00%	
	Consumer Debtors	-	-	-	-	-	-	-	0,00%	
	Other Debtors	8 216 984	7 988 107	16 205 091	-	-	16 205 091	27 404 590	69,11%	
	Current Portion of Employee Benefits	3 549 700	-	3 549 700	-	-	3 549 700	3 866 923	8,94%	
	Inventory	3 638 980	(1 071 000)	2 567 980	-	-	2 567 980	2 730 766	6,34%	
	Total Current Assets	44.2.1	180 332 195	16 293 280	196 625 475	-	-	196 625 475	208 240 364	5,91%
Non-Current Assets										
	Employee Benefits	61 508 000	-	61 508 000	-	-	61 508 000	59 705 191	-2,93%	
	Investments	26 000	-	26 000	-	-	26 000	27 445	5,56%	
	Investment Property	84 677 439	-	84 677 439	-	-	84 677 439	86 108 386	1,69%	
	Property, Plant and Equipment	152 178 260	7 561 379	159 739 639	-	-	159 739 639	159 923 096	0,11%	
	Intangible Assets	2 717 116	(1 354 000)	1 363 116	-	-	1 363 116	2 138 885	56,91%	
	Total Non-Current Assets	44.2.2	301 106 815	6 207 379	307 314 194	-	-	307 314 194	307 903 003	0,19%
	TOTAL ASSETS		481 439 010	22 500 659	503 939 669	-	-	503 939 669	516 143 368	2,42%
LIABILITIES										
Current Liabilities										
	Bank Overdraft	-	-	-	-	-	-	-	-	
	Borrowing	-	857 290	857 290	-	-	857 290	698 214	-18,56%	
	Consumer Deposits	-	-	-	-	-	-	-	0,00%	
	Trade and Other Payables	46 012 462	25 831 000	71 843 462	-	-	71 843 462	37 448 924	-47,87%	
	Provisions	29 692 277	-	29 692 277	-	-	29 692 277	37 155 386	25,13%	
	Total Current Liabilities	44.2.3	75 704 739	26 688 290	102 393 029	-	-	102 393 029	75 302 524	-26,46%
Non-Current Liabilities										
	Borrowing	-	590 799	590 799	-	-	590 799	28 488	-95,18%	
	Provisions	163 152 756	(25 757 000)	137 395 756	-	-	137 395 756	144 823 415	5,41%	
	Total Non-Current Liabilities	44.2.4	163 152 756	(25 166 201)	137 986 555	-	-	137 986 555	144 851 903	4,98%
	TOTAL LIABILITIES		238 857 495	1 522 089	240 379 584	-	-	240 379 584	220 154 428	-8,41%
NET ASSETS										
	Accumulated Surplus/(Deficit)	218 064 000	17 189 221	235 253 221	-	-	235 253 221	264 663 049	12,50%	
	Reserves	24 518 000	3 788 865	28 306 865	-	-	28 306 865	31 325 891	10,67%	
	TOTAL NET ASSETS	44.2.5	242 582 000	20 978 086	263 560 086	-	-	263 560 086	295 988 940	12,30%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	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	2019 R	%
REVENUE									
Rental of Facilities and Equipment		2 718 175	1 127 771	3 845 946			3 845 946	1 682 033	-56,26%
Interest Earned - External Investments		15 714 823	0	15 714 824			15 714 824	12 306 263	-21,69%
Interest Earned - Outstanding Debtors		896 605	0	896 605			896 605	2 423 660	170,32%
Licences and Permits		332 522	-	332 522			332 522	484 416	45,68%
Agency Services		19 021 800	2 040 000	21 061 800			21 061 800	17 243 706	-18,13%
Transfers Recognised - Operational		158 885 301	13 550 120	172 435 421			172 435 421	166 274 058	-3,57%
Other Revenue		189 389 910	(5 031 826)	184 358 085			184 358 085	197 766 606	7,27%
Gains on Disposal of PPE		3 156 000	844 000	4 000 000			4 000 000	2 188 768	-45,28%
Total Revenue (excluding capital transfers and contributions)	44.2.6	390 115 137	12 530 066	402 645 204	-	-	402 645 204	400 369 509	-0,57%
EXPENDITURE									
Employee Related Costs		133 669 447	6 864 593	140 534 040			140 534 040	220 799 701	57,11%
Remuneration of Councillors		11 572 212	360 500	11 932 712			11 932 712	11 053 302	-7,37%
Debt Impairment		1 600 597	(0)	1 600 597			1 600 597	12 554 897	684,39%
Depreciation and Asset Impairment		3 271 549	(100 000)	3 171 550			3 171 550	(14 796 026)	-566,52%
Finance Charges		-	-	-			-	127 408	100,00%
Other Materials		185 056	(148 898)	36 158			36 158	-	-100,00%
Contracted Services		60 636 145	(10 281 692)	50 354 453			50 354 453	32 674 297	-35,11%
Other Expenditure		176 902 601	13 871 265	190 773 867			190 773 867	123 271 800	-35,38%
Total Expenditure	44.2.7	387 837 608	10 565 768	398 403 376	-	-	398 403 376	385 685 379	-3,19%
Surplus/(Deficit)		2 277 530	1 964 298	4 241 827	-	-	4 241 827	14 684 130	246,17%
Transfers Recognised - Capital		-	-	-	-	-	-	-	
Contributions Recognised - Capital		-	-	-	-	-	-	-	
Contributed Assets		-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions		2 277 530	1 964 298	4 241 827	-	-	4 241 827	14 684 130	246,17%
Surplus/(Deficit) for the year		2 277 530	1 964 298	4 241 827	-	-	4 241 827	14 684 130	246,17%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	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	2019 R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Other Revenue		211 462 408	3 032 551	214 494 959	-	-	214 494 959	198 890 947	-7,27%
Government - Operating		158 885 301	13 550 120	172 435 421	-	-	172 435 421	165 934 347	-3,77%
Government - Capital		-	-	-	-	-	-	-	0,00%
Interest		15 714 823	0	15 714 824	-	-	15 714 824	12 306 263	-21,69%
Payments									
Suppliers and Employees		(382 965 461)	(5 886 659)	(388 852 120)	-	-	(388 852 120)	(361 324 034)	-7,08%
Finance costs		-	-	-	-	-	-	(127 408)	-100,00%
Transfers and Grants		-	-	-	-	-	-	(2 355 601)	-100,00%
Net Cash from/(used) Operating Activities		3 097 071	10 696 013	13 793 084	-	-	13 793 084	13 324 513	-3,40%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		3 156 000	-	3 156 000	-	-	3 156 000	6 334 079	-3,77%
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	(1 730 610)	-100,00%
Decrease/(Increase) in Other Non-Current Receivables		(1 791 000)	-	(1 791 000)	-	-	(1 791 000)	-	100,00%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	(1 419)	-100,00%
Payments									
Capital Assets		(9 303 379)	(1 320 000)	(10 623 379)	-	-	(10 623 379)	(5 308 015)	-50,03%
Net Cash from/(used) Investing Activities	44.2.8	(7 938 379)	(1 320 000)	(9 258 379)	-	-	(9 258 379)	(705 965)	-92,37%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	212 074	100,00%
Increase/(Decrease) in Consumer Deposits		-	-	-	-	-	-	-	-
Payments									
Repayment of Borrowing		-	-	-	-	-	-	(933 460)	-100,00%
Net Cash from/(used) Financing Activities		-	-	-	-	-	-	(721 385)	-100,00%
NET INCREASE/(DECREASE) IN CASH HELD									
Cash and Cash Equivalents at the year begin:		(4 841 308)	9 376 013	4 534 704	-	-	4 534 704	11 897 161	162,36%
Cash and Cash Equivalents at the year end:		169 768 000	-	169 768 000	-	-	169 768 000	162 340 923	-4,37%
Cash and Cash Equivalents at the year end:		164 926 692	9 376 013	174 302 704	-	-	174 302 704	174 238 083	-0,04%

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 accounting

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transact for periods after 1 July 2018. The result of this process was a reclassification and naming of items in 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 in 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 2020.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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><u>Related Party Disclosure</u></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><u>Service Concession Arrangements: Grantor</u></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 34 (Revised – April 2019)	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 35 (Revised – April 2019)	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 36 (Revised – April 2019)	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GRAP 37 (Revised – April 2019)	<p><u>Joint Arrangements</u></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
GRAP 38 (Revised - April 2019)	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <ul style="list-style-type: none"> a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
GRAP 104 (Revised – April 2019)	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></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>	<p>1 April 2019</p>
GRAP 109	<p><u>Accounting by Principles and Agents</u></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>	<p>1 April 2019</p>

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></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
IGRAP 18	<p><u>Recognition and Derecognition of Land</u></p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.</p>	1 April 2019
IGRAP 19	<p><u>Liabilities to Pay Levies</u></p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 grants 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.

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

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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.

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

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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.

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.

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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 accrues 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.

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

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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.

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

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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 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:

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads Infrastructure	16 – 36	Computer equipment	2 – 33
		Furniture and Office Equipment	2 - 54

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<u>Community</u>		Machinery and Equipment	4 - 36
Resorts	7 – 36	Transport Assets	7 - 37
		Municipal Offices	8 - 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.

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.

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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, it's 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 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	3 - 19

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.

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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.

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	11 – 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.

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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 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;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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- 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.

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.

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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 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.

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- *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.

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.

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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.

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

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 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:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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- (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.

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:

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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- 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:

- 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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”.

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 a 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.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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- 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;
- (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.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 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.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

1.29.6. Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 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.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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:

- 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 2019

2. PROPERTY, PLANT AND EQUIPMENT
2.1 30 JUNE 2019

	Opening Balance	Class Transfers	Correction of Error	Cost/Revaluation			Disposals/Impairment	Closing Balance	Opening Balance	Class Transfers	Accumulated Depreciation and Impairment Losses	Reversal of Impairment	Disposals	Closing Balance	Carrying Value
				Additions	Under Construction	Transfers					Correction of Error	Depreciation			
Infrastructure Roads	104 489	-	-	-	-	-	-	104 489	48 184	-	-	-	-	52 438	52 051
Community Assets	104 489	-	-	-	-	-	-	104 489	48 184	-	-	-	-	52 438	52 051
Community Facilities	1 274 115	-	-	343 010	-	-	-	1 617 125	381 640	-	-	-	-	444 474	1 172 652
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 274 115	-	-	343 010	-	-	-	1 617 125	381 640	-	-	-	-	444 474	1 172 652

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30 JUNE 2019 (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	-	-	-	-	-	-	250 932 938	157 078 000
Other Land	51 688 555	-	-	32 943	-	-	-	51 721 498	16 365 855
Operational Buildings	14 498 976	-	-	2 189 685	-	-	-	16 688 661	11 016 173
Computer Equipment	8 528 846	-	-	447 122	-	-	(159 263)	8 826 705	3 430 135
Furniture and Office Equipment	5 071 877	-	-	600 082	-	-	(115 758)	5 556 201	6 801 239
Machinery and Equipment	11 362 234	-	-	432 116	-	-	(45 093)	11 749 257	476 167
Transport Assets	342 081 426	-	-	3 701 949	-	-	(487 287)	3 455 068	199 975 894
Leases	1 748 944	-	-	201 729	-	-	(109 530)	1 841 142	275 157
Computer Equipment	1 748 944	-	-	201 729	-	-	(109 530)	1 841 142	275 157
Total	345 208 974	-	-	4 246 688	-	-	(596 817)	348 858 845	199 780 874
								7 554 824	3 682 412
								(21 609 805)	(472 555)
								188 935 750	159 923 096

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.2 30 JUNE 2018

	Cost/Revaluation			Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance	Class Transfers	Correction of Error	Additions	Under Construction	Transfers	Disposals/Impairment	Closing Balance	
Infrastructure	104 489	-	-	-	-	-	-	104 489	48 184
Roads	104 489	-	-	-	-	-	-	104 489	48 184
Community Assets	1 154 865	-	-	119 250	-	-	-	1 274 115	381 640
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities	-	-	-	-	-	-	-	-	-
Outdoor Facilities	-	-	-	-	-	-	-	-	-
Capital Spares	1 154 865	-	-	119 250	-	-	-	1 274 115	892 475
								50 668	381 640
								(21 609 805)	(472 555)
								188 935 750	159 923 096

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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		Disposals	Closing Balance
Other Assets											
Other Land	250 932 938	-	-	-	-	-	-	157 078 000	-	-	157 078 000
Operational Buildings	51 629 979	-	-	58 576	-	-	-	15 560 538	-	-	16 365 855
Municipal Offices	15 323 895	-	22 198	675 538	-	-	(1 527 654)	10 427 000	-	(1 304 088)	10 217 534
Computer Equipment	4 138 840	-	52 183	22 165	-	-	(241 686)	3 952 502	-	(210 453)	3 742 049
Furniture and Office Equipment	10 482 233	-	23 731	966 305	-	-	(441 988)	11 430 280	-	(176 851)	11 253 429
Machinery and Equipment	340 802 119	-	98 114	3 397 889	-	-	(402 338)	6 063 700	-	(107 982)	6 369 373
Transport Assets									-	(2 248)	4 992 911
Leases									-	(57 050)	143 005 532
Computer Equipment	-	-	-	1 748 944	-	-	(2 216 676)	197 758 292	-	(1 642 680)	199 078 894
	-	-	-	1 748 944	-	-	-	1 748 944	-	-	275 157
	-	-	-	1 748 944	-	-	-	1 748 944	-	-	275 157
Total	342 061 474	-	98 114	5 266 062	-	-	(2 216 676)	345 208 974	-	(57 050)	199 780 874
								3 332 216	-		145 428 100

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2. PROPERTY, PLANT AND EQUIPMENT		
2.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	-	-
Other materials	553 747	451 478
Contracted Services	1 824 724	2 576 534
Other Expenditure	71 805	117 780
Total Repairs and Maintenance	2 450 276	3 145 791
2.4 Assets pledged as security:		
Leased Property, Plant and Equipment of R 1,071,292 is secured for leases as set out in Note 11.		
2.5 Third party payments received for losses incurred:		
Payments received (Excluding VAT)	694 006	40 243
Carrying value of assets written off/lost	(124 262)	(326 921)
Surplus/(Deficit)	569 744	(286 678)
2.6 Impairment losses of Property, Plant and Equipment		
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as		
Other	7 554 824	-
Total Impairment Losses	7 554 824	-
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	21 609 805	57 050
Total Reversal of Impairment losses	21 609 805	57 050
2.8 Effect of changes in accounting estimates		
<i>The effect of a change in accounting estimate will have on the current period and subsequent periods.</i>		
	2019 R	2020 R
Effect on Property, plant and equipment	631 537	(220 387)
	2019 R	2018 R
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	5 003 527	-
Infrastructure	-	-
Community	-	-
Other	5 003 527	-
Total	5 003 527	-
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	2 255 480	-
Government Grants	2 748 047	-
Own Resources	-	-
District Council Grants	-	-
Total	5 003 527	-

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	85 420 899	85 532 766
Cost	173 315 415	173 315 415
Accumulated Depreciation	(2 394 037)	(2 282 170)
Accumulated Impairment Loss	(85 500 479)	(85 500 479)
Additions	-	-
Disposal	(3 975 000)	-
Cost	(4 816 000)	-
Accumulated Depreciation	-	-
Accumulated Impairment Loss	841 000	-
Depreciation for the year	(111 867)	(111 867)
Impairment loss	(14 822 797)	-
Reversal of Impairment loss	19 597 150	-
Net Carrying amount at 30 June	86 108 386	85 420 899
Cost	168 499 415	173 315 415
Accumulated Depreciation	(2 505 904)	(2 394 037)
Accumulated Impairment Loss	(79 885 126)	(85 500 479)
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	963 347	534 842

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.

4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	1 362 639	1 819 116
Cost	5 448 934	5 390 572
Accumulated Amortisation	(3 965 900)	(3 451 061)
Accumulated Impairment Loss	(120 395)	(120 395)
Additions	1 061 328	58 362
Amortisation	(239 030)	(514 839)
Disposals	(46 051)	-
Cost	(682 036)	-
Accumulated Amortisation	635 985	-
Net Carrying amount at 30 June	2 138 885	1 362 639
Cost	5 828 225	5 448 934
Accumulated Amortisation	(3 568 945)	(3 965 900)
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.

5. INVESTMENTS		
Unlisted	27 445	26 027
KKLK shares and Loan Account	27 445	26 027
Total Investments	27 445	26 027

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those

Unlisted investments comprise of the following. Valuations of investments supplied by council are:

KKLK shares	27 445	26 027
	27 445	26 027

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
6. OPERATING LEASE ARRANGEMENTS		
6.1 The Municipality as Lessor		
Operating Lease Asset	69 950	18 833
Reconciliation		
Balance at the beginning of the year	18 833	32 445
Movement during the year	51 117	(13 612)
Balance at the end of the year	69 950	18 833
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	363 135	18 833
1 to 5 Years	580 566	-
More than 5 Years	-	-
Total Operating Lease Arrangements	943 701	18 833
6.2 The Municipality as Lessee		
Operating Lease Liability	-	13 657
Reconciliation		
Balance at the beginning of the year	13 657	-
Movement during the year	(13 657)	13 657
Balance at the end of the year	-	13 657
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	-	13 657
1 to 5 Years	-	-
More than 5 Years	-	-
Total Operating Lease Arrangements	-	13 657
7. INVENTORY		
Consumables	2 730 766	2 567 785
Total Inventory	2 730 766	2 567 785
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	2019 R	2018 R
7.1 Inventories recognised as an expense during the year:		
Roads Function - Consumables	75 328 510	71 965 273
Consumables	2 651 249	1 005 884
Materials and Supplies	210 820	200 876
Total	78 190 579	73 172 033
Roads Function inventory is classified as consumables as this inventory is consumed in the performance of the service of maintaining the provincial roads on behalf of the Department of Transport. The roads are not the asset of the Garden Route District Municipality.		
7.2 Inventory surpluses / (written down due to losses) as identified during the annual stores counts:		
Consumables	34 596	(50 064)
Materials and Supplies	-	-
Total	34 596	(50 064)
No inventories were pledged as security for liabilities.		

