

ANNUAL REPORT

2017/2018

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One People, One Municipality, One Destination
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CHAPTER ONE

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

2017/2018

CHAPTER 1

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

It is with great pleasure that I present to you the Annual Report for Senqu Municipality for the 2017/2018 period. Nationally we are currently preparing for elections in 2019 and with this will come the changes within the political office as local government elections will follow suit. With that in mind and as we approach our final term in office, I am reminded of when this journey began and our overriding goals - "to facilitate ways to ensure peace, stability, job creation, an improved and strong economy and a firm foundation for better and even faster progress, especially within our rural areas". Very close to my heart was the importance of taking the necessary steps to ensure that economic upliftment for our area would be enhanced, especially for the previously marginalized - the women, youth and the disabled. I do believe that we are well on our way to achieving this and progress has certainly been made.

During 2018 it is noted that Senqu Municipality was ranked by Ratings Africa in terms of the Municipal Financial Sustainability Index, as the second-best performing municipality within the country. As such, it is also ranked as the best performing municipality within the Eastern Cape. In keeping with this it must be noted that within the 2017/2018 financial year Senqu Municipality received its fifth (5th) consecutive "Clean Audit" report from the Auditor General's office - attesting not only to its financial sustainability but to its high levels of excellence within all areas.

Taking this into account it is recognized that continued efforts must be placed on maintaining and improving existing performance in all areas. Every effort must be made to maintain a culture of clean audits and to maintain and enhance sound fiscal and administrative functioning at all costs. We and those that come after us will endeavor to ensure that the municipality continues to perform at this high level, while providing the community with the required and expected levels of service delivery, local economic development, infrastructure development, fiscal control and sustainability and good governance within all spheres. Every effort will be made to meet and sustain community needs at all identified levels - as dictated and defined by the constraints of available infrastructure and resources.

1.1 VISION

As a municipality it is incumbent upon the political and administrative leadership to provide what may be described as a vibrant local economy that is able to sustain financial independence and growth. By so doing it will be ensured that both local enterprises and community members are and remain empowered - creating a community of motivated and capable individuals who are able to contribute towards the growth and sustainability of the community and the environment.

Senqu Municipality's vision is stated as follows:

**“A unified, people centered, developmental and vibrant
Municipality”**

Achievement of this vision requires that we take into account and plan for the many and various challenges faced by Senqu Municipality, such as: old and ageing infrastructure, high rates of unemployment, a poor rates base (leading to financial resource challenges) and challenges relating to other resources generally (Human resources - scarce skills and the like).

Our focus as an institution is guided and driven by the Integrated Development Plan (IDP), which is developed initially as a five (5) year plan (aligned to the current term of office). This is revised and updated annually while taking current resources (detailing annual strategic objectives) into account. The strategic goals and priorities are cascaded into the strategic and operational plans of all directorates and related employee scorecards. By so doing, it is ensured that every effort at any point in time is constantly being made to achieve the required targets and desired outcomes.

The Integrated Development Plan (IDP) Priorities for the IDP (2017 - 2022) are revised annually. The IDP priorities for the 2017/18 period were identified through inputs obtained from public participation initiatives such as: the Mayoral outreach and IDP Representative Forums and are reflected below as follows:

- Access roads (villages)
- Land shortage
- Service delivery especially the Electricity losses in Sterkspruit
- Local Economic Development
- Job Creation; and
- Youth Development

1.2 IDP PRIORITIES

These priorities are expanded to include:

- **Access Roads**

This has been a challenge historically. As per the IDP and aligned Budget and SDBIP, priority areas will include roads maintenance (as per the Roads Maintenance Plan) - incorporating planned maintenance and potholes and the paving and construction of access roads - especially access roads to villages;
- **Land Shortages**

Difficulties have been experienced with the lack of land and tenure challenges. The fast expanding Sterkspruit and the development of Barkly East are both regarded as priority status;
- **Basic Service Delivery**

Areas of focus translate to the targets that are aligned to the strategic goals contained within the IDP. These aligned targets are incorporated within the SDBIP and reflect within individual and institutional scorecards. General constraints and general challenges relate to old and ageing infrastructure, lack of resources (especially financial) and geographical factors (leading at times to scarce skills) and the like. Despite challenges, planning is for the most part realistic in that it takes challenges into account. Overall and in terms of achievement it is noted that of all the service delivery targets: 13 targets were exceeded, 32 targets were met, 34 targets were not met, or met with a variance and 1 target was put on hold/not assessed for legitimate reasons.

Electricity losses will continue to be identified as an area of focus and as such, targets (that were exceeded) involved the installation and repair of electricity meters which are aimed at reducing electricity losses overall. In this manner every effort is being made to curb energy losses which add to unnecessary cost burdens and levels of efficiency.
- **Job Creation**

This relates directly to the EPWP (Expanded Public Works Programmes) and projects that focus on providing unemployed parties with an opportunity to work and improve skills within basic levels of EPWP project functioning. It is noted that a plastic manufacturing project has been undertaken in the town areas of Lady Grey and this project is intended to supply poly vinyl chloride (PVC) pipes for housing developments within this region. As this project grows, the potential for employment opportunities will increase, in both the private and public spheres. Opportunities for increased growth will continue;

- **Youth Development**

Projects to develop and upskill the youth continue unabated and are reflected within an Annual Activity Plan which was well achieved. For example, a Schools Safety Meeting was held at Lady Grey Arts Academy involving talks on drug and alcohol abuse at schools and the Joe Gqabi District Municipal Sports Council Meeting was held in Aliwal North on the 9 June 2018 in order to establish a functional Joe Gqabi Sports Federation. Additional activities and focus will be seen as a priority moving forward;

- **Local Economic Development (LED)**

Recently, the focus has been on agro processing i.e. wool washing and the like and the training and development of SMME's in order to enhance capacity and optimize functioning and development. This is an area where a great deal of development can be achieved over time and with appropriate capacity; and

- **Communication and public participation.**

It is acknowledged that efforts to improve public participation must be increased and this also needs to incorporate specific technical skills. In an effort to improve this, network poles and transmitter poles for television have been identified as being a critical need in most areas and will certainly enhance the communication infrastructure that is so greatly needed.

As reflected within the IDP, the following areas continue to remain areas of priority despite falling outside of the Municipality's designated powers and functions to a large extent:

- Water
- Sanitation
- Electricity
- Disaster management

1.3 KEY POLICY DEVELOPMENTS

As within previous years, a great deal of emphasis has been placed on ways in which to heighten and improve service delivery and ensure that compliance remains the focus in all areas. In terms of compliance and service excellence, policies continue to be reviewed and developed throughout, in order to ensure that appropriate procedures are put into place. These in turn are monitored and all required processes and standards are met as required. Where issues are identified for

remedial action and/or intervention, these are highlighted and managed appropriately.