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS	2019 R	2018 R
Property Rentals	2 085 198	1 669 235
Ambulance and Fire Fighting Fees	28 188 847	18 349 695
Other Arrears	5 673 138	4 380 416
Balance previously reported		3 720 411
Correction of error - interest recognised in the incorrect financial period - Note 39.3		660 005
Government subsidies: Department of Transport - Roads	12 142 238	10 953 897
Roads - Other Arrears	224 518	1 337 278
Prepayments and Advances	5 003 527	-
PPE	5 003 527	-
Total: Receivables from exchange transactions (before provision)	53 317 466	36 690 521
Less: Provision for Debt Impairment	(29 361 411)	(19 930 964)
Total: Receivables from exchange transactions (after provision)	23 956 054	16 759 557
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)	266 043	129 985
31 - 60 Days	56 178	176 695
61 - 90 Days	53 111	47 475
+ 90 Days	1 709 866	1 315 066
Total	2 085 198	1 669 235
<u>Ambulance and Fire Fighting Fees: Ageing</u>		
Current (0 - 30 days)	501 048	1 194 937
31 - 60 Days	492 937	812 191
61 - 90 Days	375 801	1 267 184
+ 90 Days	26 819 061	15 075 382
Total	28 188 847	18 349 695
<u>Other Arrears: Ageing</u>		
Current (0 - 30 days)	1 533 993	1 057 799
31 - 60 Days	143 213	193 867
61 - 90 Days	346 731	78 918
+ 90 Days	3 649 201	3 049 832
Total	5 673 138	4 380 416
<u>(Total): Ageing</u>		
Current (0 - 30 days)	2 301 084	2 382 722
31 - 60 Days	692 328	1 182 753
61 - 90 Days	775 642	1 393 578
+ 90 Days	32 178 129	19 440 280
Total	35 947 183	24 399 333
<u>Reconciliation of Provision for Debt Impairment</u>		
<u>Garden Route District Municipality</u>		
Balance at beginning of year	19 703 621	11 304 849
Contribution to provision	8 560 292	7 072 798
VAT on provision	1 097 498	1 325 975
Balance at end of year	29 361 411	19 703 621
<u>Roads Function</u>		
Balance at beginning of year	-	-
Contribution to provision	-	227 342
Balance at end of year	-	227 342
Total Balance at end of year	29 361 411	19 930 964

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2019 R	2018 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	130 409	134 812
2+ months past due	3 629 949	1 146 150
	3 760 357	1 280 962
<p>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.</p> <p>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.</p>		
9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Insurance Claims	100 556	100 556
	100 556	100 556
<u>Less:</u> Provision for Debt Impairment	-	-
Total Receivables from non-exchange transactions	100 556	100 556
The fair value of other receivables approximate their carrying value.		
10. BANK ACCOUNTS		
10.1 Cash and Cash Equivalents		
Current Accounts	145 935 030	129 397 430
Balance previously reported		129 440 177
Correction of Roads Auction monies incorrectly included in bank - Note 39.2		(42 748)
Roads - Bank Account	28 287 172	32 429 004
Call Deposits and Investments	-	498 607
Cash On-hand	15 883	15 883
Total Cash and Cash Equivalents - Assets	174 238 085	162 340 923
10.2 Short-term Investments		
Call Deposits		
Total Short-term Investments	-	-
<p>Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. The municipality followed a formal tender process and Nedbank was awarded the tender. The previous bankers of Garden Route District Municipality was Standard Bank.</p> <p>Included in other deposits and bank balances are an amount of 2019: R6,893,628 (2018: R8,038,509) which is attributable to unspent grants and subsidies; and 2019: R31,325,891 (2018: R31,704,866) which is attributable to the Capital Replacement Reserve.</p> <p>The municipality has the following bank accounts:</p>		
<u>Current Accounts</u>		
Nedbank Limited - Account Number 1186616261 (Primary Current Account):	97 597 437	-
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)	27 936 080	-
Standard Bank Limited - Account Number 06 083 263 000 0 (Previous Primary Bank Account):	48 321 838	129 440 177
Standard Bank Limited - Account Number 06 083 283 500 0 (Previous Roads Account):	299 491	32 428 004
	174 154 846	161 868 181
<u>Call Deposits and Investments</u>		
ABSA Bank Limited - Account Number 91 8226 2703 (Cash Account):	-	9 247
Standard Bank Limited - Account Number 401719790 (Cash Account):	-	337 925
Standard Bank Limited - Account Number 48872744847 (Cash Account):	-	151 435
	-	498 607

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10. BANK ACCOUNTS (CONTINUED)

Details of current accounts are as follow:

Nedbank Limited - Account Number 1186616261 (Primary Current Account):

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

2019 R	2018 R
-	-
97 597 437	-

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

-	-
97 597 437	-

Nedbank Limited - Account Number 1153066203 (Secondary Current Account)

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

-	-
27 936 080	-

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

-	-
27 936 080	-

Standard Bank Limited - Account Number 06 083 263 000 0 (Previous Primary Bank Account):

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

129 440 177	137 670 300
48 321 838	129 440 177

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

129 445 527	137 590 406
48 321 838	129 445 527

Standard Bank Limited - Account Number 06 083 283 500 0 (Previous Roads Account):

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

32 428 004	3 898 308
299 491	32 428 004

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

32 263 342	3 711 227
299 491	32 263 342

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

9 247	8 882
-	9 247

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

9 247	8 882
-	9 247

Standard Bank Limited - Account Number 48872744847 (Cash Account):

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

151 435	141 749
-	151 435

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

151 435	141 749
-	151 435

Standard Bank Limited - Account Number 401719790 (Cash Account):

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

984 111	984 111
-	337 925

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

984 111	984 111
-	337 925

11. LONG-TERM BORROWINGS

Capitalised Lease Liability - At amortised cost

726 702	1 448 088
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Less: Current Portion transferred to Current Liabilities

726 702	1 448 088
698 214	857 290

Capitalised Lease Liability - At amortised cost

698 214	857 290
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Total Long-term Borrowings

28 488	590 798
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The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

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

2019 R	Minimum payments 2018 R
729 307	965 467
29 335	613 201
-	-

Less: Future finance obligations

758 641	1 578 668
(31 939)	(130 580)

Present value of finance lease obligations

726 702	1 448 088
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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.

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
12. NON-CURRENT EMPLOYEE BENEFITS		
Provision for Post Retirement Health Care Benefits	81 558 740	76 304 093
Roads - Provision for Post Retirement Health Care Benefits	57 004 161	55 105 327
Provision for Ex-Gratia Pension Benefits	132 414	122 168
Roads - Provision for Ex-Gratia Pension Benefits	436 234	414 764
Provision for Long Service Awards	9 079 043	8 351 859
Roads - Provision for Long Service Awards	6 131 718	6 321 412
Total Non-current Employee Benefits	154 342 310	146 619 623
Less: Transfer of Current Portion to Current Provisions - Note 13	(9 518 895)	(9 224 046)
	144 823 415	137 395 577
 Employee Benefits - Receivables (Note 12.5)		
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 12.5)	57 004 161	55 105 327
Roads - Provision for Ex-Gratia Pension Benefits (Note 12.5)	436 234	414 764
Roads - Provision for Long Service Leave Awards (Note 12.5)	6 131 718	6 321 412
	63 572 113	61 841 503
Less: Short Term Portion Transferred to Current Employee Benefits Receivable (Note 12.5)	(3 866 922)	(4 108 443)
	59 705 191	57 733 060
 Post Retirement Health Care Benefits		
Balance 1 July	131 409 420	131 612 674
Contribution for the year	14 891 090	15 088 400
Expenditure for the year	(6 957 208)	(6 826 916)
Actuarial Loss/(Gain)	(780 401)	(8 464 738)
Total provision 30 June	138 562 901	131 409 420
Less: Transfer of Current Portion to Current Provisions - Note 13	(7 446 411)	(6 957 208)
Balance 30 June	131 116 490	124 452 212
 Ex-Gratia Pensions		
Balance 1 July	536 932	632 904
Contribution for the year	37 920	44 048
Expenditure for the year	(119 772)	(138 283)
Actuarial Loss/(Gain)	113 568	(1 737)
Total provision 30 June	568 648	536 932
Less: Transfer of Current Portion to Current Provisions - Note 13	(120 072)	(119 772)
Balance 30 June	448 576	417 160

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>Long Service Awards</u>		
Balance 1 July	14 673 271	13 390 147
Contribution for the year	2 054 934	1 871 284
Expenditure for the year	(2 147 066)	(1 730 825)
Actuarial Loss/(Gain)	629 622	1 142 665
Total provision 30 June	15 210 761	14 673 271
Less: Transfer of Current Portion to Current Provisions - Note 13	(1 952 412)	(2 147 066)
Balance 30 June	13 258 349	12 526 205
12.1 Provision for Post Retirement Health Care Benefits		
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	240	262
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	160	160
Total Members	400	422
The liability in respect of past service has been estimated to be as follows:		
In-service members	26 049 806	25 022 841
Roads - In-service members	22 706 924	26 054 520
Continuation members	55 508 934	50 249 573
Roads - Continuation members	34 297 237	30 082 486
Total Liability	138 562 901	131 409 420
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2017 R	2016 R
In-service members	23 575 497	24 562 583
Roads - In-service members	24 784 249	25 619 998
In-service non-members		
Continuation members	52 907 829	51 101 895
Roads - Continuation members	30 345 101	29 695 204
Total Liability	131 612 676	130 979 680
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 504 440, whereas the Interest Cost for the next year is estimated to be R12 480 288.		
Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	9,25%	9,48%
Health Care Cost Inflation Rate	6,74%	7,30%
Net Effective Discount Rate	2,35%	2,03%
ii) Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries.		
iii) Normal retirement age		
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.		

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

iv) Expected rate of salary increases

2018/2019 - increase of seven percent (7%)

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	81 558 740	75 272 414
Roads Function - Present value of fund obligations	57 004 161	56 137 006
Net liability/(asset)	138 562 901	131 409 420
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	131 409 420	131 612 674
Total expenses	7 933 882	8 261 484
Current service cost	2 755 783	2 880 039
Interest Cost	12 135 307	12 208 361
Benefits Paid	(6 957 208)	(6 826 916)
Actuarial (gains)/losses	(780 401)	(8 464 738)
Present value of fund obligation at the end of the year	138 562 901	131 409 420

Sensitivity Analysis on the Accrued Liability on 30 June 2019

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	48,757	89,806	138,563

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%	59,074	99,326	158,400	14,00%
Health care inflation	-1%	40,657	81,716	122,373	-12,00%
Post-retirement mortality	-1 year	50,083	93,108	143,191	3,00%
Average retirement age	-1 year	52,179	89,806	141,985	2,00%
Continuation of membership at retirement	-10%	42,962	89,806	132,768	-4,00%

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	2 755 800	12 135 300	14 891 100

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%	3 406 800	13 858 900	17 265 700	16,00%
Health care inflation	-1%	2 248 500	10 715 000	12 963 500	-13,00%
Post-retirement mortality	-1 year	2 835 100	12 566 900	15 402 000	3,00%
Average retirement age	-1 year	2 846 600	12 498 100	15 344 700	3,00%
Continuation of membership at retirement	-10%	2 468 400	11 621 200	14 089 600	-5,00%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0,074	(0,526)

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	7,037	1,839	6,173
Assets: Gain / (loss)			

12.2 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 10 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 37 053.

Key actuarial assumptions used:

i) Rate of interest

	2019 %	2018 %
Discount rate	7,27%	7,93%
General Salary Inflation (long-term)	2,04%	2,38%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	5,13%	5,43%

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.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations - Garden Route	132 414	122 168
Present value of fund obligations - Roads	436 234	414 764
Net liability/(asset)	568 648	536 932

	2019 R	2018 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	536 932	632 904
Total expenses	(81 852)	(94 235)
Interest Cost	37 920	44 048
Benefits Paid	(119 772)	(138 283)
Actuarial (gains)/losses	113 568	(1 737)
Present value of fund obligation at the end of the year	568 648	536 932

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		568 648	
Pension Increase rate	+1%	592 813	4%
Pension Increase rate	-1%	546 120	-4%
Discount Rate	+1%	547 375	-4%
Discount Rate	-1%	591 816	4%
Post-retirement mortality	- 1 yr	597 185	5%

	2019 R	2018 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	60 431	-420

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

	2017 R	2016 R	2015 R
Liabilities: (Gain) / loss	-37 795	-120 652	-153 581

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

12.3	Provision for Long Service Bonuses	2019 R	2018 R			
	The Long Service Bonus plans are defined benefit plans. As at year end, 549 employees were eligible for Long Service Bonuses.					
	The Current-service Cost for the ensuing year is estimated to be R1 173 332 whereas the Interest Cost for the next year is estimated to be R1 154 538.					
	Key actuarial assumptions used:	2019 %	2018 %			
	i) Rate of interest					
	Discount rate	8,10%	8,49%			
	General Salary Inflation (long-term)	5,53%	6,12%			
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	2,44%	2,23%			
	The amounts recognised in the Statement of Financial Position are as follows:	2019 R	2018 R			
	Present value of fund obligations - Garden Route	9 079 043	8 351 859			
	Present value of fund obligations - Roads	6 131 718	6 321 412			
	Net liability/(asset)	15 210 761	14 673 271			
	Reconciliation of present value of fund obligation:					
	Present value of fund obligation at the beginning of the year	14 673 271	13 390 147			
	Total expenses	(92 132)	140 459			
	Current service cost	898 460	821 215			
	Interest Cost	1 156 474	1 050 069			
	Benefits Paid	(2 147 066)	(1 730 825)			
	Actuarial (gains)/losses	629 622	1 142 665			
	Present value of fund obligation at the end of the year	15 210 761	14 673 271			
	Sensitivity Analysis on the Accrued Liability on 30 June 2019	2019 R	2018 R			
	Assumption	Change	Liability (Rm)	% change		
	Central assumptions		15,211			
	General salary inflation	1%	16,256	7%		
	General salary inflation	-1%	14,273	-6%		
	Average retirement age	-2 yrs	13,897	-9%		
	Average retirement age	2 yrs	17,139	13%		
	Withdrawal rates	-50%	17,252	13%		
	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%

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	82,502	1 325,309

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

	2017 R	2016 R	2015 R
Liabilities: (Gain) / loss	864 660	528 031	958 647

12.4 Retirement funds

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

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

Therefore, although the 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.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103,7% (30 June 2016 - 102,6%).

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100,3% (30 June 2016 - 100,5%).

DEFINED CONTRIBUTION FUNDS

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.

12.5 Employee Benefits Receivable

Department of Transport: Roads - Post Employment Health Care Benefits (Note 12.1) - At amortised cost	57 004 161	55 105 327
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 12.2) - At amortised cost	436 234	414 764
Department of Transport: Roads - Long Service Awards (Note 12.3) - At amortised cost	6 131 718	6 321 412
	63 572 113	61 841 503
Less: Current portion transferred to current employee benefits receivable	3 866 922	4 108 443
Department of Transport: Roads - Post Employment Health Care Benefits (Note 12.1) - At amortised cost	3 126 306	2 897 594
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 12.2) - At amortised cost	94 176	94 668
Department of Transport: Roads - Long Service Awards (Note 12.3) - At amortised cost	646 440	1 116 181
Total	59 705 191	57 733 060

DEPARTMENT OF TRANSPORT: ROADS

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.

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.

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
13. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	932 780	432 599
Staff Bonuses	3 601 878	3 207 620
Roads - Staff Bonuses	2 486 699	2 265 123
Staff Leave	13 566 382	10 425 847
Roads - Staff Leave	7 048 752	6 856 658
Current Portion of Non-Current Provisions	9 518 895	9 224 046
Current Portion of Post Retirement Benefits - Note 12	7 446 411	6 957 208
Current Portion of Ex-Gratia Pension Provisions - Note 12	120 072	119 772
Current Portion of Long-Service Provisions - Note 12	1 952 412	2 147 066
Total Provisions	37 155 386	32 411 893
The movement in current provisions are reconciled as follows:		
13.1 <u>Performance Bonuses</u>		
Balance at beginning of year	432 599	478 536
Overprovision previous year	-	(319 387)
Contribution to current portion	1 202 878	432 599
Expenditure incurred	(702 697)	(159 148)
Balance at end of year	932 780	432 599
Performance bonuses are being paid to the Municipal Manager and Five 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.		
13.2 <u>Staff Bonuses</u>		
Balance at beginning of year	3 207 620	2 844 303
Contribution to current portion	6 004 290	5 305 225
Expenditure incurred	(5 610 032)	(4 941 908)
Balance at end of year	3 601 879	3 207 620
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.		
13.3 <u>Roads - Staff Bonuses</u>		
Balance at beginning of year	2 265 123	2 003 271
Contribution to current portion	3 972 131	3 752 550
Expenditure incurred	(3 750 555)	(3 490 698)
Balance at end of year	2 486 699	2 265 123
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.		

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
13.4 <u>Staff Leave</u>		
Balance at beginning of year	10 425 847	7 810 365
Contribution to current portion	3 992 486	3 921 776
Expenditure incurred	(851 952)	(1 306 294)
Balance at end of year	<u>13 566 382</u>	<u>10 425 847</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.		
13.5 <u>Roads - Staff Leave</u>		
Balance at beginning of year	6 856 658	4 256 217
Contribution to current portion	705 123	2 756 625
Expenditure incurred	(513 029)	(156 184)
Balance at end of year	<u>7 048 752</u>	<u>6 856 658</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.		
14. <u>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</u>		
Trade Payables	12 811 312	3 593 926
Balance previously reported		3 359 262
Correction of Creditor Provision - Note 39.3		234 664
Advance Payments	1 051 686	1 159 066
Balance previously reported		2 725 260
Correction of Camping Fee Deposits - Note 39.3		(1 566 194)
Control, Clearing and Interface Accounts	715 527	334 434
Other Payables	5 958 077	4 655 873
Roads - Payment Received in Advance	-	960 841
Roads - Provision for Leave days paid	208 651	208 651
Roads - Other creditors	9 810 044	4 620 628
Total Trade Payables	<u>30 555 297</u>	<u>15 533 418</u>
Payables are being recognised net of any discounts.		
Payables are payable 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.		
15. <u>UNSPENT TRANSFERS AND SUBSIDIES</u>		
Unspent Transfers and Subsidies	6 893 628	8 038 509
National Government Grants	218 370	6 373 120
Balance previously reported		6 754 408
Correction of Unspent RBIG - Note 39.4		(381 288)
Provincial Government Grants	6 382 753	1 180 240
Other Sources	292 505	485 149
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	<u>6 893 628</u>	<u>8 038 509</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.