While policies have been reviewed as required in most directorates, these may not have been adopted and tabled timeously in all instances due to meeting postponements and the like. In an effort to facilitate service delivery and efficiency of functioning the following policies/programmes have been highlighted:

- **Performance Management (Employee and Institutional)**
This has been revised in order to accommodate changes relating to the legislation framework that guides the process. All changes have been made to accommodate the Competency Framework which now requires that all managers (s56 Directors, the Municipal Manager and all middle managers reporting directly to s56 Directors') show proof of their ability to competently master the proficiencies required for each identified competency within specified areas (leadership competencies in particular);
- **Service Provider Reporting and Assessment**
Performance management of service providers occurs under strict conditions as per policy - in order to ensure that all service providers meet the required standards and are only paid for the correct and appropriate delivery of services/goods. In this manner ever effort is made to improve the service delivery standards;
- **Performance Management of Interns**
The performance of interns is now being monitored and reported on formally, ensuring that they receive adequate instruction and practical experience, while evaluating their performance;
- **mSCOA and OPCAR**
Emphasis was again placed on the implementation of the mSCOA project, together with the OPCAR project and great progress was achieved in both instances;
- **Review of Functional Structure**
The mSCOA project, for which Senqu Municipality was a pilot site, required that the organogram be reviewed, in order to accommodate all required and logical functional changes. Numerous changes were made and changes of a technical nature (to accommodate functional need) were made within and between departments;
- **LED (Local Economic Development)**
In an attempt to reduce the high levels of unemployment, the Local Economic Development Plan is currently being implemented in an effort to reduce

- unemployment and poverty. In this regard the municipality is attempting to activate the rural economy by stimulating the agricultural and tourism sectors. The participation of Black business within these sectors is being encouraged; and
- **Vision 2030** is a plan and policy that incorporates a developmental focus for Senqu Municipality. In this document it is specifically stated that the organization will remain a united “people centered, vibrant, dynamic municipality”. The strength of this vision is built on five (5) pillars, namely: stimulation of economic growth; access to what is considered to be decent access roads; the positioning of steadfast and reliable governance systems; the creation of an enabling environment for all residents to prosper and the social upliftment of all residents.

Vision 2030 is acknowledged as being a results and performance orientated system that focuses on performance achievement and measurable outcomes. All processes in respect of this are totally transparent. The implementation of vision 2030 will ensure that the goals of performance as outlined in the country's National Development Plan (NDP) will be achieved.

Vision 2030 will ensure that through long-term planning and effective and strategic leadership, Senqu Municipality will focus on and achieve improved living standards for the residents of Senqu Municipality. As such, the emphasis will be on facilitating where possible to ensure:

- The provision of sufficient / adequate water and sanitation to all;
 - Provision of a clean environment;
 - Regular waste collection;
 - Good housing and urbanization of all towns within the municipal jurisdiction; and
 - Excellent education and training. To this end it is the intention to empower and support all genders, youth and disadvantaged / vulnerable groups through the elimination of poverty.
- Policies have been reviewed/ developed within numerous areas in an effort to ensure that these remain current and updated at all times. Of particular mention are the following:
 - Recruitment and Selection Policy
 - Travel and Subsistence Policy
 - Occupational Health and Safety Policy
 - Termination of Employment Policy
 - Leave Policy
 - Supply Chain Management Policy
 - Debt collection and Credit Control

- Cash Management Banking and Investment Policy
- Asset management and Insurance Policy
- Property Rates & Valuation Policy
- Tariff & Services Policy
- Borrowing Funding & Reserve
- Virement Policy
- Risk Management Policy and Framework
- Delegation Framework and Register
- IT Policy; and
- Performance Management Policy

1.4 KEY SERVICE DELIVERY IMPROVEMENTS

The day to day struggles of ageing and poor infrastructure and limited financial and human resources continues to place strain on the ability of Senqu Municipality to provide and improve its service delivery. These challenges are clearly reflected within service delivery initiatives and every effort is being made to improve service delivery performance at every level.

Despite these challenges, Senqu Municipality has received a “clean audit” for the fifth year in succession.

It is noted that the manner in which performance targets are being worded and aligned to the IDP require focus moving forward. The inclusion of all pre-determined targets is non-negotiable and the incorporation and the manner in which targets are phrased overall have a direct impact on the results reflected in terms of performance achieved.

In particular efforts for improvement are required to be focused on the following areas:

1.4.1 Roads

These remain a priority and the challenge is in ensuring the quality and sustainable maintenance of the roads themselves. Certain areas lack roads infrastructure altogether and as always, our efforts focus on obtaining funding to assist with roads infrastructure development - especially in areas where there are no roads altogether (villages and the like);

1.4.2 Commercial property development

This refers to cases of shopping developments, shopping centers and the like. Having identified these in Lady Grey, Sterkspruit and Barkly East, certain areas have already been developed with additional phases regarding development planned;

1.4.3 Job Creation

A plastic manufacturing project has been undertaken in the town areas of Lady Grey and this project is intended to supply poly vinyl chloride (PVC) pipes for housing developments within this region. As this project grows, the potential for employment opportunities will increase, in both the private and public spheres. Opportunities for increased growth will continue;

1.4.4 Landfill Challenges

Efforts are underway to resolve the landfill issues and to ensure that these are legitimized in terms of compliance (efforts to obtain the required EIA's are in place although these are dependent on external parties);

1.4.5 Youth Projects

Projects to develop and upskill the youth continue unabated;

1.4.6 Sportsfields

These are developed and maintained - but through increased revenue and planning this can be improved as there is a continuous need in this area;

1.4.7 Traffic Services

These are well provided; and

1.4.8 Hawkers

These are encouraged to operate legitimately with assistance provision at every opportunity.

1.5 PUBLIC PARTICIPATION

Improvements within the area of public participation will always receive priority as it is an area that remains critical in receiving inputs from the community and ensuring that their needs are met where at all possible. A Public Participation Framework and Plan was developed and adopted and has been implemented in an

effort to facilitate public input into the manner in which municipal strategic objectives are developed (as reflected within the IDP); the manner in which public input occurs regarding open documents (e.g. the Budget); the manner in which issues regarding service delivery are raised; and the opportunities created in which the public are able to be heard. By obtaining inputs within these areas' community needs and issues are identified and may be addressed through adequate planning and resources.

To this end it is noted that:

- Numerous outreach meetings were held from the 8th to the 14th of May 2018 within all wards as planned;
- The Mayoral Budget Speech was held on the 31st May 2018 in order to provide required feedback;
- The Public Participation Forum was constituted and held meetings (comprised of: Ward Committee members, Councilors, members of the LED Forum, SPU and government Departments);
- Information sharing and public participation was improved through the holding of four (4) Integrated Public Participation Forum meetings (formerly known as Round Table) meetings;
- Mayoral Imbizo's and community information sessions were held regularly;
- Ward Committee meetings were successfully held;
- Newsletters to the community were submitted in three (3) out of four (4) planned distributions;
- Efforts to develop and maintain both a Facebook and Twitter page did not materialize and will be addressed in the new financial year;
- A Presidential Hotline is manned so as to deal with and resolve issues raised;
- A Customer Care Complaints Register is successfully utilized to note all details regarding issues raised in order that these may be appropriately addressed;
- An Annual Public Participation Plan has been developed and adopted. Notwithstanding, reporting on identified implementation milestone was required.

Despite our best efforts it is always acknowledged that more can be done. This area remains a particular challenge when recognizing the geographical spread of the communities and recognizing that all media must be utilized in an effort to reach the public. Newspapers, radio, the Community Development Workers and broadcasting media are used in order to improve communication.

1.6 FUTURE ACTIONS

Despite many achievements, challenges always abound and as a result the following areas will receive particular focus:

- Public participation initiatives;
- Minimization of electricity losses;
- Roads maintenance and construction initiatives in order to minimize extensive challenges;
- Sustainable road and bridge development and maintenance;
- Capacitation of both staff, councillors and the community;
- Economic regeneration plans for each town and related implementation;
- Effective performance management and reporting;
- Land availability, land tenure changes and allocation of sites;
- Legitimizing the Landfill Sites;
- Eradicating /minimizing cases of irregular, wasteful and fruitless expenditure;
- Paving of sidewalks and roads in towns (EPWP initiatives);
- The development of recreational facilities;
- The implementation of SPU programmes (especially relating to youth); and
- Updating and adherence to local municipal bylaws regarding buildings, business, land and traffic.

1.7 AGREEMENTS /PARTNERSHIPS

These reflect the formal and semi-formal structures that existed in order to improve all aspects of functioning such as: MUNIMEC, DIMAFU, IGR and the like. These need to be actively pursued moving forward.

Agreements are entered into with the appointed Service Providers who are then evaluated in accordance with the recognized service provider's assessment processes. The JOGEDA (recognized Development Agency) that is used to boost tourism in the area, is effective in ensuring that tourism objectives are prioritized.

Agreements with DSRAC (libraries), Department of Roads and Public Works are examples of other agreements entered into nationally in order to ensure that services are provided effectively.

1.8 CONCLUSION

In conclusion while it is acknowledged that continuous improvements are necessary, we are reminded as before that: inter-governmental relations must be improved; the socio-economic cluster must be strengthened; relationships with other government departments must be fostered and all parties must work hard to ensure that Senqu Municipality and its community achieve the desired objectives. That being said, accolades must be accepted with pride and we are to acknowledge all the successes achieved within this year overall and in context.

We must acknowledge that we have a very strong administrative support base for which we are very thankful and we have a political team that has shown its commitment to the achievement of its political mandate and ensuring that the provisions of the ANC manifesto will be met.

In concluding I must therefore express my gratitude and appreciation to both the political and the administrative team for all their support and efforts over the past year. In particular, I make mention of the Speaker, our Chief Whip, Exco Council, the Municipal Manager and all staff. I look forward to another successful year of service delivery and meeting the needs of our communities in a sustainable manner!

.....
N.P MPOSELWA
MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.9. MUNICIPAL MANAGER'S OVERVIEW

The 2017/2018 financial year has provided Senqu Municipality with many challenges on all fronts. Despite this, we have managed to ensure that we have maintained our rating as the best performing municipality within the Eastern Cape Province and have received recognition as the second best performing municipality within South Africa. Despite significant successes, we have also experienced challenges. I am very pleased to say that these have been managed professionally and well. Specific issues will be discussed within each of the areas as highlighted below:

1.9.1 Alignment of service delivery priorities

The alignment process that is required in terms of Service Delivery Priorities follows a very specific process. More specifically:

- The five (5) year Integrated Development Plan (IDP) is revisited annually and after evaluating highlighted priorities and current plans available - not to mention the available Budget and resources/ infrastructure for the year - an annual set of IDP strategic objectives are created for each current year.

These then represent a realistic set of IDP strategic objectives for the current year. In order to ensure that these are successfully achieved, a Service Delivery and Budget Implementation Plan (SDBIP) for the organization as a whole (reflected within each Directorate) is created - aligned to both Budget and IDP.

- From the SDBIP, performance targets are created for each s56 Director and this is aligned to each SDBIP, the IDP and Budget. The process of developing scorecards with service delivery and other performance targets is created similarly by cascading this from each level of reporting down to all staff (middle management down to employees via all line reporting). In each instance it is ensured that the service delivery targets created are aligned to the level above which ultimately means alignment with the IDP, Budget and SDBIP.

It is critically important that every effort is made to ensure that realistic service delivery targets are created / formulated, and this is required to occur using what is formally known as the "SMART" principles. Targets are therefore written in such a way that they are considered to be "SMART" i.e.: Simple, Measurable; Achievable; Realistic and Timebound.

- It must be emphasized that the IDP is informed by inputs from public participation initiatives and the final documents not only reflect the needs of the community, but are required to take into account the **pre-determined objectives** (with emphasis on service delivery) that are required nationally as a matter of compliance, not to mention the competencies required in terms of the

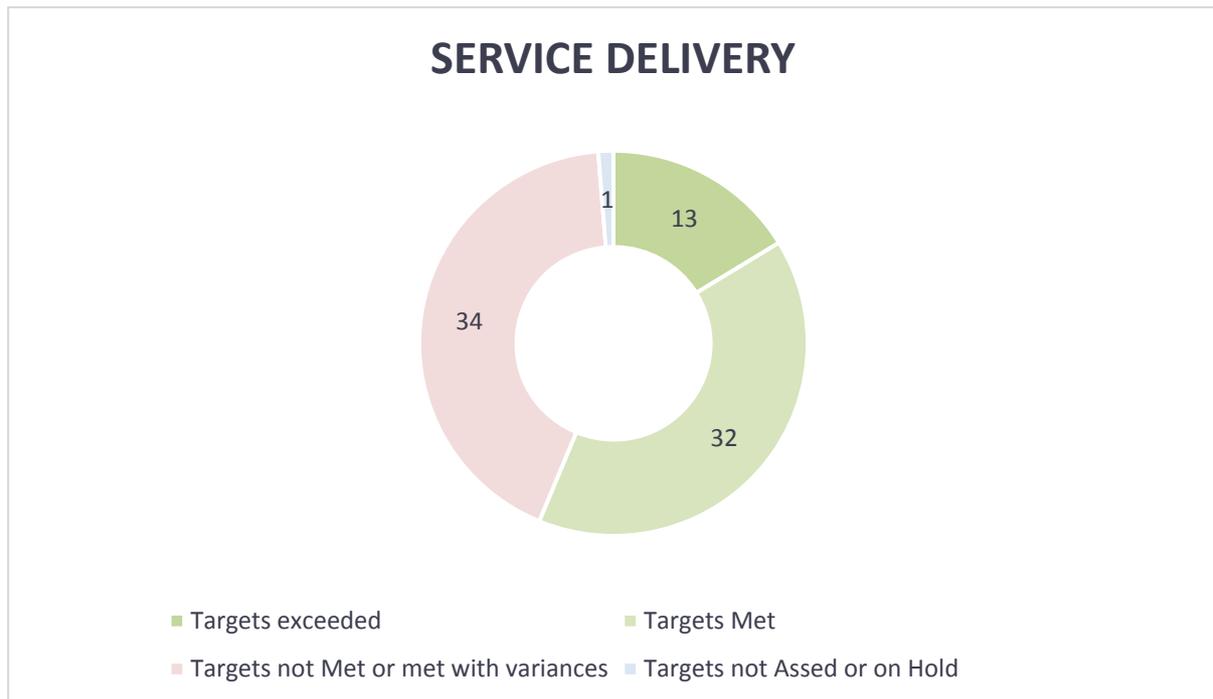
Competency Framework (as per the revised Performance Management Framework and System).