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
16	TAXES		
16.1	VAT Payable	-	-
	VAT Output in Suspense	-	-
	Less: Contribution to Provision for Doubtful Debt Impairment	-	-
	Total VAT Payable	-	-
16.2	VAT Receivable	3 278 029	279 131
	Balance previously reported		317 038
	Correction of incorrect VAT treatment on insurance premium - Note 39.1		(65 497)
	Correction of VAT on Roads Auction Monies - Note 39.1		5 250
	Correction of 2017-18 Creditor Provision - Note 39.1		22 340
	VAT Input in Suspense		-
	Total VAT Receivable	3 278 029	279 131
16.3	Net VAT (Payable)/Receivable	3 278 029	279 131
	VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
17	SHORT-TERM BORROWINGS		
	The Municipality has no short term borrowings.		
18	NET ASSET RESERVES		
	RESERVES	31 325 892	31 704 865
	Capital Replacement Reserve	31 325 892	31 704 865
	Total Net Asset Reserve and Liabilities	31 325 892	31 704 865
18.1	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
19	GOVERNMENT GRANTS AND SUBSIDIES		
	Government Grants and Subsidies - Operating	165 934 347	154 142 467
	Equitable Share	151 237 120	146 055 000
	Energy Efficiency and Demand Side Management	-	12 880
	Expanded Public Works Programme Integrated Grant	1 021 000	1 280 000
	Rural Road Asset Management Systems Grant	2 206 630	2 944 419
	Local Government Financial Management Grant	1 000 000	1 250 001
	Municipal Disaster Grant	7 902 712	614 000
	Greenest Municipality Competition	-	130 000
	Integrated Transport Planning	1 209 513	-
	LGESTA:Re-imbursements	77 322	638 194
	Financial Management Support	1 280 051	620 000
	Fire Services Capacity Building Grant	-	597 973
	Total Government Grants and Subsidies	165 934 347	154 142 467
	Included in above are the following grants and subsidies received:		
	Unconditional	151 237 120	146 185 000
	Equitable Share	151 237 120	146 055 000
	Greenest Municipality Competition	-	130 000
	Conditional	20 343 390	14 415 438
	Local Government Financial Management Grant	1 000 000	1 250 000
	Energy Efficiency and Demand Side Management	-	5 000 000
	Expanded Public Works Programme Integrated Grant	1 021 000	1 280 000
	Rural Road Asset Management Systems Grant	2 425 000	2 420 000
	Municipal Disaster Grant	10 000 000	2 000 000
	Integrated Transport Planning	900 000	900 000
	Financial Management Support	2 090 000	620 000
	Fire Services Capacity Building Grant	1 483 000	800 000
	Safety Plan Implementation - (WOSA)	1 200 000	-
	LGESTA:Re-imbursements	224 390	145 438
	Total Government Grants and Subsidies	171 580 510	160 600 438

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	R	R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Executive and council	165 857 025	152 890 273
Finance and administration	77 322	638 194
Planning and development	-	614 000
Total Government Grants and Subsidies	165 934 347	154 142 467

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.

19.1 Equitable Share

Opening balance	-	-
Grants received	151 237 120	146 055 000
Conditions met - Operating	(151 237 120)	(146 055 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

19.2 Local Government Financial Management Grant

Opening balance	(1)	-
Grants received	1 000 000	1 250 000
VAT on Grants	-	(76 050)
Conditions met - Operating	(1 000 000)	(1 173 951)
Conditions still to be met	(1)	(1)

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).

19.3 Energy Efficiency and Demand Side Management

Opening balance	4 987 120	-
Grants received	-	5 000 000
VAT on Grants	-	(1 680)
Repaid to National Revenue Fund	(4 987 120)	-
Conditions met - Operating	-	(11 200)
Conditions still to be met	-	4 987 120

Grant utilised for energy efficiency investigation within the region.

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
19.4 LGESTA:Re-imbursements		
Opening balance	145 438	638 194
Grants received	224 390	145 438
Conditions met - Operating	(77 324)	(638 194)
Conditions still to be met	<u>292 505</u>	<u>145 438</u>
Grant is utilised for training purposes of municipal staff.		
19.5 Safety Plan Implementation - (WOSA)		
Opening balance	-	-
Grants received	1 200 000	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions still to be met	<u>1 200 000</u>	<u>-</u>
Grant utilised for replacing bucket system with VIP toilets.		
19.6 Expanded Public Works Programme Integrated Grant		
Opening balance	-	-
Grants received	1 021 000	1 280 000
VAT on Grants	-	-
Conditions met - Operating	(1 021 000)	(1 280 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>
The grant is utilised for job creation.		
19.7 Financial Management Support		
Opening balance	78 213	78 213
Grants received	2 090 000	620 000
VAT on Grants	(82 643)	(1 701)
Repaid to National Revenue Fund	(78 213)	-
Conditions met - Operating	(1 197 407)	(618 299)
Conditions still to be met	<u>809 950</u>	<u>78 213</u>
19.8 Regional Bulk Infrastructure		
Opening balance	-	381 288
Correction of Error	-	(381 288)
Conditions still to be met	<u>-</u>	<u>-</u>
19.9 Integrated Transport Planning		
Opening balance	900 000	-
Grants received	900 000	900 000
VAT on Grants	(157 763)	-
Conditions met - Operating	(1 051 750)	-
Conditions still to be met	<u>590 488</u>	<u>900 000</u>
19.10 Municipal Disaster Grant		
Opening balance	1 386 000	-
Grants received	10 000 000	2 000 000
VAT on Grants	-	(39 229)
Repaid to National Revenue Fund	(1 386 000)	-
Conditions met - Operating	(7 902 712)	(574 771)
Conditions still to be met	<u>2 097 288</u>	<u>1 386 000</u>
19.11 Fire Services Capacity Building Grant		
Opening balance	202 027	-
Grants received	1 483 000	800 000
VAT on Grants	-	-
Conditions met - Operating	-	(597 973)
Conditions still to be met	<u>1 685 027</u>	<u>202 027</u>
19.12 Rural Road Asset Management Systems Grant		
Opening balance	-	524 419
Grants received	2 425 000	2 420 000
VAT on Grants	(272 006)	(348 460)
Conditions met - Operating	(1 934 624)	(2 595 959)
Conditions still to be met	<u>218 370</u>	<u>-</u>

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

19.13 Greenest Municipality Competition

Opening balance	-	-
Grants received	-	130 000
VAT on Grants	-	-
Conditions met - Operating	-	(130 000)
Conditions still to be met	-	-

19.14 Total Grants

Opening balance	7 698 797	1 622 114
Correction of Error	-	(381 288)
Grants received	171 580 510	160 600 438
VAT on Grants	(512 411)	(467 120)
Repaid to National Revenue Fund	(6 451 333)	-
Conditions met - Operating	(165 421 936)	(153 675 347)
Conditions still to be met/(Grant expenditure to be recovered)	6 893 627	7 698 797

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	6 893 627	7 698 797
Unpaid Conditional Government Grants and Receipts	-	-
Total	6 893 627	7 698 797

20 PUBLIC CONTRIBUTIONS AND DONATIONS

Public Contributions - Conditional	339 711	700 000
Public Contributions - Unconditional	-	220 850
Total Public Contributions and Donations	339 711	920 850

Reconciliation of conditional contributions:

20.1 Knysna Relief Fund

Opening balance	339 711	984 111
Grants received	-	55 600
Conditions met - Operating	(339 711)	(700 000)
Conditions still to be met	-	339 711

Fund opened for the relief of Knysna Fire victims and funded through donations of the public.

20.2 Total Conditional Contributions

Opening balance	339 711	984 111
Grants received	-	55 600
Conditions met - Operating	(339 711)	(700 000)
Conditions still to be met	-	339 711

21 LICENCES AND PERMITS

Health Certificates	484 416	213 594
Total Licences and Permits	484 416	213 594

2019	2018
R	R

Disclosed as follows:

Revenue from Non-Exchange Transactions	-	-
Revenue from Exchange Transactions	484 416	213 594
Total Licences and Permits	484 416	213 594

22 DEPARTMENT OF TRANSPORT - ROADS SERVICE CHARGES

Department of Transport - Roads Service Charges	175 079 896	169 348 246
Balance previously reported		189 191 076
Correction of error - roads integration correction - Note 39.8		(19 842 830)
Income for agency services	17 243 706	17 372 717
Total Service Charges	192 323 602	186 720 963

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
23 SALES OF GOODS AND RENDERING OF SERVICES		
Camping Fees	8 688 260	8 559 067
Balance previously reported		6 992 873
Correction of Camping Fee Deposits - Note 39.3		1 566 194
Development Charges	1 023 231	188 125
Entrance Fees	174 925	86 440
Fire Services	10 615 504	7 155 924
Health Services	450 297	215 689
Sale of Goods	620 423	22 472
Balance previously reported		59 970
Correction of Auction Fee incorrectly included - Note 39.1 and 39.2		(37 498)
Total Sales of Goods and Rendering of Services	21 572 639	16 227 717
	2019 R	2018 R
24 RENT ON LAND		
Land	704 013	444 513
Undeveloped Land	704 013	444 513
Total Rent on Land	704 013	444 513
	2019 R	2018 R
25 RENTAL OF FACILITIES AND EQUIPMENT		
Investment Property	963 347	243 221
Property, Plant and Equipment	14 673	104 364
Total Rental from Fixed Assets	978 020	347 585
	2019 R	2018 R
26 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	4 439 589	6 160 933
Balance previously reported		5 500 928
Correction of error - interest earned recognised in incorrect financial period - Note 39.8		660 005
Financial assets	7 866 674	5 776 017
Total Interest Earned - External Investments	12 306 263	11 936 951
	2019 R	2018 R
27 INTEREST EARNED - EXCHANGE TRANSACTIONS		
Long-term Receivables	-	-
Trade Receivables	-	-
Other Receivables	2 423 660	1 639 116
Total Interest Earned - Outstanding Receivables	2 423 660	1 639 116
	2019 R	2018 R
28 OPERATIONAL REVENUE		
Administrative Handling Fees	295 946	251 641
Commission	21 100	17 073
Incidental Cash Surpluses	23	-
Insurance Refund	10 517	40 243
Staff Recoveries	786 484	689 627
Total Operational Revenue	1 114 071	998 584

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

29		2019 R	2018 R
	EMPLOYEE RELATED COSTS		
	Roads Function - Employee Related Costs	81 270 944	77 848 736
	Basic Salaries and Wages	50 078 430	46 941 445
	Pension and UIF Contributions	8 921 262	8 272 785
	Medical Aid Contributions	7 354 670	7 207 547
	Overtime	2 236 748	1 606 075
	Bonuses	4 332 076	3 757 589
	Motor Vehicle Allowance	1 576 306	1 175 122
	Balance previously reported		-
	Correction of error - previously included as Operational Cost - Note 39.8		1 175 122
	Cell Phone Allowance	51 650	126 296
	Housing Allowances	1 013 673	857 167
	Other benefits and allowances	693 315	663 002
	Payments in lieu of leave	1 243 348	3 135 022
	Workmen's Compensation Fund	493 218	456 684
	Balance previously reported		-
	Correction of error - previously included as Operational Cost - Note 39.8		456 684
	Post-retirement Benefit Obligations	3 276 246	3 650 004
	Basic Salaries and Wages	86 252 770	77 012 604
	Pension and UIF Contributions	15 546 340	12 443 617
	Medical Aid Contributions	8 376 792	9 198 436
	Overtime	3 815 620	3 479 009
	Bonuses	6 779 281	5 469 553
	Motor Vehicle Allowance	6 950 632	6 121 406
	Cell Phone Allowance	196 640	224 961
	Housing Allowances	1 286 143	946 532
	Other benefits and allowances	883 175	2 197 083
	Payments in lieu of leave	4 217 887	4 167 815
	Workmen's Compensation Fund	739 828	685 026
	Post-retirement Benefit Obligations	4 483 649	4 657 704
	Total Employee Related Costs	220 799 701	204 452 482
	KEY MANAGEMENT PERSONNEL		
	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.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager - Mr MG Stratu</i>	12 Months	12 Months
	Basic Salary	1 567 764	1 407 252
	Pension and UIF Contributions	137 784	131 269
	Medical Aid Contributions	50 618	46 351
	Performance Bonus	270 740	75 306
	Motor Vehicle Allowance	312 958	312 958
	Cell Phone Allowance	108 000	72 000
	Other benefits and allowances	7 800	36 099
	Payments in lieu of leave	100 880	93 070
	Total	2 556 544	2 174 306
	<i>Remuneration of Executive Manager Finance - Miss L Hoek</i>	5 Months	12 Months
	Basic Salary	379 256	840 752
	Pension and UIF Contributions	69 010	153 111
	Medical Aid Contributions	20 847	46 416
	Annual Bonus	75 851	69 228
	Overtime	40 382	-
	Motor Vehicle Allowance	54 026	129 662
	Cell Phone Allowance	5 750	11 040
	Other benefits and allowances	3 747	20 187
	Total	648 869	1 270 396
	<i>Remuneration of Acting Executive Manager Finance - Mr J Stander</i>	2019 R 3 Months	2018 R
	Basic Salary	189 099	-
	Pension and UIF Contributions	39 745	-
	Medical Aid Contributions	26 158	-
	Motor Vehicle Allowance	30 394	-
	Housing Allowances	26 154	-
	Other benefits and allowances	26	-
	Total	311 575	-
	<i>Remuneration of Executive Manager Finance - Mr JVH de Jager</i>	4 Months	
	Basic Salary	279 597	-
	Pension and UIF Contributions	50 922	-
	Medical Aid Contributions	16 873	-
	Motor Vehicle Allowance	60 000	-
	Housing Allowances	40 000	-
	Other benefits and allowances	2 801	-
	Total	450 193	-
	<i>Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen</i>	12 Months	12 Months
	Basic Salary	1 068 337	954 866
	Pension and UIF Contributions	209 714	173 680
	Medical Aid Contributions	31 331	-
	Annual Bonus	-	44 000
	Performance Bonus	177 976	-
	Motor Vehicle Allowance	112 423	112 423
	Other benefits and allowances	19 359	99
	Payments in lieu of leave	-	160 536
	Total	1 619 139	1 445 603

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Remuneration of the Executive Manager Community Services - Mr C Africa	12 Months	12 Months
Basic Salary	957 246	903 400
Pension and UIF Contributions	170 737	133 006
Medical Aid Contributions	50 261	42 118
Performance Bonus	174 448	-
Motor Vehicle Allowance	72 600	72 600
Housing Allowances	84 000	84 000
Other benefits and allowances	9 306	16 552
Total	1 518 597	1 251 676
Remuneration of the Executive Manager Roads - Mr JC Ottervanger	3 Months	12 Months
Basic Salary	202 110	740 785
Pension and UIF Contributions	36 853	135 126
Medical Aid Contributions	78 430	47 307
Annual Bonus	12 655	61 486
Motor Vehicle Allowance	32 416	129 748
Cell Phone Allowance	3 450	9 600
Housing Allowances	2 557	9 559
Other benefits and allowances	1 982	8 926
Payments in lieu of leave	153 034	-
Total	523 487	1 142 537
Remuneration of the Executive Manager Roads - Mr JG Daniels	7 Months	
Basic Salary	708 979	-
Pension and UIF Contributions	107 854	-
Medical Aid Contributions	21 624	-
Motor Vehicle Allowance	96 000	-
Other benefits and allowances	5 315	-
Total	939 772	-
Remuneration of Executive Manager: Planning and Economic Development – L Menze	12 Months	6 Months
Basic Salary	765 326	329 909
Pension and UIF Contributions	136 366	60 275
Medical Aid Contributions	45 846	16 850
Performance Bonus	79 533	-
Motor Vehicle Allowance	144 000	72 000
Housing Allowances	180 000	90 000
Other benefits and allowances	15 117	3 765
Total	1 366 187	572 799

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30	REMUNERATION OF COUNCILLORS	2019 R	2018 R
	Councillor -T Fortuin	360 601	345 938
	Councillor - NF Kamte	363 910	347 455
	Councillor - MP Mapitza	363 910	345 938
	Councillor - CN Lichaba	452 210	432 735
	Councillor - T van Rensburg	114 295	345 938
	Councillor - RE Spies	799 445	766 723
	Councillor -Teyisi	66 380	-
	Councillor - KS Lose	801 405	768 457
	Councillor - D Saayman	362 991	345 938
	Councillor - BN van Wyk	362 978	347 486
	Councillor - AJ Rossouw	359 771	345 938
	Councillor - I Stemela	504 291	486 684
	Councillor - EH Stroebel	67 001	72 493
	Councillor - RS Figland	41 591	70 123
	Councillor - V Gericke	150 806	311 848
	Councillor - BHJ Groenewald	312 697	82 145
	Councillor - E Meyer	513 493	495 028
	Councillor - RH Ruiters	563 830	533 528
	Councillor - JJC Lambaatjeen	514 756	496 817
	Councillor - RR Wildschut	76 861	82 145
	Councillor - K Windvogel	77 039	82 145
	Councillor - L Tyokolo	77 039	82 145
	Councillor - MS Willemse	-	501 463
	Councillor - MV Molosi	6 038	82 145
	Councillor - SM Odendaal	33 135	82 145
	Councillor - IT Mangaliso	77 039	82 145
	Councillor - NC Jacob	77 039	82 145
	Councillor - M Booysen	1 059 723	1 011 932
	Councillor - SF May	362 991	343 148
	Councillor - MM Mbali	-	4 624
	Councillor - N Ndayi	-	6 588
	Councillor - NC Booisen	-	4 624
	Councillor - M Fielies	-	6 894
	Councillor - SS Mbandezi	77 039	82 145
	Councillor - WJP Meshoa	-	4 646
	Councillor - T Teyisi	-	72 493
	Councillor - PJ van der Hoven	67 001	72 493
	Councillor - D Xego	363 717	347 016
	Councillor - SF de Vries	454 439	434 682
	Councillor - JP Johnson	530 165	511 059
	Councillor - ASM Windvogel	72 461	60 658
	Councillor - JL Hartnick	271 727	-
	Councillor - N Tsengwa	59 127	-
	Councillor - ERJ Bouw Spies	234 359	-
	Total Councillors' Remuneration	11 053 302	10 980 692

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	238 062	251 682	534 270	35 709	1 059 723
Deputy-Mayor	505 390	38 040	20 400	-	563 830
Speaker	265 390	-	11 331	-	276 721
Executive Committee Members	13 615	-	4 500	-	18 115
Councillors	6 693 394	792 945	1 255 865	392 708	9 134 912
Total Councillors' Remuneration	7 715 851	1 082 667	1 826 366	428 418	11 053 302