- In identifying and aligning service delivery priorities it must be noted that information was obtained locally for input into the IDP, Budget and SDBIP through the implementation of the Public Participation Framework and Plan, the IDP Process Plan and related initiatives. These include but are not limited to:
 - Council Meetings;
 - Mayoral Meetings;
 - Mayoral Imbizos;
 - MPAC meetings and reports/ auditing; and
 - The Presidential Hotline

In this manner, every effort continues to be made to create a “Peoples municipality” in which the needs of the community never lose focus.

1.9.2 Service Delivery Performance

Service Delivery Performance for the 2017/2018 financial year is depicted diagrammatically below:



More specifically and as is noted in the table that follows, overall percentages of achievement and non-achievement are shown:

2017/2018 (Current financial year)

KPA 2017/2018	Total Number of KPI's Per KPA AREA	Number KPI's Exceeding Target	% KPI 'S Exceeding Target	Number KPI's Meeting Target	% KPI 'S Meeting Target	Number of KPI's Not Achieved	% of KPI's Not Achieved	Number Targets Not Assessed and or on Hold	Percentage Targets on Not Assessed and or on Hold
Service Delivery	80	13	16,25%	32	40,00%	34	42,50%	1	1,25%

2016/2017 (previous financial year for comparison purposes)

KPA 2016/ 2017	Total Number of KPI's Per KPA AREA	Number KPI's Exceeding Target	% KPI 'S Exceeding Target	Number KPI's Meeting Target	% KPI 'S Meeting Target	Number of KPI's Not Achieved	% of KPI's Not Achieved	Number Targets Not Assessed and or on Hold	Percentage Targets on Not Assessed and or on Hold
Service Delivery	122	37	30.58%	40	33.06%	38	31.40%	7	5.74%

As per the diagram /table above: KPA's refer to the Key Performance Areas in which Senqu Municipality assesses achievement of performance targets. KPI's refer to the specific Key Performance Indicators which are effectively the targets that Senqu Municipality is required to achieve within each Key Performance Area. While understanding and accepting the challenges in terms of old and ageing infrastructure relating to service delivery, it must be noted that this reflects the highest number of performance targets that are required to be measured organizationally. Despite challenges, 16,25% of the performance targets exceeded required performance; 40.00% met required performance targets; 42.50% of the targets were not met and 1.25% of the targets were not met/put on hold.

The greatest impact on the interpretation of data has related to the manner in which the performance targets were formulated and this in turn may "skew" the manner in which performance assessment is perceived overall in terms of: overall achievement /non-achievement.

Notwithstanding these issues, the following general comments are made:

a. Road Traffic

In most instances the related targets were well achieved/exceeded;

b. Roads, bridges and transport infrastructure

In these areas the performance excelled and targets were excelled in a number of instances, namely:

- i. Pothole repairs and maintenance. These targets were exceptionally well achieved, **except in the case of two (2)** where it was discovered that less potholes were required to be repaired/maintained than anticipated;
- ii. Overall, the maintenance of gravel roads was not well achieved due to deviations made from the Roads Maintenance Plan. This is required to be formulated and approved by Council despite any identified emergency and this process and procedure was not followed as is required; and
- iii. Targets relating to the maintenance of roads in Ward 16 were not met. This was due to pressure received from the community and the necessitated adjustment of the target to suit community needs.

Despite these issues and as indicated, in most instances, the targets relating to the construction and maintenance of roads and stormwater areas were exceeded overall.

NOTE:

- In a number of instances targets were not reflected as “met” due to the manner in which targets were worded and at times due to the non-alignment between the SDBIP and IDP. Additionally in certain instances, delays were caused by objections to final basic assessment reports from the public;
- In cases relating to the construction of interlocking paved roads, it was established that in certain instances, contractors appointments did not have sufficient resources and infrastructure to complete the project effectively and this highlighted the necessity to “vett” and report on successful service providers with due diligence; and
- Certain targets were found to have been duplicated/left off and therefore not assessed. These occurred as isolated incidents and were then not assessed.

c. Improvement had been required regarding the **Roads Master Plan and the Roads Maintenance Policy** was required to be developed and implemented appropriately in order to remedy this. This period has seen effective use of MIG funding and the achievement of stated targets. MIG and donor funding are both well utilized and continue to contribute extensively towards the upliftment of the community;

d. Recreation and Community Facilities

These targets were well met in a number of instances but in others, budget constraints required that the targets be placed on hold;

e. Cemeteries and Pauper Burials

Targets within this area were well-achieved and cemeteries are being well maintained;

f. Sportsfield Maintenance

This is an area that requires attention in as far as maintenance and construction are concerned. Attention is required to address deficiencies, both in terms of the maintenance plan and in terms of appointing suppliers who are adequately resourced. Vandalism and the availability of adequate resources has also impacted negatively within this area during this period. In other instances, stadium fencing projects were well achieved;

g. Libraries

Library services are well provided overall;

h. Parks and Public Open Spaces

Targets were overall well achieved; however it is noted that resource availability as measured against in-house ability meant that certain construction work for braais, fencing and the like will be completed in-house moving forward;

i. Commonages and Animal Licensing

These targets were well achieved overall in terms of the fencing of commonages and the management of stray animals. Moving forward the issuing of letters and letters of demand are to be improved. The construction of municipal pounds met with some difficulty due to financial challenges and will be re-addressed within the new financial year;

j. Waste Management

The waste management function has overall been well achieved and targets have been exceeded in respect of waste removal specifically. Unfortunately, the lining of the Lady Grey and Barkly East solid waste sites could not occur due to budgetary constraints and will be handled within the new financial year. The same is true in respect of the fencing of the old and new landfills in Barkly East. Recycling awareness campaigns were in most instances well received. Calibration of weigh bridges occurred as required. Regrettably Senqu Municipality is not currently compliant in respect of the licensing of all landfill sites (due to the absence of Environmental Impact Assessments and the like) and this is required to be urgently addressed as a matter of priority. While the Integrated Waste Management Plan was reviewed, it was not tabled timeously as per required targets;

k. Free Basic Service Delivery

These targets have in most instances been exceeded - especially in respect of the reporting on indigents that receive free basic electricity and access to alternative energy. Reporting on refuse removal for indigents is required to receive additional focus in order to achieve accurate statistics;

l. Electricity and Street Lighting

These targets have to a large extent been met or exceeded. The construction of HV overhead lines were in most cases not fully achieved due to budgetary constraints. The same applied to certain planned repair and maintenance functions. Street light maintenance was overall extremely well conducted;

m. EPWP Projects (Expanded Public Works Programmes)

These projects are designed and created in order to facilitate job creation and thus the capacitation of unemployed persons, by utilizing their skills/labour within service delivery projects. "Job Creation" is now termed "EPWP" and EPWP projects are currently run within the following departments: Street Cleaning; Pothole repair, Waste Management, Refuse Removal and Grass Cutting.

Expanded Public Works Programmes are required to be informed by the need to meet specific projects and to assist with the achievement of service delivery objectives and targets. Challenges continue to be experienced with processes involving the manner in which these are staffed and the manner in which statistics are maintained and reported. In order to resolve these challenges (and related others), it is suggested that an EPWP Policy be implemented in a manner that allows for the recruitment of EPWP workers by the Corporate Services Directorate - following modified but standard recruitment and selection practices for limited duration contracts such as those applicable to EPWP contracts;

n. The SPLUMA bylaws were adopted by Council and promulgated in the government gazette on 13 June 2016. The Local SDF for Sterkspruit was approved by Council on 28 March 2018;

o. Staff Development

Training is occurring in terms of the WSP however challenges are experienced. Most notably, training is dependent on the availability of Service Providers and the procurement process which is lengthy and as a result this has an impact on the delivery of the training initiatives - not all occurring as planned;

p. Staffing

This area of functioning remains a challenge and a concern - especially at the senior levels. It has long been recognized that continuity of functioning and retention of desired skills is necessary in order to keep the municipality functioning at an optimum level. To this end it is noted that the contract of the Municipal Manager has been extended for a period of two years and the contract of the Chief Financial Officer expired 30 November 2016. Appointment of the right calibre of staff to the CFO's post is critical if the financial health of the organization is to be secured. The impact of a poor appointment and failing to ensure continuity and the development of appropriate skills basis will lead to the downfall of the organization and must be taken into account and treated seriously. That being said, we were fortunate to have an internal candidate who has a wealth of experience within the financial sector and municipal environment in particular who has been able to effectively function in this position in the absence of a formally appointed CFO;

q. Performance Management

The Performance Management Policy has been reviewed (as part of annual review) and updated in order to accommodate the Competency Framework as a matter of compliance. Improvements in its practical application in the workplace have also been noted and have been incorporated into the policy and Performance Management process overall. In addition, it must be noted that during this period this policy was rolled out to the level of middle management. As part of the review, all proposed changes to phase in the roll out of implementation to lower levels (below the middle management level) were incorporated into this policy. The additionally planned roll-out is scheduled for the new financial year, although in reality this could take longer to implement. All changes are required to be considered by Management and the Local Labor Forum within the new financial year - and finally approved, adopted and implemented as detailed;

r. Levels of compliance with mSCOA compliance are progressing well overall. It is particularly commendable that Senqu Municipality was chosen to represent the mSCOA pilot project for the Eastern Cape;

s. Senqu Municipality's Strategic Budgeting Model has proved to be extremely successful and it must be noted that as a result of the accolades received Senqu Municipality's model is being used as the national standard;

t. Operation Clean Audit continues and will constantly remain an ongoing focus for achievement;

u. Irregular, unauthorized and wasteful expenditure

Regular reporting occurs monthly regarding any instance of unauthorised, irregular, fruitless and/or wasteful expenditure and any minor breaches are detailed. While minor breaches have been noted and reported on - due mainly to deviations from the Supply Chain Regulations and Policies, a great deal of improvement has been noted overall (hence the clean audit). Capacity building and additional training as an ongoing is required to be conducted within this area in order to ensure that this function is able to be more effectively managed, controlled and reported on;

v. Policy Updates

Not all policies have been successfully reviewed and or updated. Those that were planned have been completed and the others prioritized due to financial constraints. The municipality has documented and approved internal policies and procedures to address planning, implementation, monitoring and reporting processes and events pertaining to performance management and financial reporting;

w. Consultants have been appointed to examine from a holistic viewpoint, all current municipal by-laws in order to establish levels of compliance and review. This process is scheduled to be implemented within the new financial year. Where planned and catered for financially, review has taken place; and

x. The record management of the municipality has been found to have been satisfactorily implemented in terms of its policies and procedures.

1.9.3 Financial Health

Senqu Municipality must be commended for its ability to show financial sustainability and financial health overall. For the fifth (5th) year in succession Senqu Municipality has received a clean audit report from the Auditor General and is ranked by Ratings Africa as the best performing municipality within the Eastern Cape and second best nationally (in terms of financial sustainability indexes).

It is a fair assessment that overall a positive cash flow is enjoyed and Debt Management has improved tremendously (although demographics continue to have negative impact and affect the rate base and other factors). Regular financial reporting occurs in terms of compliance and operational reporting.

1.9.4 Efforts to conserve power

As from the current financial year, indigents are being provided with free alternative energy sources. Senqu Municipality currently supplies households within villages in the rural area with Free Basic Alternative Energy (FBAE) in the form of paraffin and candles. From the previous financial year, of the 625 people that were receiving Alternative Energy, 128 households have been electrified. As a result, during this financial year there are a total of 497 people that were receiving Alternative Energy. Challenges continue to exist regarding the accuracy of qualifying dependants reflected on the Indigent Register and this relates directly with collecting information required to complete a substantiated Indigent Register. The report will detail those reflected within the Senqu licensed area and those reflected within the Eskom "licensed" area.

Efforts continue unabated to improve the processes involved in the registration of free basic service delivery (FBS) within the community.

1.9.5 Administrative Policies

All identified policies have been reviewed and will be discussed further in the remaining chapters of this report. Policies have been formulated and updated where required in order to ensure that the required levels of compliance have been met in all prescribed areas. All staff receive the necessary training and correspondence required in order to ensure that legislative prescripts are met and to ensure that all parties have a good understanding of what is required of them in order to remain compliant.

In this manner, staff are effectively managed, Human Resources Management principles are effectively applied and day to day operations are successfully executed and performance optimized at every level.

1.9.6 Management of Performance

The Performance Management System Framework has been developed and refined since its inception in keeping with the prescriptions of the Municipal Systems Act (MSA), 2000, which requires that municipalities establish performance management systems that are "commensurate with their resources, and best suited to their circumstances".

In developing and refining the current Performance Management Framework and related Performance Management System since its inception and over the past few years, due cognizance has been taken of the MSA, the Municipal Finance Management Act (MFMA) and Regulation 7(1) of the Local Government: Municipal Planning & Performance Management Regulations, 2001 and 2006. Notwithstanding, it is acknowledged that all policy frameworks are required to be regularly reviewed, updated and amended - especially in an effort to ensure that they remain current and applicable.