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

	2019 R	2018 R
31 CONTRACTED SERVICES		
Roads Function: Contracted Services	4 823 281	4 304 682
Outsourced Services	696 494	465 702
Consultants and Professional Services	40 550	-
Contractors	4 086 237	3 838 980
Outsourced Services	6 845 002	11 236 035
Balance previously reported		11 180 855
Correction of provision for creditors		55 180
Consultants and Professional Services	8 716 298	7 572 282
Contractors	12 289 716	3 864 750
Total Contracted Services	32 674 297	26 977 749
32 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	3 682 412	3 347 411
Balance previously reported		3 332 216
Correction of depreciation on assets identified for the first time		15 194
Intangible Assets	239 030	514 839
Investment Property carried at cost	111 867	111 867
Total Depreciation and Amortisation	4 033 309	3 974 117
33 FINANCE COSTS		
Long-term Borrowings	121 343	60 487
Payables	6 064	18 886
Total Finance Costs	127 408	79 372
	2019 R	2018 R
34 TRANSFERS AND SUBSIDIES		
Roads Function: Transfers and Subsidies	938 418	1 769 750
Operational	938 418	1 769 750
Allocations In-Kind	938 418	1 769 750
Households	-	-
Operational	1 417 183	533 790
Allocations In-kind	608 530	315 699
Households	608 530	315 699
Monetary Allocations	808 653	218 091
Higher Educational Institutions	-	50 000
Households	468 696	(10 540)
Non-profit Institutions	39 958	37 000
Private Enterprises	-	141 630
Provincial Government	300 000	-
Total Transfers and Subsidies	2 355 601	2 303 540

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
35 OPERATIONAL COSTS		
Roads Function Operational Costs	12 718 744	13 232 463
Advertising, Publicity and Marketing	262 355	526 944
Bank Charges, Facility and Card Fees	54 719	94 052
Cleaning Services	6 206	8 241
Communication	775 437	470 864
Entertainment	10 364	11 360
External Computer Service	776 822	1 494 992
Learnerships and Internships	325 797	252 509
Licences	29 859	27 983
Management Fee	-	-
Balance previously reported		19 842 830
Correction of error - roads integration correction		(19 842 830)
Municipal Services	939 252	1 262 342
Printing, Publications and Books	384 748	407 318
Professional Bodies, Membership and Subscription	700 000	735 260
Registration Fees	6 178	3 306
Repayment of Forfeited Deposits	979	-
Travel and Subsistence	8 031 418	7 134 576
Balance previously reported		8 309 698
Correction of error - correct allocation of motor vehicle allowance to employee related cost - Note 39.8		(1 175 122)
Uniforms and Protective Clothing	414 610	802 717
Workmen Compensation Fund	-	-
Balance previously reported		456 684
Correction of incorrect allocation - reallocated to Employee Related Cost - Note 39.8		(456 684)
Advertising, Publicity and Marketing	2 036 011	1 663 293
Assets less than the Capitalisation Threshold	135 241	250 010
Audit Fees	2 815 773	2 081 198
Bank Charges, Facility and Card Fees	214 348	161 221
Bursaries (Employees)	273 476	443 666
Cleaning Services	309 153	138 961
Contribution to Provisions: Alien Vegetation	-	359 023
Courier and Delivery Services	28 496	51 820
Communication	2 835 187	2 199 871
Balance previously reported		2 054 506
Correction of provision for creditors - Note 39.1 and 39.3		145 365
Deeds	32 104	1 100
Drivers Licences and Permits	217 019	21 878
Entertainment	20 727	17 594
External Computer Service	2 327 720	1 009 957
Fines and Penalties	-	1 507
Hire Charges	985 829	280 391
Insurance Underwriting	896 901	1 073 388
Balance previously reported		1 007 892
Correction of incorrect VAT treatment on Insurance Premium - Note 39.1		65 497
Learnerships and Internships	5 508	140 009
Licences	51 254	27 998
Municipal Services	3 816 048	3 268 464
Balance previously reported	-	3 256 684
Correction of provision for creditors - Note 39.1 and 39.3	-	11 780
Office Decorations	-	4 636
Printing, Publications and Books	139 677	645 139
Professional Bodies, Membership and Subscription	1 286 687	824 974
Registration Fees	828 667	576 450
Repayment of Forfeited Deposits	159 360	-
Rewards Incentives	4 884	29 164
Samples and Specimens	1 051 218	918 981
Skills Development Fund Levy	1 077 354	1 015 067
System Access and Information Fees	-	1 995
Travel and Subsistence	5 640 149	3 757 985
Uniform and Protective Clothing	576 666	404 297
Vehicle Tracking	2 073	989
Wet Fuel	223 619	969 665
Total Operational Costs	40 709 893	35 573 154
36 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 8	(8 560 292)	(7 072 798)
Roads Function - Receivables from Exchange Transactions - Note 8	-	(227 342)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	(8 560 292)	(7 300 140)
37 GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment and Intangible Assets	517 979	(573 997)
Investment Property	1 670 789	-
Total Gains/ (Loss) on Sale of Fixed Assets	2 188 768	(573 997)
38 REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Investment Property	4 774 987	-
Property, Plant and Equipment	14 054 347	57 050
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	18 829 335	57 050

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
39 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:		
	2019 R	2018 R
39.1 Taxes		
Balance previously reported		317 038
Correction of incorrect VAT treatment on Insurance Premium		(65 497)
Correction of Output VAT incorrectly declared in previous year on Roads auction fees		5 250
Correction of provision for creditors		22 340
Restated Balance	-	<u>279 131</u>
39.2 Cash and Cash Equivalents		
Balance previously reported		162 383 670
Correction of roads auction fees incorrectly received in Garden Route District Municipality's bank account		(42 748)
Restated Balance	-	<u>162 340 923</u>
	2019 R	2018 R
39.3 Trade and Other Payables from Exchange Transactions		
Balance previously reported		16 864 948
Correction of Camping Fees		(1 566 194)
Correction of interest recognised in incorrect accounting period		660 005
Correction of provision for creditors		234 664
Restated Balance	-	<u>16 193 423</u>
39.4 Unspent Transfers and Subsidies		
Balance previously reported		8 080 085
Correction of Regional Bulk Infrastructure Grant		(381 288)
Restated Balance	-	<u>7 698 797</u>
39.5 Accumulated Surplus/(Deficit) - 1 July 2017		
Correction of Regional Bulk Infrastructure Grant		(381 288)
Correction of assets identified for the first time - Deemed cost price recognised		(98 114)
Total	-	<u>(479 402)</u>
39.6 Property, Plant and Equipment - Cost		
Balance previously reported		345 110 860
Correction of assets identified for the first time - Deemed cost price recognised		98 114
Restated Balance		<u>345 208 974</u>
39.7 Property, Plant and Equipment - Accumulated Depreciation		
Balance previously reported		199 765 680
Correction of assets identified for the first time - Additional depreciation for the year		15 194
Restated Balance		<u>199 780 874</u>

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

39.8 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented, or not implemented correctly, in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		154 142 467	-	154 142 467
Public Contributions and Donations		920 850	-	920 850
Actuarial Gains		4 173 621	-	4 173 621
Department of Transport - Roads Service Charges		206 563 793	(19 842 830)	186 720 963
Sales of Goods and Rendering of Services		14 699 021	1 528 696	16 227 717
Rent on Land		444 513	-	444 513
Rental of Facilities and Equipment		347 585	-	347 585
Interest Earned - External Investments		11 276 945	660 005	11 936 951
Interest Earned - Exchange Transactions		1 639 116	-	1 639 116
Licences and Permits from Exchange Transactions		213 594	-	213 594
Operational Revenue		998 584	-	998 584
Total		395 420 090	(17 654 129)	377 765 961
Expenditure				
Employee related costs		(202 820 676)	(1 631 806)	(204 452 482)
Remuneration of Councillors		(10 980 692)	-	(10 980 692)
Bad Debts Written Off		(3 527 609)	-	(3 527 609)
Contracted Services		(26 922 569)	(55 180)	(26 977 749)
Depreciation and Amortisation		(3 958 922)	(15 194)	(3 974 117)
Finance Costs		(79 372)	-	(79 372)
Inventory Consumed		(73 172 033)	-	(73 172 033)
Operating Leases		(975 205)	-	(975 205)
Transfers and Subsidies		(2 303 540)	-	(2 303 540)
Operational Costs		(56 825 148)	21 251 994	(35 573 154)
Total		(381 565 766)	19 549 814	(362 015 952)
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(50 064)	-	(50 064)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(7 300 140)	-	(7 300 140)
Gains/(Loss) on Sale of Fixed Assets		(573 997)	-	(573 997)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		57 050	-	57 050
Total		(7 867 151)	-	(7 867 151)
Net Surplus/(Deficit) for the year		5 987 172	1 895 686	7 882 858

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	14 684 130	7 882 858
Adjustments for:		
Depreciation and Amortisation	4 033 309	3 974 117
Loss/(Gain) on Sale of Fixed Assets	(2 188 768)	573 997
Impairment Loss/(Reversal of Impairment Loss)	(18 829 335)	(57 050)
Government Grants and Subsidies received	171 580 510	160 600 438
Government Grants and Subsidies repaid to National Revenue Fund	(6 451 333)	-
Government Grants and Subsidies recognised as revenue	(165 934 347)	(154 142 467)
Public Contributions received	-	55 600
Public Contributions recognised as revenue	(339 711)	(700 000)
Contribution from/to provisions - Non-Current Employee Benefits	7 759 898	8 307 708
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	743 190	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(780 401)	(7 323 810)
Contribution from/to - Current Employee Benefits	4 448 644	5 795 156
Contribution to provisions – Bad Debt	9 657 790	8 398 773
Operating Surplus/(Deficit) before changes in working capital	18 383 576	33 365 319
Changes in working capital	(5 059 063)	(9 367 475)
Increase/(Decrease) in Operating Lease Liability	(13 658)	13 658
Increase/(Decrease) in Trade and Other Payables	15 021 879	1 965 637
Increase/(Decrease) in Taxes	(2 998 899)	292 746
(Increase)/Decrease in Inventory	(162 981)	563 666
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(16 854 287)	(12 216 793)
(Increase)/Decrease in Operating Lease Asset	(51 117)	13 612
Cash generated/(absorbed) by operations	13 324 513	23 997 843
41 CASH AND CASH EQUIVALENTS	2019 R	2018 R
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	174 222 203	161 826 433
Call Deposits and Investments - Note 10	-	498 607
Cash Floats - Note 10	15 883	15 883
Total cash and cash equivalents	174 238 085	162 340 923
42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 41	174 238 085	162 340 923
Less:	(6 893 628)	(8 038 509)
Unspent Transfers and Subsidies - Note 15	(6 893 628)	(8 038 509)
Net cash resources available for internal distribution	167 344 458	154 302 413
Allocated to:		
Capital Replacement Reserve	(31 325 892)	(31 704 865)
Resources available for working capital requirements	136 018 565	122 597 548
43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 11	726 702	1 448 088
Used to finance property, plant and equipment - at cost	(726 702)	(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 2019

44 BUDGET INFORMATION

44.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to increased expenditure on Roads due to exceptional performance from the applicable department, as well as differences in the split between current and non-current assets and liabilities when comparing budgeted to actual results.

Explanation of variances greater than 10% and R500,000: Final Budget and Actual Amounts

44.2 Statement of Financial Position

44.2.1 Current Assets Variance

Other Debtors 69,11%

Overspending of Roads operational budget resulting in large debtor which was not budgeted for. Also, payments made in advance relating to the acquisition of assets over two financial years.

44.2.2 Non-Current Assets

Intangible Assets 56,9%

Additions of R1 000 000 (refer note 4.1) was budgeted for under PPE, which resulted in a mismatch between the actual and budgeted amount - hence the variance shown above. The capital budget was not overspent in the 2018/19 financial year (refer to Appendix C, Table A5).

44.2.3 Current Liabilities

Trade and Other Payables -47,87%

Municipality over budgeted for Trade and Other Payables as the amount budgeted was substantially higher in the prior year.

Provisions 25,13%

Split in budgeted provisions between current liabilities and non-current liabilities differs from the actuals, but when these two line items are compared jointly, the actual variance is only 8.9%, which is within the allowable limits set out in the Accounting Policy.

44.2.4 Non-Current Liabilities

Borrowing -95,18%

Difference in long term and short term portion of finance leases relating to cellphones and tablets net each other off.

44.2.5 Net Assets

Reserves 10,67%

Transfer was made to the CRR which was not budgeted for. Additional cash was available to make the transfer.

Accumulated Surplus/(Deficit) 12,50%

Unexpected gain relating to the reversal of impairment of assets following an updated property valuation process.

Statement of Financial Performance

44.2.6 Revenue

Rental of Facilities and Equipment -56,26%

Expected increase in rentals budgeted for was not achieved.

Interest Earned - External Investments -21,69%

The interest rate during the 2018/19 financial year was lower than anticipated at the time of compilation of the budget.

Interest Earned - Outstanding Debtors 170,32%

Major fire outbreaks in the year resulted in an increase in debtors in this regard, which in turn caused the interest on such accounts to be substantially higher than what was anticipated at the time of compilation of the budget.

Agency Services -18,13%

Budgeted for additional agency services due to history of overspending.

Gain on disposal of PPE -45,28%

Actual gain realised from disposal of PPE was less than budgeted for due to lower than expected sale prices realised.

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

44.2.7 Expenditure

Employee Related Costs 57,11%

The variance of 57,11% is due to an R80 000 000 difference between the budgeted and actual amount. The reason relates to the employee related costs of the Roads function that is budgeted for under "Other Expenditure" (refer to note 29)

Debt Impairment 684,39%

Due to outstanding fire fighting accounts outstanding for one year and impaired 100% in 18/19, reason for non payment of fire fighting accounts is dispute regarding the origin of fire.

Depreciation and Asset Impairment -566,52%

The budget included a marginal loss on impairment of assets, but a valuation exercise realised a gain of R18m on reversal of impairment losses of assets.

If this is taken into account, the remainder of the variance is within the limits set out in the Accounting Policy

Finance Charges 100,00%

Interest paid by Roads to GRDM on advances in the period.

Contracted Services -35,11%

Roads expenditure reported in actual on other lines also, such as employee related costs etc.

Other Expenditure -35,38%

The variance is mainly due to the fact that the employee related costs of the Roads function is budgeted for under "Other Expenditure", but reported in actuals under "Employee related costs (refer to note 29).

If this is taken into account, the remainder of the variance is within the limits set out in the Accounting Policy

44.2.8 Cash Flow Statement

Interest -21,69%

Split between interest receipts and movement in receivables according to the budget differs from actual, but nets off in total.

Finance cost -100,00%

Interest paid by Roads to GRDM on advances in the period.

Decrease/(Increase) in Non-Current Debtors -100,00%

Budget included under Other Non-Current Receivables

Decrease/(Increase) in Other Non-Current Receivables 100,00%

Actual included under Non-Current Debtors

Capital Assets -50,03%

Variance included in actual of Other Debtors as pre-payments on multi year capital projects.

Repayment of Borrowing -100,00%

Municipality did not budget for cellphone and tablet contracts to be classified as finance leases.

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
45.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	29 177 263	876 692
Unauthorised expenditure current year - operational	18 014 649	26 180 203
Unauthorised expenditure current year - capital	594 754	2 120 369
Approved by Council or condoned	(28 073 230)	*
Unauthorised expenditure awaiting authorisation	<u>19 713 436</u>	<u>29 177 263</u>

At a Council meeting of 23 July 2019, Council resolved to write off R28 073 230 unauthorised expenditure as irrecoverable after following the prescribed MFMA section 32 process.

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Executive and Council	49 105 530	46 981 360	(2 124 170)	(2 124 170)
Vote 2 - Budget and Treasury Office	21 464 934	24 519 318	3 054 384	-
Vote 3 - Corporate Services	40 019 685	41 209 717	1 190 032	-
Vote 4 - Planning and Development	6 204 065	22 738 673	16 534 608	-
Vote 5 - Public Safety	36 420 968	41 369 252	4 948 284	-
Vote 6 - Health	34 548 046	33 580 866	(967 180)	(967 180)
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	13 186 948	12 766 613	(420 334)	(420 334)
Vote 9 - Waste Management	1 372 540	5 007 678	3 635 138	-
Vote 10 - Roads Transport	2 865 124	4 225 000	1 359 876	-
Vote 11 - Waste Water Management	-	10 324	10 324	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	5 417 644	3 584 576	(1 833 069)	(1 833 069)
Vote 14 - Roads Agency Function	175 079 896	162 410 000	(12 669 896)	(12 669 896)
	<u>385 685 379</u>	<u>398 403 376</u>	<u>12 717 998</u>	<u>(18 014 649)</u>

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - Executive and Council	161 525	29 800	(131 725)	(131 725)
Vote 2 - Budget and Treasury Office	135 294	42 000	(93 294)	(93 294)
Vote 3 - Corporate Services	2 579 820	2 428 300	(151 520)	(151 520)
Vote 4 - Planning and Development	218 214	-	(218 214)	(218 214)
Vote 5 - Public Safety	1 570 731	4 750 200	3 179 469	-
Vote 6 - Health	125 536	2 343 079	2 217 543	-
Vote 7 - Community and Social Services	-	-	-	-
Vote 8 - Sport and Recreation	516 895	1 000 000	483 105	-
Vote 9 - Waste Management	-	-	-	-
Vote 10 - Roads Transport	-	-	-	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Water	-	-	-	-
Vote 13 - Environment Protection	-	30 000	30 000	-
Vote 14 - Roads Agency Function	-	-	-	-
	<u>5 308 015</u>	<u>10 623 379</u>	<u>5 315 364</u>	<u>(594 754)</u>

	2019 R	2018 R
45.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1 857 935	1 882 155
Interest: Creditors	6 064	18 886
Fruitless and wasteful expenditure current year	42 404	-
Condoned or written off by Council	(1 131 892)	(43 106)
Fruitless and wasteful expenditure awaiting condonement	<u>774 511</u>	<u>1 857 935</u>