Despite the justifiable amendments since 2015, the Performance Management System has been the source of many issues and queries raised annually and predominantly by the Audit Committee and internal audit regarding processes, the issues of self-scoring and the like. "Self-scoring" has been a particular concern. In all instances and year upon year, while providing the necessary presentations, legal arguments and detail regarding principles of best practice, this continues to be a "bone of contention". The PMS Unit and PMS Facilitator have religiously and more than adequately addressed these issues to the point that the reviewed PMS Policy was applied as detailed (inclusive of self-scores). In addition, it must be noted that the Auditor General as the external point of audit has had no issue regarding the policy and any queries that once were, have been resolved annually to the satisfaction of "experts in the field". At this point suffice is to say that this continual and ongoing issue needs to be laid to rest. The inclusion of "self-scores" has been proven to be in keeping with principles of best practice. It has been shown that the inclusion thereof negligibly on final results, whereas the benefits attached to inclusion of these self-scores far outweigh any impact of "unfairly weighting" final outcomes. It remains uncertain as to whether these issues are raised due to a lack of understanding about performance management practices generally. The motivating factor that continues to drive this issue remains in question. Evidence supporting all aspects of the policy and legal opinion have been provided on more than one occasion and support all aspects of the current policy.

An overall concern relating to the practice of performance management generally and throughout the organization relates to the apathy with which performance reporting occurs generally. It is clear that certain Directors, Managers' and reporting staff do not take performance reporting seriously and appear only to regard this as a matter of compliance. This is a short-sighted practice in the extreme. In reality "performance management" should encompass a day to day work ethic and formal responsibility as senior and line managers. It therefor represents a critical management function - which is mandatory if the process of "managing staff" is to effectively occur.

In addition, there appears to be an attempt made by some parties to indirectly manipulate results by lodging disputes "after the fact" and disputes that in most cases have no substance. While valid disputes are encouraged, it is found that certain managers "orchestrate" negativities regarding the system and policy in any instance where this does not suit them - especially in instances where it may affect their overall score and the award or lack thereof of a qualifying bonus or merit. Often such managers will compare themselves to other managers/employees without understanding the manner in which assessment process and assessing performance against specific targets occurs. Comparing oneself to another manager is extremely biased if the assessment factors are not understood and taken into account - always raising parity issues if this is not taken into account. As unfortunate as it may be, the system is intent on assessing in the most unbiased and objective manner possible and is backed by audited information and facts.

It is acknowledged that the entire process of performance management will always be an issue as long as it is related to any form of reward. However, all that is required is to ensure compliance with policy prescriptions, to take the process of performance management seriously and to recognize that performance will remain a challenge until it becomes part of day to day management. It is a simple but effective management tool that benefits the employee and institution alike - providing that it is effectively applied.

1.9.7 Conclusion

In conclusion I must congratulate the Mayor, Exco, Councillors and staff alike. We have made a great team and by supporting one another we have managed to ensure that we have been able to successfully navigate the challenges and "choppy waters" along the way. Any organization is only as good as the men and women who work for it and that bares testimony to the manner in which both the administrative and political arms have managed to work together and with the community at large.

We look forward to another successful year - continuing to strive to excel and to continue to meet the needs of the community, so that a better quality of life may be experienced by all.

A handwritten signature in blue ink, appearing to read 'M M YAWA', is written over a horizontal dotted line.

M M YAWA
MUNICIPAL MANAGER

1.10 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.10.1 Introduction to Background Data

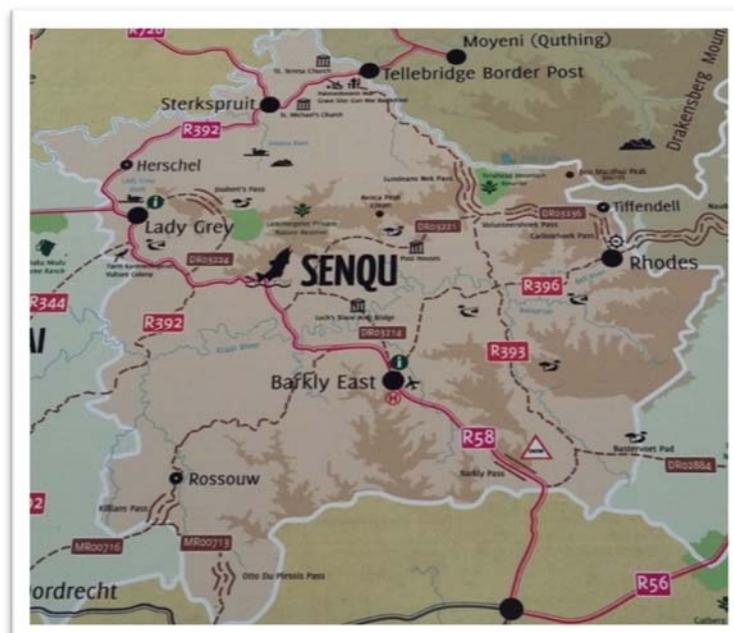
Senqu Municipality is required to be understood in context. This chapter will detail the geographical area of Senqu Municipality and the context in which it exists, together with demographics relating to the population itself. In this manner, insight into the challenges and situations faced by Senqu Municipality will be obtained and must be considered when determining context at any and every level.

1.10.2 Geographical Context and Overview of the Municipality

Senqu Municipality was established after the amalgamation of the following Local Authorities and towns:

- Lady Grey (including Transwilger and Kwezi Naledi);
- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit;
- Rhodes (including Zakhile), Rossouw; and
- Portion of Wodehouse (Dordrecht) and Indwe.

The Senqu area also covers commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.



Senqu Municipality is the largest Municipality in the Joe Gqabi District Municipality, and spans an area of 6 772km squared. It is placed uniquely by bordering the Eastern Cape Province and Lesotho. It is characterized by mountains and beautiful rivers. There are many game-fishing opportunities and both agriculture and the potential for tourism are considered to be critical economic factors to nurture for growth. Elundini and Sakhisizwe Municipalities are in the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality and these then link to the N6 at Aliwal North.

The municipality has three urban nodes viz. Barkly East, Sterkspruit and Lady Grey with Sterkspruit displaying the highest population growth rate. The rest of the municipality is characterised by small villages and communal and commercial farming land.

In examining the background detail, due cognizance must be taken of the efforts made by Senqu Municipality to satisfy basic service delivery requirements, while facing the many social and economic challenges.

1.10.3 Demographic Overview: Senqu Municipality (2017/2022 IDP)

- Senqu Municipality consist of 3 main towns i.e. Lady Grey, Barkly East and Sterkspruit;
- The dominant **home languages** are: Isi Xhosa, isiHlubi, seSotho, Afrikaans and English. A larger part of isiHlubi speakers can be found living within the Sterkspruit area;
- According to the 2001 Census, **86% of households are rural** in nature. This dynamic is shifting with the phenomenon of urban migration - particularly around the town of Sterkspruit (SDF 2016). In essence, people appear to be moving to live in villages which are expanding towards the urban centre of Sterkspruit. The previous practice of a rural countryside with scattered homesteads is disappearing and is now being replaced by many villages that are growing towards each other -- creating rural urbanization;
- There appears to be an **“out migration” of people both out of the rural areas and to the urban areas and from JGDM to other districts**. An inward migration from Lesotho to Mt Fletcher and Sterkspruit is also being experienced (Joe Gqabi WSDP 2010);
- **Population density:** As per the IDP 2017/2021 Senqu Municipality in 2016 has a higher population density than Joe Gqabi district at 19.3 people per square kilometre compared to 14.5 people per square kilometre. This is an increase from 2006 of 18.71 which is an annual growth rate of 0.33%. This was the lowest

average annual growth rate in the District Municipality. This average is however less than the Eastern Cape Province of 41.5 per square kilometre (Ecsecc, 2017: 70-71). The majority of the population still reside in rural areas as opposed to urban area. This includes rural villages and farm households;

- **Average unemployment rate of those actively looking for employment**

As reflected within the IDP 2017/2022 and based on the official definition, more than one third (30.34%) of the economically active group within Senqu is unemployed while the district average is 23.54%. If one includes those not actively seeking for work, unemployment in Senqu is as high as 65% compared to 54% and 48% for the District and Eastern Cape respectively;

- **Literacy levels:** As reflected within the IDP 2017/20122 only 58.66% of the adult population can read and write as compared to the provincial level of 66.7% and the national average of 73.62%;
- **Skills Challenge:** It is noted that the majority of the adult population (32.21%) are unskilled and there is a major shortage of technical skills (currently reflected at only 0.19%). Notwithstanding, it is to be noted that Senqu has a relatively high proportion of professionally skilled persons (23.46%);
- **Income:**
 - 50.25% of the households earn no income at all.
 - 21.39% of households earn between R1 and R1600 per month; and
 - Almost two thirds of Senqu households are indigent. More than a quarter of the households (6 134) earn R400 or less per month.

NOTE: This reflects Senqu's low economic base, which negatively affects investor confidence, their investments and has serious negative repercussions for the economy and the municipality overall. Fewer people are able to sustain their livelihoods and afford to live and pay for services.

- While Senqu has experienced **positive economic growth** between 2000 and 2010, the economy has been unable to create meaningful benefits for the poor. The **poverty rate** is 62.93% (much higher than the provincial average of 53.61%);
- The municipality has a very **high youthful population** which requires a **high need for employment, secondary and tertiary education** in the region. Tertiary opportunities are offered outside the region. As summarized, Senqu Municipality experiences a youthful population with low skills levels and high unemployment. The majority of the population live in rural villages and rely on social grants. There is high migration to the more urban areas inside and outside the municipality for employment and educational opportunities. The high "out migration" to areas outside the municipality has an **annual season** with persons returning for Easter and Christmas holidays. Persons also tend to return to the

traditional areas when they are faced with illnesses that require high caring from relatives;

- The traditional employment opportunities in agriculture and the commercial sector for low skilled workers do not appeal to the better educated youth;
- Senqu is a poor area with:
 - High levels of service backlogs;
 - Poverty;
 - Unemployment;
 - A very small tax base to pay for services;
 - Limited skills base; and
 - Reliance on public sector employment.

NOTE: The Municipality disputes the accuracy of the figures relating to the population. Due to the scattered and mountainous terrain of the municipality, the rural population was not adequately accounted for in the census.

- **Population Figures & Gender and Race**

As per the statistics reflected within the IDP of 2017/2022 the following figures and statistics are additionally noted:

- The male/female split in population was 88.1:100 (Male:female) in 2016. The Municipality effectively has more females (53.17%) than males due to the high “out migration” of males looking for work due to historical factors;
 - According to (Ecsecc,2017:13) there were 75 400 (53.17%) females and 66 400 (46.83%) males;
 - The largest population group is between 0-14 years of age who make up 32.7 % of the population and this indicates a very youthful population that the LED Strategy is required to take into account in order to ensure employment opportunities in the future;
 - The category with the second largest number of people is the young working age (25-44 years) age; and
 - The composition of the households by population group shows that Africans are the largest group of 97.3%, followed by Whites at 1.2% and then Coloureds at 0.9%. The smallest population group in terms of households is the Asian population group with only 0.6% in 2016 (Ecsecc,2017:17).
- **Poverty Levels**

The poverty gap measures the depth of poverty by measuring the average distance of the population from the poverty line and is expressed as a percentage of the upper bound poverty line, as defined by StatsSA. “It is estimated that the poverty gap rate in Senqu Local Municipality amounted to

30.0% in 2016 - the rate needed to bring all poor households up to the poverty line and out of poverty. In 2016, the poverty gap rate was 30.0% and in 2006 the poverty gap rate was 32.5%, it can be seen that the poverty gap rate decreased from 2006 to 2016, which means that there were improvements in terms of the depth of the poverty within Senqu Local Municipality (Ecsecc,2017:63)".

1.10.4 Service Delivery Challenges

A number of Service Delivery challenges appear to exist and these are reflected generally as follows:

a. Water

As per STATS SA, 2011: 7 209 households out of 38 046 households reflect the unserved population. This figure reflects a percentage below 20%;

b. Sanitation

Sanitation provision has improved and it is noted that currently 6,7 % of the population does not have any access to sanitation at all (STAT SA,2016). Senqu continues to work towards eradication all old, "decaying" and poorly designed water and sanitation systems that simply cannot handle the current demands placed upon them;

c. Electrification and Telecommunication

It is acknowledged that these networks are mostly inadequate and poor quality is experienced in many areas. In addition, it is noted that a great deal of electricity leakages/losses are experienced and it is the intention to address this in a manner that produces desired outcomes and reduces these losses;

d. Waste management

While success has been achieved with the waste removal function, it is acknowledged that challenges are experienced in terms of old vehicles that require maintenance. The development of solid waste sites and the maintenance of solid waste sites can be challenging (especially in terms of supply chain management issues and when attempting to obtain required Environmental Impact Assessments as these are reliant on third parties). Recycling efforts also remain limited due to financial constraints;

e. Environmental Management

Service delivery within this area is poorly provided due to limited financial and human resources provision. This makes it extremely difficult to enforce related by-laws. As a direct consequence, many town planning by-laws are broken and illegal land invasion occurs regularly. The greatest challenges faced in terms of environmental issues **include** the following:

- Alien vegetation eradication (specifically the Crack Willow which grows along

- the Kraai River and sucks up litres of water);
- Firewood collection that results in the destruction of trees;
 - Grassland burning (indiscriminately) which heightens air pollution and loss of biodiversity;
 - Dipping tank locations as these can poison water supplies (from streams);
 - Borrow Pits which are not adequately rehabilitated;
 - Drainage culverts that can either hinder or promote gulley erosion;
 - The proximity of all wastewater treatment works which may result in water contamination (risk of flood damage and spillage into dams, rivers and wetlands) causing contamination generally and risk to animals);
 - Soil erosion which is the highest in the Joe Gqabi District Municipality (JGDM) due to marginal soils being utilised for inappropriate agricultural practices;
 - The registration and management of solid waste disposal sites;
 - The lack of recycling at waste sites;
 - The burning of and inadequate collection of waste at times that may lead to illegal dumping;
 - Inappropriate land and hygiene practices leading to increased sedimentation and pollution of fresh and groundwater sources; and
 - The increased invasion by alien and undesirable species like Slangbos and blue bush near Lady Grey and limited protection of environmental sensitive areas.