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
At a Council meeting of 23 July 2019, Council resolved to write off R1 131 892 fruitless and wasteful expenditure as irrecoverable after following the prescribed MFMA section 32 process.		
45.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	96 062 717	52 736 301
Irregular expenditure current year	40 509 315	39 136 428
Deviations (see disclosure below)	5 335 569	17 678 957
SCM Reg 29(2) Composition of the Bid Adjudication Committee (see disclosure below) - current year	65 783 930	-
SCM Reg 29(2) Composition of the Bid Adjudication Committee (see disclosure below) - prior year	40 321 656	-
SCM Reg 32 Contracts secured by other organs of state (see disclosure below) - current year	4 640 460	-
SCM Reg 32 Contracts secured by other organs of state (see disclosure below) - prior year	3 568 864	-
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA	(88 495 471)	(13 488 967)
Irregular expenditure awaiting further action	<u>167 757 049</u>	<u>96 062 717</u>
At a Council meeting of 23 July 2019, Council resolved to write off R88 495 471 irregular expenditure as irrecoverable after following the prescribed MFMA section 32 process.		
The irregular expenditure of 2018/2019 relates mostly to the following:		
Non-compliance with Local Content Procurement requirements to the value of R481 505 (2018: R2 683 656)		
Performance bonuses approved by Council, but paid to the Municipal Manager and Managers Directly Accountable to the Municipal Manager prior to adoption of the 2017/18 Annual Report: R702 697 (2018: R0)		
Contracts above R10 million not advertised as prescribed in 2014/2015 - 2016/2017 financial years R39 152 971 (2018: R38 053 079)		
Long term contracts exceeding one year not advertised for a minimum period as prescribed of R172 142		
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.		
Deviations		
This relates to non-compliance with Supply Chain Management Regulation 13(c), that requires that the Municipality should request a declaration of interest from services providers, when calling for written quotation and bids. The Office of the Auditor General, when auditing our deviation procurement process in 2017/18, noted that the municipality did not comply with this regulation. We were of the opinion that, since we had used SCM Regulation 36, which is the deviation from normal procurement processes, we are not required to comply with SCM regulation 13(c) during a deviation process. Since receiving the final AGSA audit opinion on 30 November 2018 we amended our processes to comply with this regulation - the deviations disclosed as irregular in the 2018/19 year occurred prior to 30 November 2018.		
Composition of the Bid Adjudication Committee		
For the 2018/19 statutory audit, the Office of the Auditor General's technical department issued a clarification regarding the interpretation and application of SCM Reg 29(2) regarding the composition of the bid adjudication committee (BAC). Membership to the committee requires, amongst others, the CFO, as well as a Senior SCM Practitioner. In the past, due to capacity constraints, the CFO was regarded to also fulfill the requirement of the Senior SCM Practitioner. However, the clarification stated that these must be two different officials. It was therefore concluded that the BAC was not constituted as per reg 29(2) and this non-compliance results in all formal tenders to be considered to be irregular expenditure.		
It should be noted that this non-compliance did not result in any loss to Council as the award would not have been granted to a different bidder. The Manager: SCM did attend the BAC meetings in an advisory capacity, therefore the inputs from the "Senior SCM Practitioner" was given at the BAC meeting. The irregular expenditure is purely based on the fact that the Manager: SCM should have been a member of the BAC, not only an advisor.		
Due to the implementation of a new financial system on 1 July 2017 to comply with the mSCOA Regulations, it is impractical to quantify the irregular expenditure due to non-compliance with SCM Reg 29(2) for financial years ending prior to this date. At reporting date, such irregular expenditure is still under investigation.		
Contracts secured by other organs of state		
National Treasury issued Circular 96 in July 2019 to municipalities which elaborates on the principles captured in regulation 32 of the SCM Regulations when procuring goods or services from contracts secured by other organs of state. In addition, there has been two court judgements, which provide an understanding of regulation 32 and MFMA section 110(2). They were delivered in the High Court of South Africa KwaZulu-Natal division (Durban) on 6 July 2018 (KwaDukuza) and in the High Court of South Africa (Eastern Cape circuit court, East London) on 24 November 2015 (Amathole) which were based on the interpretation of regulation 32.		
Application of the information referred to above concludes that "the municipality cannot substitute itself in place of the other organ of state". GRDM has contracts procured under the auspices of regulation 32, but contracted directly with the supplier. All expenditure on contracts procured under SCM Regulation 32 therefore is deemed to be irregular expenditure due to the non-compliance derived from the new application.		
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.		
46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
46.1 Contributions to organised local government - (MFMA 125 (1)(b)) - (SALGA CONTRIBUTIONS)		
Opening balance	-	-
Council subscriptions	62 151	57 577
Amount paid - current year	(62 151)	(57 577)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
46.2 Audit fees - (MFMA 125 (1)(c))		
Opening balance	-	-
Current year audit fee	3 663 723	3 335 887
Amount paid - current year	(3 663 723)	(3 335 887)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

	2019 R	2018 R
46.3 VAT - [MFMA 125 (1)(c)]		
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.		
46.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions	29 915 467	27 139 747
Amount paid - current year	(29 915 467)	(27 139 747)
	-	-
Balance unpaid (included in creditors)	-	-
46.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	33 646 534	29 922 127
Amount paid - current year	(33 646 534)	(29 922 127)
Amount paid - previous year	-	-
	-	-
Balance unpaid (included in creditors)	-	-
46.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillor had a arrear account outstanding for more than 90 days during the year.		
	Total	90+ Days
30 June 2019		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	164 213	164 213
30 June 2018		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	158 278	158 278

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

46.7 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 R12,818,294.12 has been condoned by council.

Deviations per deviation type can be summarised as follows:

	2019 R	2018 R
Emergency	6 936 513	5 077 077
Impractical	4 340 992	15 543 019
Single Supplier	1 540 789	2 221 577
	12 818 294	22 841 673

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2019	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	761 920	1 320 842,56	1 588 771,03	4 119 134,80
Corporate/Strategic Services	281 841	284 106,24	-	-
Financial Services	152 262	-	-	-
Office of the Municipal Manager	94 417	105 265,65	-	-
Office of the Political Staff	3 568	-	-	-
Planning and Economic Development Services	410 510	262 303,35	-	-
Roads Services	1 850 632	1 582 719,62	-	-
	3 555 151	3 555 237	1 588 771	4 119 135

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
South Cape Fire Protection Ass - NPC	Emergency	2 082 262
Working on Fire (PTY) Ltd	Emergency	2 036 873
Working on Fire (PTY) LTD	Emergency	1 341 521
Savannah Helicopters	Emergency	247 250
World Travel Market - Africa Show 2019	Single Supplier	185 096
Ilita Lodge	Impractical Procurement Process	184 000
Mosselbay Helicopters	Emergency	166 106
Savannah Helicopters	Emergency	130 410
Pine Lake Marina Waterfront Resort	Impractical Procurement Process	127 988
Savannah Helicopters	Emergency	125 580
Ilita Lodge	Single Supplier	121 440
Incident working Group	Emergency	120 922
AAN DE KANAAL	Impractical Procurement Process	116 461
Total		6 985 908

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	3 933 080	2 904 939	-
Corporate/Strategic Services	812 360	1 270 442	2 782 857	-
Financial Services	161 886	120 075	-	-
Office of the Municipal Manager	-	103 441	-	-
Office of the Political Staff	80 768	342 474	798 068	-
Planning and Economic Development Services	-	120 433	-	-
Roads Services	1 745 445	4 089 567	2 353 169	-
	4 023 128	9 979 512	8 839 033	-

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 Association	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
Southern Cape Fire Protection Association	Emergency	336 660
Vesta Technical Services	Impractical Procurement Process	270 605
Vesta Technical Services	Emergency	246 005
Vesta Technical Services	Impractical Procurement Process	1 494 992
Working on Fire	Impractical Procurement Process	1 820 000
Total		7 550 118

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

46.8 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:

2018/2019 Financial Year

Supplier	Name	State Department	Actual Expenditure R	Awarded Amount R
IGB Trading	NM Boumeester	NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading	11 702	11 702
Shabby to Chick - Zingfontein Estates	J Stander	J Stander's (Manager Finance Garden Route District Municipality) brother-in-law owns Shabby to Chick	9 809	9 809
Paton Power Chemicals CC	Ujjah Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	518 255	Rate Based
Invusa Trading	Angeline Lekay	Harold Lekay (Husband) - Oudtshoorn Municipality (Community Services - Cleaning)	2 647	Rate Based
R & S Communications	NW Jacobs and JG Otto	NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications	521 987	Rate Based
2 Brothers Enterprise	AY Miles	AY Miles's (Administrative Assistant - Garden Route District Municipality) uncle owns 2 Brothers Enterprise	53 100	Rate Based
GIBB (Pty) Ltd	Diane Alderman	Eastern Cape Department of Education		
GIBB (Pty) Ltd	Alan Moon	City of Cape Town		
GIBB (Pty) Ltd	Thando Gqobo	Ethekweni Municipality		
GIBB (Pty) Ltd	Sonnika Cilliers	Department of Education		
GIBB (Pty) Ltd	Nokuthula Mkhize	National Department of Water Affairs & Forestry	610 750	Rate Based
GIBB (Pty) Ltd	Jacqueline Gooch	Department of Transport & Public Works		
GIBB (Pty) Ltd	Douglas Kewet	Department of Water Affairs & Forestry		
GIBB (Pty) Ltd	Rajiv Beharie	Eskom		
GIBB (Pty) Ltd	Unati Lekonyana	Department of National Treasury		
GIBB (Pty) Ltd	K Naidoo	Gauteng Department of Education		
Mubeko Africa (Pty) Ltd	Spouse of H Niehaus	Western Cape Department of Education	3 377 581	Rate Based
	Spouse of B Saalman	Northern Cape Department of Health		
			5 305 931	

2017/2018 Financial Year

The following purchases were made from close family members of persons in the service of the state:

Supplier	Name	State Department	Actual Expenditure R	Awarded Amount R
IGB Trading	NM Boumeester	NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading	6 661	6 661
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	5 740
Paton Power Chemicals CC	Ujjah Andhee	Nadira Andhee (wife) - teacher at KZN Department of Education	602 973	Rate Based
Invusa Trading	Angeline Lekay	Harold Lekay (Husband) - Oudtshoorn Municipality (Community Services - Cleaning)	11 923	Rate Based
RJL General Trading (Pty) Ltd	Marilyn Swartz	Fredericks Swartz (Husband) - works for Department of Health	138 729	Rate Based
Mubeko Africa (Pty) Ltd and MooreStephens MO Inc - Consortium	B Engelbrecht	B Holtzhausen (Mother) - Executive Manager Corporate Services Garden Route District Municipality	2 860 411	Rate Based
			3 326 437	

47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:

1% (2018: 1%) Increase in interest rates	1 459 340	1 293 313
1% (2018: 1%) Decrease in interest rates	(1 459 340)	(1 293 313)

(d) Credit Risk

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other 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 "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

	2019 %	2019 R	2018 %	2018 R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
Rental Agreements	6,19%	1 817 332	6,34%	1 249 947
Ambulance and Fire Fighting Fees	89,62%	26 313 850	82,93%	16 340 036
Other Arrears	4,19%	1 230 229	10,73%	2 113 638
Total	100,00%	29 361 411	100,00%	19 703 621

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
2019		
1 month past due	130 409	-
2+ months past due	3 629 949	-
	3 760 357	-
2018		
1 month past due	134 812	-
2+ months past due	1 146 150	-
	1 280 962	-

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.

GARDEN ROUTE DISTRICT MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 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	53 317 466	36 690 521
Receivables from non-exchange transactions	100 556	100 556
Cash and Cash Equivalents	145 935 030	129 896 036
	<u>199 353 052</u>	<u>166 687 113</u>

(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.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2019				
Long-term Liabilities	729 307	29 335	-	-
Trade and Other Payables	30 555 297	-	-	-
	<u>31 284 603</u>	<u>29 335</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2018				
Long-term Liabilities	965 467	613 201	-	-
Trade and Other Payables	15 533 418	-	-	-
	<u>16 498 885</u>	<u>613 201</u>	<u>-</u>	<u>-</u>
			2019 R	2018 R

48 FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

48.1	Financial Assets	Classification		
	Investments			
	Unlisted Shares	Financial Instruments at fair value	27 445	26 027
			2019 R	2018 R
	Non-Current Receivables			
	Receivables with repay arrangements	Financial Instruments at amortised cost	-	-
	Sport Club Loans	Financial Instruments at amortised cost	-	-
	Housing Loans	Financial Instruments at amortised cost	-	-
			2019 R	2018 R
	Receivables from Exchange Transactions			
	Property Rentals	Financial Instruments at amortised cost	2 085 198	1 669 235
	Ambulance and Fire Fighting Fees	Financial Instruments at amortised cost	28 188 847	18 349 695
	Other Arrears	Financial Instruments at amortised cost	18 039 893	16 671 591
			2019 R	2018 R
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	174 222 203	161 826 433
	Call Deposits	Financial Instruments at amortised cost	-	498 607
	Total Financial Assets		<u>222 563 586</u>	<u>199 041 587</u>

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at cost:			
Investments	Unlisted shares	27 445	26 027
		27 445	26 027
		2019 R	2018 R
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Property Rentals	2 085 198	1 669 235
Receivables from Exchange Transactions	Ambulance and Fire Fighting Fees	28 188 847	18 349 695
Receivables from Exchange Transactions	Other Arrears	18 039 893	16 671 591
Cash and Cash Equivalents	Bank Balances	174 222 203	161 826 433
Cash and Cash Equivalents	Call Deposits	-	498 607
		222 536 141	199 015 560
Financial Instruments at fair value:			
Investments	Listed Investments	27 445	26 027
		27 445	26 027
Total Financial Assets		222 591 031	199 067 614
48.2	Financial Liabilities	Classification	
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	726 702	1 448 088
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	12 811 312	3 593 926
Advance Payments	Financial Instruments at amortised cost	1 051 686	2 119 907
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	715 527	334 434
Other Payables	Financial Instruments at amortised cost	15 768 121	9 276 501
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		31 073 348	16 772 855
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	726 702	1 448 088
Trade and Other Payables	Trade Payables	12 811 312	3 593 926
Trade and Other Payables	Advance Payments	1 051 686	2 119 907
Trade and Other Payables	Control, Clearing and Interface Accounts	715 527	334 434
Trade and Other Payables	Other Payables	15 768 121	9 276 501
		31 073 348	16 772 855

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

49 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes			
VAT Receivable		3 278 029	279 131
Receivables from Non-Exchange Transactions		100 556	100 556
Rates		-	-
Insurance Claims		100 556	100 556
Fines		-	-
Total Statutory Receivables (before provision)		3 378 586	379 687
Less: Provision for Debt Impairment		-	-
Total Statutory Receivables (after provision)		3 378 586	379 687
		2019	2018
		R	R

50 IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:
 SALGA Assistance
 Miss. Elandie Terblanche (Intern from Western Cape Provincial Treasury)
 Smart City development trip to Indonesia

725 937	-
-	132 190
135 980	-
861 917	132 190

Total In-kind Donations and Assistance

51 PRIVATE PUBLIC PARTNERSHIPS

Garden Route District Municipality is in the process to enter into a Public Private Partnership (PPP) with Eden Waste Management, the Preferred Bidder, for a period of ten (10) years to build and operate a Regional Waste Management Facility. The PPP Agreement will include the build and operation of a domestic and hazardous disposal facility as well as the availability of a rotating mobile chipper and crusher to the participating local municipalities. The participating local municipalities that will make use of the facility will be Bitou, Knysna, George, Mossel Bay and Hessequa (Gouritzmond and Albertinia).

The due diligens process initiated by the Development Bank of South Africa that is the financier of the Private Partner was completed and can the final PPP process be concluded. The preparation of the Treasury Views and Recommendation III documentations as well as the Section 33 in terms of the MFMA (contract longer than three years) process documentation are nearly finalised to be submitted to Nasional and provincial Treasury for their comments as well as to the Nasional and Provincial Sector Department for their comments. The comments timeline for their comments are thirty (30) days.

As soon as the comments are received the PPP Agreement will be finalised and submitted to Council for approval and signature of the Municipal Manager.

It is anticipated that the above mentioned processes will be finalised at the end of November 2019 and construction can proceed from 20 January 2020. The private Partner, Eden Waste Management, will set up camp during the first two (2) weeks of December 2019.

All participating local municipalities have made provision in their existing multi-year budgets for their individual operating cost contribution from date of in operation of the regional Waste Management Facility.

52 CONTINGENT LIABILITY

52.1 Theunis Barnard / Garden Route DM / September January

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
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52.2 I Gerber N.O and others / Garden Route DM and P McKenzie

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 awaiting court date from attorneys

21 840	21 840
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52.3 Possible Dispute with B-Municipalities Regarding Properties Registered in Garden Route District

No property disputes with B Municipalities as at 30 June 2019

-	17 400 000
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GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
52.4 Andrew de Wet vs Garden Route District Municipality		
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. This matter was referred to the Insurance Company and to Province - awaiting feedback.	614 675	614 675
52.5 Barry Louis Rae Trust / Farm Uitvlugt 269 Fire		
Claim for damages as a result of the fire that spread (29 August until 1 September 2016). The matter is in process.	4 500 000	4 500 000
52.6 Combined Summons: Laurington Sithemile Stone vs Garden Route DM		
Car accident that occurred. This matter was referred to Province. Roads Department settled claim of R48 423,10 - finalised.	-	43 272
52.7 Combined Summons: Banger Car Hire vs Garden Route DM		
Car accident that occurred. This matter was referred to Province.	18 800	18 800
52.8 Combined Summons between George Municipality, Garden Route District Municipality and D Stoffels		
On 12 July 2017 the combined summons was received. On or about 1 September 2016 on the Jonkrus / De Vlugt 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	20 836
52.9 Combined Summons between G Brown and Garden Route District Municipality		
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. This matter with the municipality's Insurance Company - in process.	31 032	31 032
52.10 Combined Summons between Brenda Kraft and Garden Route District Municipality		
This matter was referred to the Insurance Company and it appears that the municipality are not responsible for the maintenance of that road - in process.	415 264	-
52.11 Isivuno Auctioneers: Summons		
A summons was served on Isivuno for the outstanding amount of R223 574,84. Discovery Affidavit served on us for the MM's signature. Isivuno defending this matter - in process.	223 575	-
52.12 Possible Property Dispute: Calitzdorp Spa - Prins Family		
The Regional Land Claims Commissioner received a land-claim during 1998, just before the cut-off date of 31 December 1998 by the Prins family. Preliminary research conducted could not show any ownership rights for the family on the claimed properties. A site visit was conducted and subsequent thereto, the office (RLLC:WC) roped in the services of the NGI to assist in plotting the identified properties on a map. The map indicated the exact properties under claim. However, the nature of rights lost by the Prins family could not be ascertain from this process. Currently, the land claim is at research stage.		
52.13 Portion of Portion 2 of Farm 238, Hooggekraal		
Possible transfer to Mossel Bay Municipality as per Council Resolution and subject to transfer agreement being entered into between the Parties.	431 400	-
52.14 Erf 99, Glentana		
Possible transfer to Mossel Bay Municipality as per Council Resolution and subject to transfer agreement being entered into between the Parties.	4 021 781	-
52.15 Labour disputes		
The Labour Relations Section has the following disputes lodged for the financial year ended 30 June 2019. 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	350 000	500 000
L Janse van Rensburg & A Grobler	-	300 000
B Ntozini	70 000	-
N Ndabeni	50 000	-
IMATU obo Du Plessis & others	868 490	-
	11 675 924	23 488 685

GARDEN ROUTE DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
53	RELATED PARTIES		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
53.1	Related Party Transactions		
	The following purchases were made during the year where Councillors or staff have an interest:		
	Year ended 30 June 2019		
	IGB Trading		
	NM Boumeester's (Administrative Assistant Garden Route District Municipality) husband owns IGB Trading.	11 702	-
	Shabby to Chick – Zingfontein Estates		
	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.	2 000	7 809
	R & S Communications		
	NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	521 987	-
	2 Brothers Enterprise		
	AY Miles's (Administrative Assistant - Garden Route District Municipality) uncle owns 2 Brothers Enterprise.	53 100	-
		588 789	7 809
	Year ended 30 June 2018		
	Mubesko Africa Pty (Ltd)		
	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
	Shabby to Chick – Zingfontein Estates		
	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	-
		955 596	486 643
53.2	Related Party Loans		
	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.		
53.3	Compensation of key management personnel		
	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 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019	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	1 448 088	-	212 074	(933 460)	726 702	1 071 292	-
Total Lease Liabilities				1 448 088	-	212 074	(933 460)	726 702	-	-
TOTAL EXTERNAL LOANS				1 448 088	-	212 074	(933 460)	726 702	-	-

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 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
National Government Grants												
Equitable Share	-	-	-	151 237 120	-	-	(151 237 120)	-	-	-	-	-
Local Government Financial Management Grant	(1)	-	(1)	1 000 000	-	-	(1 000 000)	-	-	(1)	-	(1)
Municipal System Improvement Grant	-	-	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant	-	-	-	1 021 000	-	-	(1 021 000)	-	-	-	-	-
Energy Efficiency and Demand Side Management	4 987 120	-	4 987 120	-	-	(4 987 120)	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	381 288	(381 288)	-	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	2 425 000	-	-	(1 934 824)	-	(272 006)	218 370	218 370	-
<i>Net</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total National Government Grants	5 368 407	(381 288)	4 987 119	155 683 120	-	(4 987 120)	(155 192 744)	-	(272 006)	218 369	218 370	(1)
Provincial Government Grants												
Greenest Municipality Competition	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Disaster Grant	1 388 000	-	1 388 000	10 000 000	-	(1 386 000)	(7 902 712)	-	-	2 097 288	2 097 288	-
Bucket system Elimination Schools/Clinic	-	-	-	-	-	-	-	-	-	-	-	-
Integrated Transport Planning	900 000	-	900 000	900 000	-	-	(1 051 750)	-	(157 763)	590 488	590 488	-
Mandela Memorial Celebrations	-	-	-	-	-	-	-	-	-	-	-	-
Braille Project	-	-	-	-	-	-	-	-	-	-	-	-
Financial Management Support	78 213	-	78 213	2 090 000	-	(78 213)	(1 107 407)	-	(82 643)	809 950	809 950	-
DWA: Abstraction Validation on Bitou	-	-	-	-	-	-	-	-	-	1 685 027	1 685 027	-
Fire Services Capacity Building Grant	202 027	-	202 027	1 483 900	-	-	-	-	-	1 200 000	1 200 000	-
Safety Plan Implementation - (WOSA)	-	-	-	1 200 000	-	-	-	-	-	-	-	-
<i>Net</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total Provincial Government Grants	2 566 240	-	2 566 240	15 673 000	-	(1 464 213)	(10 151 869)	-	(240 405)	6 382 753	6 382 753	-
Other Grant Providers												
Regional Bulk Infrastructure - Regional Landfill Site	-	-	-	-	-	-	-	-	-	-	-	-
LGESTA Re-imbursements	145 438	-	145 438	224 390	-	-	(77 324)	-	-	292 505	292 505	-
Nelson Mandela Biosphere Reserve Project	-	-	-	-	-	-	-	-	-	-	-	-
<i>Net</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Grant Providers	145 438	-	145 438	224 390	-	-	(77 324)	-	-	292 505	292 505	-
Total Grants	8 080 085	(381 288)	7 698 797	171 580 510	-	(6 451 333)	(165 421 936)	-	(512 411)	6 893 627	6 893 628	(1)
Public Contributions												
Krystna Relief Fund	339 711	-	339 711	-	-	-	(339 711)	-	-	-	-	-
<i>Net</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total Public Contributions	339 711	-	339 711	-	-	-	(339 711)	-	-	-	-	-

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	2018/19								2017/18			
	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%	-	-	-	-
Investment revenue	15 715	0	15 715	14 730	-	-	0.0%	0.0%	-	-	0	13 576
Transfers recognised - operational	158 885	13 550	172 435	166 274	-	-	0.0%	0.0%	-	-	-	154 142
Other own revenue	215 515	(1 020)	214 495	217 177	-	-	0.0%	0.0%	-	-	-	210 047
Total Revenue (excluding capital transfers and contributions)	390 115	12 530	402 645	398 181	-	-	0.0%	0.0%	-	-	-	377 766
Employee costs	133 669	6 865	140 534	220 800	-	-	0.0%	0.0%	-	-	-	204 452
Remuneration of councillors	11 572	361	11 933	11 053	-	-	0.0%	0.0%	-	-	-	10 981
Debt impairment	-	-	-	12 555	-	-	0.0%	0.0%	-	-	-	10 828
Depreciation & asset impairment	3 272	(100)	3 172	(14 796)	-	-	0.0%	0.0%	-	-	-	3 917
Finance charges	-	-	-	127	-	-	0.0%	0.0%	-	-	-	79
Materials and bulk purchases	185	(149)	36	-	-	-	0.0%	0.0%	-	-	-	-
Transfers and grants	-	-	-	2 356	-	-	0.0%	0.0%	-	-	-	2 304
Other expenditure	239 139	3 590	242 729	153 590	-	-	0.0%	0.0%	-	-	-	137 322
Total Expenditure	387 838	10 566	398 403	385 685	-	-	0.0%	0.0%	-	-	-	369 883
Surplus/(Deficit)	2 278	1 964	4 242	12 495	-	-	0.0%	0.0%	-	-	-	7 883
Transfers recognised - capital	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2 278	1 964	4 242	12 495	-	-	0.0%	0.0%	-	-	-	7 883
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 278	1 964	4 242	12 495	-	-	0.0%	0.0%	-	-	-	7 883
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	-	3 483	3 483	-	-	-	0.0%	0.0%	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Borrowing	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Internally generated funds	9 303	(2 163)	7 140	-	-	-	0.0%	0.0%	-	-	-	-
Total sources of capital funds	9 303	1 320	10 623	-	-	-	0.0%	0.0%	-	-	-	-
Cash flows												
Net cash from (used) operating	3 097	10 696	13 793	13 325	-	-	0.0%	0.0%	-	-	-	23 598
Net cash from (used) investing	(7 938)	(1 320)	(9 258)	(706)	-	-	0.0%	0.0%	-	-	-	(5 824)
Net cash from (used) financing	-	-	-	(721)	-	-	0.0%	0.0%	-	-	-	1 448
Cash/cash equivalents at the year end	164 927	9 376	174 303	174 238	-	-	0.0%	0.0%	-	-	-	162 341

MUN -Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19								2017/18			
	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
Revenue - Standard												
Governance and administration	211 013	21 258	232 271	212 305		–	0,0%	0,0%				198 054
Executive and council	209 609	21 993	231 601	212 048		–	0,0%	0,0%				197 164
Finance and administration	1 405	(735)	671	257		–	0,0%	0,0%				890
Internal audit	–	–	–	–		–	0,0%	0,0%				–
Community and public safety	8 041	(0)	8 041	9 993		–	0,0%	0,0%				8 836
Community and social services	–	–	–	–		–	0,0%	0,0%				–
Sport and recreation	7 821	(1)	7 820	8 896		–	0,0%	0,0%				8 620
Public safety	–	–	–	658		–	0,0%	0,0%				–
Housing	–	–	–	–		–	0,0%	0,0%				–
Health	221	1	221	439		–	0,0%	0,0%				216
Economic and environmental services	145 333	17 000	162 333	177 236		–	0,0%	0,0%				828
Planning and development	–	–	–	1 672		–	0,0%	0,0%				614
Road transport	145 000	17 000	162 000	175 080		–	0,0%	0,0%				–
Environmental protection	333	–	333	484		–	0,0%	0,0%				214
Trading services	25 728	(25 728)	–	835		–	0,0%	0,0%				–
Electricity	–	–	–	–		–	0,0%	0,0%				–
Water	–	–	–	–		–	0,0%	0,0%				–
Waste water management	–	–	–	–		–	0,0%	0,0%				–
Waste management	25 728	(25 728)	–	835		–	0,0%	0,0%				–
Other	–	–	–	–		–	0,0%	0,0%				–
Total Revenue - Standard	390 115	12 530	402 645	400 370		–	0,0%	0,0%				207 718

Description	2018/19								2017/18			
	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	121 256	2 298	123 554	110 590	–	–	0,0%	0,0%	–	–	–	100 667
Executive and council	49 677	(5 533)	44 144	46 605	–	–	0,0%	0,0%	–	–	–	44 637
Finance and administration	69 211	7 648	76 860	61 485	–	–	0,0%	0,0%	–	–	–	53 336
Internal audit	2 368	182	2 550	2 500	–	–	0,0%	0,0%	–	–	–	2 694
Community and public safety	78 374	11 924	90 298	84 156	–	–	0,0%	0,0%	–	–	–	73 365
Community and social services	8 596	3 807	12 403	–	–	–	0,0%	0,0%	–	–	–	–
Sport and recreation	13 677	(910)	12 767	13 187	–	–	0,0%	0,0%	–	–	–	11 610
Public safety	29 149	6 139	35 288	36 421	–	–	0,0%	0,0%	–	–	–	29 761
Housing	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Health	26 953	2 888	29 841	34 548	–	–	0,0%	0,0%	–	–	–	31 995
Economic and environmental services	161 155	17 704	178 859	210 331	–	–	0,0%	0,0%	–	–	–	23 748
Planning and development	9 236	(596)	8 640	6 204	–	–	0,0%	0,0%	–	–	–	18 765
Road transport	148 325	18 310	166 635	199 709	–	–	0,0%	0,0%	–	–	–	2 489
Environmental protection	3 595	(10)	3 585	5 418	–	–	0,0%	0,0%	–	–	–	2 494
Trading services	25 738	(20 720)	5 018	1 373	–	–	0,0%	0,0%	–	–	–	2 055
Electricity	18	(7)	10	–	–	–	0,0%	0,0%	–	–	–	–
Water	25 720	(20 713)	5 007	–	–	–	0,0%	0,0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste management	–	–	–	1 373	–	–	0,0%	0,0%	–	–	–	2 055
Other	1 314	(640)	674	–	–	–	0,0%	0,0%	–	–	–	–
Total Expenditure - Standard	387 837	10 566	398 403	406 449	–	–	0,0%	0,0%	–	–	–	199 835
Surplus/(Deficit) for the year	2 278	1 964	4 242	(6 080)	–	–	0,0%	0,0%	–	–	–	7 883

MUN- Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/19								2017/18			
	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
Revenue by Vote												
Vote 1 - Executive and Council	210 080	21 993	232 074	212 048		–	0.0%	0.0%				197 164
Vote 2 - Budget and Treasury Office		–		(11)		–	0.0%	0.0%				–
Vote 3 - Corporate Services	933	(735)	198	268		–	0.0%	0.0%				890
Vote 4 - Planning and Development		–		1 672		–	0.0%	0.0%				614
Vote 5 - Public Safety		–		658		–	0.0%	0.0%				–
Vote 6 - Health	221	1	221	439		–	0.0%	0.0%				216
Vote 7 - Community and Social Services		–		–		–	0.0%	0.0%				–
Vote 8 - Sport and Recreation	7 821	(1)	7 820	8 896		–	0.0%	0.0%				8 620
Vote 9 - Waste Management	25 728	(25 728)	–	835		–	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	333	–	333	484		–	0.0%	0.0%				214
Vote 14 - Roads Agency Function	145 000	17 000	162 000	175 080		–	0.0%	0.0%				–
Vote 15 - Electricity		–		–		–	0.0%	0.0%				–
Total Revenue by Vote	390 115	12 530	402 645	400 370		–	0.0%	0.0%				207 718
Expenditure by Vote to be appropriated												
Vote 1 - Executive and Council	48 199	(1 218)	46 981	49 106	–	–	0.0%	0.0%	–	–	–	47 331
Vote 2 - Budget and Treasury Office	19 830	4 890	24 519	21 465	–	–	0.0%	0.0%	–	–	–	18 933
Vote 3 - Corporate Services	42 835	(1 625)	41 210	40 020	–	–	0.0%	0.0%	–	–	–	34 407
Vote 4 - Planning and Development	19 357	3 381	22 739	6 204	–	–	0.0%	0.0%	–	–	–	18 765
Vote 5 - Public Safety	34 829	6 541	41 369	36 421	–	–	0.0%	0.0%	–	–	–	29 756
Vote 6 - Health	31 454	2 127	33 581	34 548	–	–	0.0%	0.0%	–	–	–	31 995
Vote 7 - Community and Social Services	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Vote 8 - Sport and Recreation	13 677	(910)	12 767	13 187	–	–	0.0%	0.0%	–	–	–	11 610
Vote 9 - Waste Management	25 720	(20 713)	5 008	1 373	–	–	0.0%	0.0%	–	–	–	2 055
Vote 10 - Roads Transport	3 325	900	4 225	2 865	–	–	0.0%	0.0%	–	–	–	2 489
Vote 11 - Waste Water Management	18	(7)	10	–	–	–	0.0%	0.0%	–	–	–	–
Vote 12 - Water	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Vote 13 - Environment Protection	3 585	(10)	3 585	5 418	–	–	0.0%	0.0%	–	–	–	2 494
Vote 14 - Roads Agency Function	145 000	17 410	162 410	175 080	–	–	0.0%	0.0%	–	–	–	–
Vote 15 - Electricity	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Total Expenditure by Vote	387 838	10 566	398 403	385 685	–	–	0.0%	0.0%	–	–	–	199 835
Surplus/(Deficit) for the year	2 278	1 964	4 242	14 684		–	0.0%	0.0%				7 883

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19								2017/18			
	Original Budget	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
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	2 718	1 128	3 846	1 682	–	–	0.0%	0.0%				792
Interest earned - external investments	15 715	0	15 715	12 306	–	–	0.0%	0.0%				11 937
Interest earned - outstanding debtors	897	0	897	2 424	–	–	0.0%	0.0%				1 639
Dividends received	–	–	–	–	–	–	0.0%	0.0%				–
Fines	–	–	–	–	–	–	0.0%	0.0%				–
Licences and permits	333	–	333	484	–	–	0.0%	0.0%				214
Agency services	19 022	2 040	21 062	17 244	–	–	0.0%	0.0%				–
Transfers recognised - operational	158 885	13 550	172 435	166 274	–	–	0.0%	0.0%				155 063
Other revenue	189 390	(5 032)	184 358	197 767	–	–	0.0%	0.0%				208 121
Gains on disposal of PPE	3 156	844	4 000	2 189	–	–	0.0%	0.0%				–
Total Revenue (excluding capital transfers and contributions)	390 115	12 530	402 645	400 370		–	0.0%	0.0%				377 766
Expenditure By Type												
Employee related costs	133 669	6 866	140 534	220 800	–	–	0.0%	0.0%	–	–	–	204 452
Remuneration of councillors	11 572	361	11 933	11 053	–	–	0.0%	0.0%	–	–	–	10 981
Debt impairment	1 601	(0)	1 601	12 555	–	–	0.0%	0.0%	–	–	–	10 828
Depreciation & asset impairment	3 272	(100)	3 172	(14 796)	–	–	0.0%	0.0%	–	–	–	3 917
Finance charges	–	–	–	127	–	–	0.0%	0.0%	–	–	–	79
Bulk purchases	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Other materials	185	(149)	36	–	–	–	0.0%	0.0%	–	–	–	–
Contracted services	60 636	(10 282)	50 354	32 674	–	–	0.0%	0.0%	–	–	–	26 978
Transfers and grants	–	–	–	–	–	–	0.0%	0.0%	–	–	–	2 304
Other expenditure	176 903	13 871	190 774	123 272	–	–	0.0%	0.0%	–	–	–	109 770
Loss on disposal of PPE	–	–	–	–	–	–	0.0%	0.0%	–	–	–	574
Total Expenditure	387 838	10 566	398 403	385 685	–	–	0.0%	0.0%	–	–	–	369 883

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19							2017/18				
	Original Budget	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
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	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Taxation	-	-	-	-		-	0,0%	0,0%				-
Surplus/(Deficit) after taxation	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Attributable to minorities	-	-	-	-		-	0,0%	0,0%				-
Surplus/(Deficit) attributable to municipality	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883
Share of surplus/ (deficit) of associate	-	-	-	-		-	0,0%	0,0%				-
Surplus/(Deficit) for the year	2 278	1 964	4 242	14 684		-	0,0%	0,0%				7 883

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19								2017/18			
	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
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	30	–	30	162	–	–	0%	0%	–	–	–	–
Vote 2 - Budget and Treasury Office	42	–	42	135	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate Services	1 368	1 060	2 428	2 580	–	–	0%	0%	–	–	–	–
Vote 4 - Planning and Development	–	–	–	218	–	–	0%	0%	–	–	–	–
Vote 5 - Public Safety	5 790	(1 040)	4 750	1 571	–	–	0%	0%	–	–	–	–
Vote 6 - Health	43	2 300	2 343	126	–	–	0%	0%	–	–	–	–
Vote 7 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 8 - Sport and Recreation	2 000	(1 000)	1 000	517	–	–	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	30	–	30	–	–	–	0%	0%	–	–	–	–
Vote 14 - Roads Agency Function	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 - Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	9 303	1 320	10 623	5 308	–	–	0%	0%	–	–	–	–
Single-year expenditure												
Vote 1 - Executive and Council	–	–	–	–	–	–	0%	0%	–	–	–	3 199
Vote 2 - Budget and Treasury Office	–	–	–	–	–	–	0%	0%	–	–	–	69
Vote 3 - Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	1 276
Vote 4 - Planning and Development	–	–	–	–	–	–	0%	0%	–	–	–	12
Vote 5 - Public Safety	–	–	–	–	–	–	0%	0%	–	–	–	507
Vote 6 - Health	–	–	–	–	–	–	0%	0%	–	–	–	253
Vote 7 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	2
Vote 8 - Sport and Recreation	–	–	–	–	–	–	0%	0%	–	–	–	489
Vote 9 - Waste Management	–	–	–	–	–	–	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%	–	–	–	–
Capital single-year expenditure	–	–	–	–	–	–	0%	0%	–	–	–	6 181
Total Capital Expenditure - Vote	9 303	1 320	10 623	5 308	–	–	0%	0%	–	–	–	6 181

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19								2017/18			
	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
Capital Expenditure - Standard												
Governance and administration	–	–	–	–	–	–	0%	0%	–	–	–	4 544
Executive and council	–	–	–	–	–	–	0%	0%	–	–	–	3 199
Finance and administration	–	–	–	–	–	–	0%	0%	–	–	–	1 345
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	–
Community and public safety	–	–	–	–	–	–	0%	0%	–	–	–	1 251
Community and social services	–	–	–	–	–	–	0%	0%	–	–	–	2
Sport and recreation	–	–	–	–	–	–	0%	0%	–	–	–	489
Public safety	–	–	–	–	–	–	0%	0%	–	–	–	507
Housing	–	–	–	–	–	–	0%	0%	–	–	–	–
Health	–	–	–	–	–	–	0%	0%	–	–	–	253
Economic and environmental services	–	–	–	–	–	–	0%	0%	–	–	–	12
Planning and development	–	–	–	–	–	–	0%	0%	–	–	–	12
Road transport	–	–	–	–	–	–	0%	0%	–	–	–	–
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	–	–	–	–	–	–	0%	0%	–	–	–	373
Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste management	–	–	–	–	–	–	0%	0%	–	–	–	373
Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Total Capital Expenditure - Standard	–	–	–	–	–	–	0%	0%	–	–	–	6 181
Funded by:												
National Government	–	–	–	–	–	–	0%	0%	–	–	–	–
Provincial Government	–	–	–	–	–	–	0%	0%	–	–	–	–
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Other transfers and grants	–	800	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	–	800	–	–	–	–	0%	0%	–	–	–	–
Public contributions & donations	–	–	–	–	–	–	0%	0%	–	–	–	–
Borrowing	–	–	–	–	–	–	0%	0%	–	–	–	–
Internally generated funds	–	–	–	5 308	–	–	0%	0%	–	–	–	6 181
Total Capital Funding	–	800	–	5 308	–	–	0%	0%	–	–	–	6 181

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.e. 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
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts				377 132				371 669
Property rates, penalties and collection charges	-	-	-	-	-	0,0%	0,0%	-
Service charges	-	-	-	-	-	0,0%	0,0%	-
Other revenue	211 462	3 033	214 495	198 891	-	0,0%	0,0%	205 590
Government - operating	158 885	13 550	172 435	165 934	-	0,0%	0,0%	154 142
Government - capital	-	-	-	-	-	0,0%	0,0%	-
Interest	15 715	0	15 715	12 306	-	0,0%	0,0%	11 937
Dividends	-	-	-	-	-	0,0%	0,0%	-
Payments				(363 807)				(347 671)
Suppliers and employees	(382 965)	(5 887)	(388 852)	(361 324)	-	0,0%	0,0%	(345 288)
Finance charges	-	-	-	(127)	-	0,0%	0,0%	(79)
Transfers and Grants	-	-	-	(2 356)	-	0,0%	0,0%	(2 304)
NET CASH FROM/(USED) OPERATING ACTIVITIES	3 097	10 696	13 793	13 325	-	0,0%	0,0%	23 998
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts				4 602				(500)
Proceeds on disposal of PPE	3 156	-	3 156	6 334	-	0,0%	0,0%	-
Decrease (Increase) in non-current debtors	-	-	-	(1 731)	-	0,0%	0,0%	(500)
Decrease (increase) other non-current receivables	(1 791)	-	(1 791)	-	-	0,0%	0,0%	-
Decrease (increase) in non-current investments	-	-	-	(1)	-	0,0%	0,0%	-
Payments				(5 308)				(5 324)
Capital assets	(9 303)	(1 320)	(10 623)	(5 308)	-	0,0%	0,0%	(5 324)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(9 303)	(1 320)	(10 623)	(706)	-	0,0%	0,0%	(5 824)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts				212				1 749
Short term loans	-	-	-	-	-	0,0%	0,0%	-
Borrowing long term/refinancing	-	-	-	212	-	0,0%	0,0%	1 749
Increase (decrease) in consumer deposits	-	-	-	-	-	0,0%	0,0%	-
Payments				(933)				(301)
Repayment of borrowing	-	-	-	(933)	-	0,0%	0,0%	(301)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(721)	-	0,0%	0,0%	1 448
NET INCREASE/ (DECREASE) IN CASH HELD	(6 206)	9 376	3 170	11 897				19 622
Cash/cash equivalents at the year begin:	169 768		169 768	162 341				142 719
Cash/cash equivalents at the year end:	164 927	9 376	174 303	174 238	-	0,0%	0,0%	162 341

APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Party	P R	Part	Councillor	28 August 2018	01 October 2018	30 October 2019	05 December 2019	13 December 2018	09 January 2019	21 January 2019	11 february 2019	27 February 2019	26 March 2019	23 April 2019	28 May 2019	27 June 2019
ANC	x		CN Lichaba		Y	Y	Y		y	A	A	Y	Y	A	Y	Y
ANC	x		D Xego	y	Y	A	Y		Y	Y	Y	Y	Y	A	Y	Y
ANC	x		S De Vries	y	Y	Y	A	Y	A	Y	A	A	Y	Y	Y	A
ANC	x		NF Kamte	y	A	Y	Y	Y	A	Y	Y	Y		Y	A	Y
ANC	x		MP Mapitiza	y	A	A	Y	y	Y	Y	A	Y	Y	Y	Y	
DA			D Saayman	y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y
DA	x		BN Van Wyk	y	Y	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	Y	Y
DA	x		T Van Rensburg	y	N/A	N/A	N/A	N/A	Y	A	Y	A	Y	Y	Y	Y
DA	x		Cl M Booysen	y	Y	Y	A	Y	y	Y	Y	Y	Y	Y	Y	Y
DA	x		AJ Rossouw	y	Y	Y	Y	Y	A	Y	Y	A	A	Y	Y	A
DA	x		KS Lose	y	Y	Y	A		Y	Y	A	A	Y	Y	Y	Y
DA			SF May	y	Y	Y	Y	Y	Y	y	Y	Y	Y	A	Y	Y
ICOSA	X		T Fortuin	y	Y	Y			Y	A	Y	Y		Y	Y	A
George		x	I Stemela	y	A	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	Y
George		x	EH Stroebel	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	A
George		x	PJ Van der Hoven	y	Y	Y	Y	Y	Y	Y	A	Y	Y	Y	Y	Y
George		x	RGS Figland	y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y
George		x	T Teyisi	y	Y	Y	Y		Y	Y	A	Y	A	Y	Y	Y
George		x	V Gericke	A	Y	Y			Y	Y	Y	Y	Y	Y	Y	Y
Hessequ a		x	IT Mangaliso	Y	Y	Y	Y		Y	Y	A	A	Y	A	Y	Y
Hessequ a		x	J Hartnick	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Kannala nd		x	JP Johnson	Y	y	Y	Y	Y	Y	y	A	Y	Y	Y	Y	
Knysna		x	NA Thengwa		Y	Y	Y	Y	Y	Y	A	Y	Y	A	Y	
Knysna		x	MS Willemse	A	A	A	A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Knysna		x	ERJ Spies	N/A	N/A	N/A	N/A	y	y	Y	Y	Y	Y	y	N/A	N/A

Party	P R	Part	Councillor	28 August 2018	01 October 2018	30 October 2019	05 December 2019	13 December 2018	09 January 2019	21 January 2019	11 february 2019	27 February 2019	26 March 2019	23 April 2019	28 May 2019	27 June 2019
Knysna		x	L Tyokolo	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mossel Bay		x	SS Mbandezi			Y	Y		Y		Y	A	Y	A	A	Y
Mossel Bay		x	BHJ Groenewald	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mossel Bay		x	E Meyer	Y	Y	A	Y	Y	Y	Y	Y	Y	Y	Y	Y	A
Mossel Bay		x	RH Ruiters	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	Y	Y
Oudtsho orn		x	K Windvogel	Y	Y	Y	Y	Y	A	Y	Y	Y	Y	Y	Y	Y
Oudtsho orn		x	JC Lambaatjeen	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	y
Oudtsho orn		x	RR Wildschut	Y	Y	Y	Y	Y	Y	A	Y	A	Y	A	Y	
Bitou		x	NC Jacob	Y	Y	Y	Y		A	Y	A	Y	Y	Y	Y	Y
Bitou		x	ASM Windvogel	Y	y	y	Y	Y	Y	Y	A	Y	Y	Y	y	y

MAYORAL COMMITTEE MEETINGS: 31 AUGUST 2018 UNTIL 30 JUNE 2019

Councillors	28 May 2019	17 May 2019	17 April 2019	26 March 2019	29 October 2018	30 Julie 2018		
Cllr Memory Booysen	Y	Y	Y	Y	Y	Y		
Cllr Rosina Ruiters	Y	A	Y	Y	Y	Y		
Cllr Khayaletu Lose	Y	A	Y	Y	Y	Y		
Cllr Isaya Stemela	Y	A		Y	Y	Y		
Cllr Joslyn Johnson	Y	a	A	Y	Y	Y		
Cllr Erica Meyer	Y	A	Y	Y	Y	Y		
Cllr Jerome Lambaatjeen	Y	A	Y	Y	A	Y		
Cllr RE Spies	y	A	Y	Y	Y	Y		

APPENDIX B: THIRD TIER ADMINISTRATIVE STRUCTURE



APPENDIX C: FUNCTIONS OF GARDEN ROUTE DM

2018/19 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

2018/19 Functions of Garden Route DM		
Municipal Functions	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
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
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

2018/19 Functions of Garden Route DM		
Municipal Functions	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
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
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: 30 August 2018	That Mr Stenekamp will give detailed feedback of review at	Yes

	<p>APAC meeting of 31 August 2018 and obtain input from MM on certain aspects, as applicable.</p> <p>(ITEM: REVIEW OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018)</p>	
APAC: 31 August 2018	<p>That the following reports be submitted to the next APAC meeting:</p> <ol style="list-style-type: none"> 1. The MM submit a report to APAC regarding the agreement with the Department of Transport regarding post-retirement benefits payable to Roads officials ; 2. The Communications Policy; 3. Ms Holtzhausen submit an updated report regarding the Skills Summit that took place; 4. The Economic Growth Strategy; 5. Ms N Davids prepare a progress report on the land disclosed as "under dispute" in the 2016/17 annual financial statements; and 6. An updated Tourism Strategy. 	Yes
	<p>That the MM ensures that the Section 32 process regarding irregular expenditure be expedited in order to reduce the outstanding balance of this expenditure (either through recovery or write-off) that is included in the notes to the AFS.</p> <p>That the MM will forward any agreement/letters to APAC regarding property discussions with B municipalities as applicable following the joint meeting between CFO's and MM's regarding properties on Monday 03 September 2018.</p> <p>That material/significant findings raised by AGSA during their audit be communicated to APAC immediately.</p> <p>(ITEM: REVIEW OF THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 30 JUNE 2018)</p>	Yes
	<p>That the deadlines for implementation of the action plans be included in the OPCAR report tabled to APAC in future</p> <p>That OPCAR be a standing item on the APAC agenda</p> <p>(ITEM: REPORT ON MONITORING OF IMPLEMENTATION OF THE AG MANAGEMENT REPORT FINDINGS OF THE 2014/15, 2015/16 AND 2016/17 FINANCIAL YEARS)</p>	Yes
	<p>That Mr Loliwe submit an action plan at the next meeting to address the repeat findings raised by Internal Audit.</p> <p>That a bi-annual report be submitted to Council for notification or action if deemed necessary.</p> <p>(ITEM: REPORT ON PERFORMANCE MANAGEMENT FOR QUARTER 4 (APRIL – JUNE 2018))</p>	Yes
	<p>That the Executive Manager: Financial Services submit a report to APAC by the end of October indicating the plan of action to address problems experienced with the financial system to ensure accurate, complete and timely financial reporting.</p> <p>(ITEM: GENERAL DISCUSSION)</p>	Yes
APAC: 05 October 2018	<p>That it is noted that Dr A Potgieter has been appointed as Chairperson of the Risk Committee</p> <p>(ITEM: REPORT ON THE MINUTES OF THE RISK MANAGEMENT COMMITTEE MEETING)</p>	Yes
	<p>That the APAC approved the submission of the draft report to AGSA by 15 October 2018.</p>	Yes

	That the draft APAC report be submitted to AGSA and thereafter to Council. (ITEM: DRAFT APAC REPORT FOR THE 2017/18 ANNUAL REPORT)	
	That Mr G Stenekamp be invited to Financial Services Portfolio Committee meeting. (ITEM: SECTION 71 REPORT – AUGUST 2018)	Yes
	That a comprehensive progress report be submitted to the Committee. (ITEM: PWC REVENUE ENHANCEMENT REPORT)	Yes
APAC: 29 November 2018	That the outcome of COMAF 15 be distributed to APAC members after the AG have received their technical opinion and concluded on the specific COMAF. That the APAC report for the 2017/18 Annual Report will be finalised and approved via e-mail in time for the MPAC meeting scheduled for 6 December 2018. (ITEM: AGSA MANAGEMENT REPORT ON THE 2017/18 AUDIT)	Yes
Council: 05 December 2019	That Council approves the commencement of the recruitment process in order to fill the one APAC member position that will become vacant on 1 April 2019. (ITEM: RECRUITMENT OF MEMBER FOR THE APAC)	Yes
Council: 11 December 2018	That Council be advised to exhaust all internal avenues with National and Provincial Treasury before approaching the courts with regards to challenging COMAF 15 (declaration of interest on deviations) (ITEM: AGSA AUDIT REPORT AND MANAGEMENT REPORT 2017/18)	Yes
	That progress on Action Plan report be a standing item at the Management meeting. That Head of Departments and officials be workshopped on procurement process. (ITEM: REPORT ON THE MONITORING OF IMPLEMENTATION OF THE AG MANAGEMENT REPORT FINDINGS OF THE 2014/15, 2015/16 AND 2016/17 FINANCIAL YEARS)	Yes
	That a professional property valuer be appointed to determine the market value of Council property. That a report of all Council properties with the end lease date be submitted to this Committee. That a report on outstanding debt of Erf 195 from Vodacom and MTN be submitted at the next meeting. (ITEM: REVENUE ENHANCEMENT PROPERTY PROPOSALS AND PROGRESS PER LOCAL MUNICIPALITY BASED ON THE PWC REVENUE ENCHANCEMENT FINDINGS)	Yes
	That a possibility of a fire levy account paid on a monthly basis for fire disaster be considered. That a report on the collection of the R19 million debt incurred from the fire disaster be submitted to this meeting. That Mr G Otto be invited to this Committee to give feedback on the OPCAR report. (ITEM: DEBTOR IMPAIRMENT: FIRE ACCOUNTS)	Yes
Council: 26 March 2019	That Council approves the appointment of Dr A Potgieter as an APAC member, effective 1 April 2019 to 31 March 2022.	Yes

	(ITEM: RECRUITMENT FOR THE AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBER)	
APAC: 29 March 2019	Ms Holtzhausen perform skills gap analysis for the entire organisation. Internal Audit schedule more time on SCM findings, if not possible due to capacity constraints, a proposal be tabled to the MM to appoint personnel to assist in that regard. (ITEM: MATTERS ARISING FROM MINUTES)	Not yet Yes
	That this report be referred back to Management Committee (MANCOM) for deliberation and thereafter an updated report be submitted to this Committee. (ITEM: REPORT ON OVERTIME, STANDBY AND ACTING ALLOWANCE)	Yes
APAC: 19 June 2019	That APAC approved the revised APAC Charter and Internal Audit Charter. That APAC recommends the revised APAC Charter for approval by Council. (ITEM: APAC CHARTER AND INTERNAL AUDIT CHARTER)	Yes
	That the APAC approves the Internal Audit Methodology for implementation. (ITEM: INTERNAL AUDIT METHODOLOGY)	Yes
	That the APAC reviews the content of the Strategic Internal Audit Plan and approves the plan for implementation. (ITEM: STRATEGIC INTERNAL AUDIT PLAN FOR THE PERIOD 01 JULY 2019 – 30 JUNE 2022)	Yes
Council: 27 June 2019	That Council approves the revised APAC Charter (ITEM: AUDIT AND PERFORMANCE AUDIT COMMITTEE CHARTER)	Yes

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 2018/19. 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 Vote (R'000)					
Description	2017/18	2018/19			2018/19
	Actual	Original Budget	Adjustment Budget	Actual	Adjustment Budget (%)
Executive and council	222 701	210 080	232 074	212 179	-8.57%
Corporate Services	880	933	198	268	35.35%
Sport and Recreation	6 713	7 821	7 820	8 896	13.76%
Health	208	221	221	439	98.64%
Road Transport	145 000	145 000	162 000	175 080	8.07%
Waste Management	1 950	25 728	-	835	100.0%
Environmental Protection	314	333	333	484	45.7%
Total Revenue by Vote (including revenue from Roads Agency function)	377 766	390 115	402 645	398 181	-0.74%

APPENDIX G (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source (R'000)					
Description	2017/18	2018/19			2018/19
	Actual	Original Budget	Adjustment Budget	Actual	Adjustment Budget (%)
Rentals of facilities and equipment	792	2 718	3 846	1 682	-56.27%
Interest earned - external investments	11 937	15 715	15 715	12 306	-21.69%
Interest earned – outstanding debtors	1 639	897	897	2 424	170.23%
Dividends received					
Licenses and permits	214	333	333	484	45.35%
Agency services	15 300	19 022	21 062	17 244	-18.13%
Transfers recognised	155 063	158 885	172 435	171 356	-1%
Other revenue	192 821	189 390	184 358	192 685	4.52%
Gains on disposal of PPE	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions and income from roads agency)	377 766	390 115	402 645	398 181	4.52%

APPENDIX H: CONDITIONAL GRANTS RECEIVED EXCLUDING MIG

Conditional Grants: Excluding MIG (R'000)					
Description	2017/18	2018/19			2018/19 Variance
	Actual	Budget	Adjustment Budget	Actual	Adjustments Budget (%)

Conditional Grants: Excluding MIG (R'000)					
Description	2017/18	2018/19			2018/19 Variance
	Actual	Budget	Adjustment Budget	Actual	Adjustments Budget (%)
FMG	1 250	1 000	1 000	1 000	-
WC FMG	620	2 090	2 090	2 090	-
LGSETA	145	-	-	-	-
EPWP	1 280	1 021	1 021	1 021	-
Integrated transport	900	900	900	900	-
Rural Road Asset Management Systems	2 420	2 425	2 425	2 425	-
Fire Services Capacity Building	800	1 483	1 483	1 483	-
Municipal Disaster Recovery	2 000	-	-	-	-
Safety Plan Implementation	-	1 200	1 200	1 200	-
Greenest Municipality	130	-	-	-	-
Disaster Management	-	10 000	10 000	10 000	-
Knysna Relief Fund	56	-	-	-	-
Energy Efficiency and Demand Side Management Grant	5 000	-	-	-	-
Total Operating Transfers and Grants	14 601	20 119	20 119	20 119	-

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:

1. Purchase of an office building for the Environmental Health section in Plettenberg Bay
2. Purchase of fire fighting vehicles and equipment
3. Purchase of IT equipment
4. Purchase of risk management and internal audit software

Major capital projects for the year included the following:

Project	Amount
New Water Tankers for Fire Fighting	R3 523 000
Purchase of office building in Plettenberg Bay	R2 300 000
New LDV Skid Unit for Fire Fighting	R515 000
Risk Management and Internal Audit software	R500 000
Hazmat Rescue & Fire Equipment Equipment	R250 000

APPENDIX J (II) CAPITAL EXPENDITURE - UPGRADE / RENEWAL PROGRAMME

Not applicable, no expenditure incurred for the renewal or upgrade. The capital expenditure was spent on:

1. Purchase of an office building for the Environmental Health section in Plettenberg Bay
2. Purchase of fire fighting vehicles and equipment
3. Purchase of IT equipment
4. Purchase of risk management and internal audit software

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 2018/19 financial year.

CAPITAL: WASTE DISPOSAL

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL EXPENDITURE: ROADS

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL: REGIONAL DEVELOPMENT AND PLANNING

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from budget	Total Project Value
Regional Development and Planning	12	12	10	2	12
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 2018/19 financial year.

CAPITAL EXPENDITURE – COMMUNITY SERVICES

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL EXPENDITURE - TOURISM

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL EXPENDITURE - EPWP

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
EPWP	37	37	36	1	37
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

CAPITAL EXPENDITURE - MUNICIPAL RESORTS

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from budget	Total Project Value
Municipal Resorts	804	804	506	298	804
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 2018/19 financial year.

CAPITAL EXPENDITURE – AIR QUALITY CONTROL

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL EXPENDITURE – ENVIRONMENTAL MANAGEMENT

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from budget	Total Project Value
Environmental Management	2 367	2 367	2 312	55	2 367
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

CAPITAL EXPENDITURE – NATURAL RESOURCE MANAGEMENT SERVICES

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL EXPENDITURE - FIRE SERVICES

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Fire Services	4 563	4 563	4 363	200	4 563
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

CAPITAL EXPENDITURE - DISASTER MANAGEMENT

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Disaster Management	20	20	17	3	20
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

CAPITAL EXPENDITURE – EXECUTIVE AND COUNCIL

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Equipment	10	10	10	0	10
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	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Budget and Treasury Office and Corporate Services	169	169	140	28	169
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 2018/19 financial year.

CAPITAL EXPENDITURE – CORPORATE SERVICES

See financial performance expenditure

CAPITAL EXPENDITURE – LEGAL SERVICES

Capital Projects	2018/19 (R'000)				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Legal Services	5	5	3	2	5
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)					

CAPITAL EXPENDITURE – PROPERTY SERVICES

No capital expenditures incurred for the 2018/19 financial year.

CAPITAL EXPENDITURE – SPORT AND RECREATION

Refer to capital expenditure of municipal resorts

CAPITAL EXPENDITURE – SHARED SERVICES

No capital expenditures incurred for the 2018/19 financial year.

APPENDIX O: AUDIT REPORT 2018/2019

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 299 to 381, which comprise of the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year 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 2019, 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, 2018 (Act no. 1 of 2018) (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 sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as 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 codes.
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.

Material impairments – receivables from exchange transactions

7. As disclosed in note 8 to the financial statements, receivables from exchange transactions were significantly impaired. The impairment allowance amounted to R29 361 411 (2018: R19 930 964).

Unauthorised expenditure

8. As disclosed in note 45.1 to the financial statements, the municipality incurred unauthorised expenditure of R18 609 403 as the approved budget for votes 1, 2, 3, 4, 6, 8, 13 and 14 has been exceeded.

Material underspending

9. As disclosed in note 45.1 to the financial statements, the municipality materially underspent the capital budget by R5 315 364 (50%).

Restatement of corresponding figure

10. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors of the financial statements of the municipality at, and for year ended, 30 June 2019.

Other matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

12. The supplementary information set out on pages 382 to 388 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Unaudited disclosure note

13. 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

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting officer is responsible for assessing the 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

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objective for the selected objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators or measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective	Pages in the annual report
Objective 2 – bulk infrastructure coordination	142 – 143

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. The material findings in respect of the reliability of the selected objective are as follows:

Repair 5 000 m² of black top patching by 30 June 2019

23. The achievement for target repair 5 000 m² of black top patching by 30 June 2019, reported in the annual performance report, was 2 886 m². However, the supporting evidence provided did not agree with the reported achievement and indicated an achievement of 2 588m².

Blade 10 000 km of roads by 30 June 2019

24. The achievement for target blade 10 000 km of roads by 30 June 2019, reported in the annual performance report, was 9 041,02 km. However, the supporting evidence provided did not agree with the reported achievement and indicated an achievement of 6 223 km.

Other matter

25. I draw attention to the matter below.

Achievement of planned targets

26. Refer to the annual performance report on pages 142 – 143 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 23 and 24 of this report.

Report on the audit of compliance with legislation

Introduction and scope

27. 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.

28. The material findings on compliance with specific matters in key legislation are as follows:

Procurement and contract management

29. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with supply chain management (SCM) regulation 29(2).

Human resource management

30. Bonuses were paid to the municipal manager and senior managers before the annual report for the applicable performance year was adopted by council, in contravention with the municipal performance regulations for municipal managers and managers directly accountable to municipal managers 8(1).

Expenditure management

31. Reasonable steps were not taken to prevent unauthorised expenditure of R18 609 403 disclosed in note 45.1 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by overspending of the approved budget. Unauthorised expenditure of R12 669 896 was incurred on the roads function.

32. Reasonable steps were not taken to prevent irregular expenditure of R160 189 803 disclosed in note 45.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM regulation 29(2) as the bid adjudication committee was not correctly constituted.

Other information

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.

34. 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.

35. 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.

36. 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.

37. I have nothing to report in this regard.

Internal control deficiencies

38. 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 matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
39. As the capturing of the source documents were inaccurate and incomplete, material misstatements were presented in the annual performance report. No reviews of captured information were performed. The system for capturing does not allow for reviews, and incorrectly converts the input data into units that are different to those measured in the annual performance report.
40. Management did not appropriately interpret the requirements of regulation 29(2) of the MFMA SCM regulations when constituting the bid adjudication committee.
41. Management did not adequately monitor compliance with the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 by ensuring that performance bonuses are paid out after the annual report has been tabled and adopted by council.
42. Management did not put reasonable controls in place to ensure that future expenditure for the roads function is estimated and submitted to council for approval before it is incurred.
43. Management did not put reasonable controls in place to ensure that irregular expenditure is prevented by obtaining declarations of interest for all deviations from supply chain management processes.

Auditor - General

Cape Town

30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPENDIX P: APAC REPORT FOR ANNUAL REPORT 2018/2019

REPORT FROM THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

It is with great pleasure that we present our report for the financial year ended 30 June 2019.

1. 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, 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.

2. 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 and was subsequently approved by Council.

3. COMPOSITION OF THE AUDIT COMMITTEE

At the end of the financial year ended 30 June 2019, the audit committee comprised of four independent members (including the Chairperson). Both the internal and external auditors had unrestricted access to the audit committee during the year under review.

Audit Committee Members:

1. Dr A. Potgieter (Independent Member and Chairperson)
2. Adv D. Block (Independent Member)
3. Ms N. Bulabula (Independent Member)
4. Mr G. Stenekamp (Independent Member)

The following audit committee meetings were held during the year under review:

Date of meeting	Attendance			
	Chairperson: Dr A Potgieter	Member: Adv D Block	Member: Mr G Stenekamp	Member: Ms N Bulabula
31 August 2018	✓	Apology	✓	✓
05 October 2018	✓	✓	✓	Apology
29 November 2018	✓	Apology	✓	✓
11 December 2018	✓	✓	✓	✓
29 March 2019	✓	✓	✓	✓
19 June 2019	✓	✓	✓	✓

4. ACTIVITIES

The audit committee carried out the following functions in terms of the 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 2019, 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. Considered other matters as deemed appropriate.

5. AGSA AUDIT OPINION AND MANAGEMENT REPORT

5.1. Report on the Auditor General Management Report

The municipality maintained the audit opinion of "unqualified with findings" for the 2018/19 financial year, similar to the 2017/18 outcome.

GRDM's audit outcomes were maintained in 2018/19 due to identified material non-compliance. Key risk areas exist that management needs to address to improve compliance and performance management. In order to prevent a further regression in the audit outcome the municipality should continue to monitor corrective actions implemented to address instances of non-compliance and reliability of performance indicators identified during the audit.

We do not wish to restate the pertinent issues highlighted in the AGSA Management Report for the year 2018/19 issued on 30 November 2019. However, we want to draw Council's attention to the following issues of concern highlighted in the AGSA documents:

Material Impairments – receivables from exchange transactions

The impairment allowance has increased from R19 930 964 (2018) to R29 361 411 (2019) due to debtor collection periods.

Unauthorised expenditure

As disclosed in note 45.1 to the financial statements, the municipality incurred unauthorised expenditure of R18 609 403 as the approved budget. Unauthorised expenditure amounting to R12 669 896 was incurred on the roads function.

Although we concur with the AG's finding of unauthorised expenditure on the roads function, we understand the difficulty that GRDM entails with the budget of the roads function. For the budget to be credible, GRDM cannot include more revenue/expenditure relating to the Road function, than what had been allocated to the municipality in formal writing by 28 February 2019 of each year.

In addition, the revenue payment for over-expenditure is only received in the subsequent financial year (e.g. the 2017/18 over-expenditure was paid to GRDM in October 2018), which means that the revenue (and therefore related expenditure) could not be budgeted for in the current financial year. We urge management to continue discussions regarding the timely allocation of funds for the roads function with the relevant parties.

Material underspending

As disclosed in note 45.1 to the financial statements, the municipality materially underspend the capital budget by R5 315 364 (50%). The financial statements were updated with the changes as per audit finding.

The Municipality spent the money; an amount of R2.4 million was used to purchase a building in Plettenburg Bay. However, the Deeds Office has not yet processed the transfer of the asset and for that reason; the municipality could not classify it as an asset in terms of the accounting principles.

A further amount of R3 million was also spent to purchase two fire trucks that were also not yet received by the time of the audit. The trucks are expected to be delivered in December before closure of office. However, due to accounting rules, the municipality could not classify these as an asset in the AFS until the transfer of assets is done.

Restatement of corresponding figure

The corresponding figures for 30 June 2018 were restated as a result of errors of the financial statements of the municipality at, and for year ended, 30 June 2019.

There were no significant corrections of error. When the municipality was preparing the Annual Financial Statements (AFS) there were few accounting entries from the previous year's AFS that were restated and corrected to comply with accounting rules. This did not in any way affect the audit or the presentation of the AFS, the corrections made to the previous year's AFS just needed to be disclosed.

It is recommended that the emerging risks pertaining to debt collection, compliance to SCM legislation and accounting principles as identified in the management report of the AGSA should be included in the action plan for the 2019/2020 financial year developed by the municipality to mitigate any recurrence of matters of emphasis. This should include actions to ensure that the appropriate processes are followed and managed throughout this period

6. INTERNAL CONTROL

Paragraphs 46-60 on pages 15-16 of the AGSA Management Report provides a detailed breakdown of the deficiencies in Internal Control at GRDM. These matters, as they relate to the detailed assessments of the implementation of the drivers of internal control in the areas of financial statements, performance reporting and compliance with legislation and are summarised in the auditor's report as follows:

Regular, accurate and complete financial and performance reports

During the audit of Predetermined Objectives, it was established that two KPI's within the roads department that relates to blading and black topping were reported incorrectly. This has resulted in a qualification of performance information; these errors were mainly due to incorrect capturing of the log sheets to the system.

We have noted that, due to this finding, all data captures were sent to a log sheet training. It is further recommended that a senior independent person review the captured information going forward. We also recommend a detailed review of captured information in order to quantify this error and avoid a repeat finding.

Compliance monitoring

- *The AG stated that management did not appropriately interpret the requirements of Regulation 29(2) of the MFMA SCM regulations, when constituting the bid adjudication committee (BAC).*

This issue was raised because a senior SCM practitioner was not a member of the BAC, therefore the AG deemed that all bids awarded for the period of the past 14 years as irregular. Management only disclosed irregular expenditure for the past two years, which amounts to approximately R110million, as it was deemed impractical to go back 14 years, given the fact that there was a change of financial system.

Management was of the view that they complied with the intention of the legislation as the SCM expertise (SCM Manager) was always at the BAC meetings to provide technical advice. In addition, all the BAC members have successfully completed the competency assessments in SCM through the MMC training.

The SCM Manager was subsequently appointed as a member of the BAC to avoid future deliberations on this matter.

- *According to the AG, management did not adequately monitor compliance with the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 by ensuring that performance bonuses are paid out after the annual report has been adopted by council.*

An item for the payment of bonuses was tabled to Council on 05th December 2018 after the performance evaluations were conducted and the item was approved subject to the tabling of the Annual Report.

The Annual Report was tabled to Council on 13th December 2018, whereby the meeting could not be concluded prior to resolving on the matter. The meeting reconvened on 19th December 2018 where the annual report was adopted.

However, due to the closure of offices and the last day of payment of salaries scheduled for the 14th, the performance bonuses were also paid on December 14, 2019.

We recommend that the tabling of the item for payment of bonuses should be tabled simultaneously with the tabling of the Annual Report, to avoid any future occurrence of this nature.

- *Management did not put reasonable controls in place to ensure that irregular expenditure is prevented by obtaining declaration of interest for all deviations from supply chain management processes*

The declarations were obtained after the services were rendered. This was due to reluctance of the suppliers to provide such information. Some of the deviation were emergency and single supplier. The committee argues management to make every effort, under circumstances, to ensure compliance with this particular regulation.

It is our understanding that, similar to the outcome of the 2017/18 audit, non-compliance with supply chain management (SCM) legislation remains a challenge for GRDM. Matters such as those that causes irregular expenditure – regulation 29(2) concerning bid adjudication committee, regulation 32 concerning piggy back of contracts, regulation 13 (c) concerning declaration of interest and local content.

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 Operation Clean Audit Report (OPCAR) process.

7. SPECIFIC FOCUS AREAS

7.1. Financial Viability

The AGSA audit included a high-level overview of the financial viability of GRDM as at 30 June 2019. This assessment provides useful information for accountability and decision-making purposes and complements the financial statements by providing insights and perspectives thereon. A table of this assessment is included on pages 22 – 23 and highlights the following:

- The table indicates that the municipality is in good financial health evidenced by asset, liability and cash management.

- It is concerning that the creditor payment period has more than doubled to 76 days. The municipality is legislatively required to pay its creditors within 30 days.
- The municipality is commended for increasing its net surplus, however a decrease in the net cash inflows from operating activities indicates that all of this surplus has yet to be realised in cash.
- The municipality is encouraged to find ways to improve the debtor collection period and decrease the debtors' impairment provision as far as possible.

7.2. Procurement and Contract Management

The audit included an assessment of procurement processes, contract management and the related controls in place.

- 18% of the awards to close family members, amounting to R4 962 600 were not disclosed in the financial statements.
- The AG is of the opinion that 10 contracts with a value of R8 239 333 was entered into without following prescribed process stipulated in regulation 32.

Management disagrees with the finding, as there is no non-compliance evident in terms of the four components of Regulation 32. The AG based their finding in terms of two court rulings, namely:

- Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality [2016] 1 All SA 721 (ELC)
- Kwadukuza Municipality v Skilful 1169 CC and Another (11060/2017) [2018] ZAKZDHC 35

These judgements were not tested by the Supreme Court of Appeal or the Constitutional Court; meaning that its application of the stated judgements to the country as a whole is not allowed.

Therefore we do not regard any of the expenditure incurred under regulation 32 by council in this financial year as irregular in any manner. However, management has corrected the financial statements and recognised the related expenditure as Irregular expenditure in order to avoid further deliberation on the matter as the Auditor General did not withdraw the finding and considered it material in nature.

- Specifications for one award with a total value of R145 167 did not stipulate the minimum threshold for local production and content.

The issue was as a result of late publication of the advertisement in the regional newspaper (George Herald). The advert was published for 14 days instead of 21 days due to delays in the approval process.

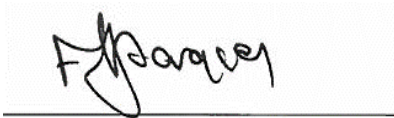
The advert was submitted to registry on the 20th of March 2018 and placed on our notice boards on the 22nd March 2018, after the Council meeting and the 2018/19 IDP was also loaded on the website within reasonable period of time. However, the advert was only forwarded to the newspaper on the 23rd of March 2019.

We recommend that Council refers the matters relating to irregular expenditure to the MPAC for further investigation.

8. CONCLUSION

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.



DR A POTGIETER – CHAIRPERSON

(On behalf of the Audit and Performance Audit Committee)

03 December 2019

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		

GDP: Gross Domestic Product
 GIS: Geographic Information System
 GIZ: German International Corporation
 GGID: Good Governance and Institutional Development
 GGPP: Good Governance and Public Participation
 GR: Garden Route
 GRAP: General Recognised Accounting Practices
 GSC: Council for Geosciences
 HR: Human Resources
 ICT: Information Communication Technology
 ICS: Incident Command System
 IDASA: Institute for Democracy in South Africa
 IDP: Integrated Development Plan
 IFRS: International Financial Reporting Standards

SDBIP: Service Delivery and Budget
 Implementation Plan
 SDF: Spatial Development Framework
 SITA: State Information Technology Agency
 SLA: Service Level Agreement
 TAS: Turn Around Strategy
 WED: World Environmental Day
 WESSA: Wildlife and Environmental Society of South Africa
 WIT: Wage Incentive Teams
 WOF: Working On Fire
 WWF: World Wildlife Fund
 UIF: Unemployment Insurance Fund