Overall it may be stated that limited financial and human resources makes it extremely difficult to control the environmental factors that present themselves.

f. Access Roads and Bridges

Access roads and bridges in the rural areas are generally of a very poor standard, due to the lack of maintenance and staff. It is also noted that rural people do struggle to access services due to these factors and especially during the rainy period when the roads become impassable and flooded. Access to clinics and schools remains a challenge as people are required to walk long distances and the quality of the service is limited.

1.10.5 Concluding Statements: Demographics

- a. Population studies have indicated that Senqu is characterized as having a youthful population with low skills and high unemployment. There is there for a high need for tertiary and secondary education;
- b. The majority of the population lives in rural villages and relies on social grants;
- c. The majority of the population are black Africans;
- d. There is high migration to the more urban centres inside and outside the municipality for employment and educational opportunities;

- e. The high “out migration” to areas outside the municipality presents as an annual season with persons returning for the Easter and Christmas holidays;
- f. Senqu has an exceptionally low rate base;
- g. There is a corresponding need for infrastructure and social services due to the high number of indigent people. This means that there is a risk that the Equitable Share contribution will remain insufficient to provide basic services as set out in the Constitution;
- h. Agriculture and Tourism are the major economic drivers of the local economy;
- i. Tourism reflects as a key potential economic sector, and economic driver, particularly with the inclusion of the country’s only ski resort, Tiffendell; and
- j. Senqu is characterised by scenic beauty, hiking and wildlife attractions and trout fishing.

Natural Resources

NATURAL RESOURCE	
Major Natural Resource	Benefit / Potential
Mountains	Beautiful scenery (adventure and agricultural tourism)
Wind	Off grid and cleaner sources of electricity from wind
Rivers	Game fishing and tourism

1.11 SERVICE DELIVERY OVERVIEW

1.11.1 Service Delivery Introduction

Free Basic Water and Free Basic Sanitation statistics are handled by Joe Gqabi District Municipality (District Municipal Function) and not Senqu Municipality.

FREE BASIC REFUSE REMOVAL					
No. of Indigent (poor) beneficiaries	No. of other beneficiaries (non-indigent)	Total beneficiaries	Level of Service	Type of subsidy e.g. Equitable Share	Frequency of waste collection e.g. once a week or twice a week
1532	0	1532	On site appropriate & regularly supervised disposal	0	0
			Community transfer to central collection point	0	0
			Curbside Collection	1532	1 x Week
			Other (Please specify)	0	

FREE BASIC ENERGY TBC	
No. of Indigent (poor) beneficiaries	497
No. of other beneficiaries (non-indigent)	0
Total beneficiaries	497
No. of Indigents configured in Eskom database	12 523
No. of Indigent who collected tokens and the % thereof	Approx.8 425
Beneficiaries provided by Eskom	12 523
Beneficiaries provided by Municipality	497
Non-grid energy Beneficiaries	497
level of Service (e.g. 50 Kwh per household) or the Rand value in the case of non-grid	4.765 M

1.12 FINANCIAL HEALTH OVERVIEW

As per the Auditor General's Report for 2017/2018 Senqu Municipality received a clean audit. The financial health of the organization and its management is therefor considered to be excellent overall. A broad overview is provided as follows:

- 1.12.1 Senqu Municipality has received a clean audit for the fifth year in succession;
- 1.12.2 The municipality's liquidity is considered to be relatively sound as the current ratio by far exceeds its short-term obligations. In the current financial year Senqu Municipality achieved a liquidity ratio of 8.23 and an operating surplus of R 61 255 260;
- 1.12.3 During 2017/2018 there were no instances of unauthorised expenditure;
- 1.12.4 Irregular expenditure decreased from R 73 592 to R 0 in the 2017/2018 financial year.
- 1.12.5 Fruitless and Wasteful expenditure for the financial year (2017/2018) amounted to R 34 692 and R 33 387 was incurred during the previous financial year;
- 1.12.6 Zero tolerance will be implemented in respect of unauthorised, irregular, fruitless and wasteful expenditure and in respect of the potential qualification, due to the failure to detail and report on predetermined objectives and National Treasury views on non-priority spending;
- 1.12.7 Reasons for the under-spending on grants can be largely attributed to the tribal land dispute issues in the Herschel Housing project that prevented work from continuing and progressing as planned;
- 1.12.8 Assets and liabilities are well managed overall;
- 1.12.9 This municipality is acknowledged as paying its creditors within 30 days, as is stipulated by the MFMA (except in situations where there have been disputes between the Municipality and the creditor);
- 1.12.10 Employee costs have been underspent due to the vacant funded posts that have not yet been filled;

- 1.12.11 An overriding challenge is always to ensure that outstanding debt levels are minimized as this affects cash flow directly. Strict credit control measures are executed (as per Credit Control Policy and By-Laws) in order to ensure that this situation is effectively managed;
- 1.12.12 The original amount for repairs and maintenance was reduced from R 7 934 117 to R 7 786 903 (R 147 214 reduction). The Adjustment Budget was therefore overspent by 1.42% due to unplanned maintenance, with actual expenditure amounting to R7 898 016;
- 1.12.13 Long term liabilities are expected to decrease within the future financial period as initial loans are redeemed and no additional loans are expected to be undertaken;
- 1.12.14 Reporting to National Treasury in respect of performance reporting is being well achieved within the prescribed periods;
- 1.12.15 It must be noted that Senqu Municipality was chosen to be the pilot site for the implementation of mSCOA - which was applied nationally during 2016 as a matter of compliance. All aspects relating to mSCOA preparation have been incorporated within Senqu Municipality and its operating system - ensuring that the financial and support systems integrate with mSCOA requirements and performance reporting;
- 1.12.16 The OPCA Project (Operations Projects Clean Audit) has progressed exceptionally well and the challenge moving forward is to ensure that this achievement can be sustained;
- 1.12.17 The introduction of GRAP has become more readily available and this allows information to be presented correctly in many instances. Despite this, difficulties are experienced in terms of the information required for property, plant and equipment, inventory, external valuations of employee benefits and tip site provisions;
- 1.12.18 It is noted that the Internal Audit and the Audit Committee are required to work together in order to review the Strategic and Annual Performance Plans and to ensure that all aspects of the Audit Action Plan are addressed - while ensuring that appropriate and valuable reporting occurs;

- 1.12.19 The quality of quarterly and monthly reports is at all times required to be addressed and suitable and timeous action is required to be taken to rectify any issues identified (financial, pre-determined targets or otherwise). Oversight from managers and the Internal Audit/Audit Committee is required; and
- 1.12.20 Zero tolerance will be implemented in respect of unauthorised, irregular, fruitless and wasteful expenditure and in respect of the potential qualification, due to the failure to detail and report on predetermined objectives and National Treasury views on non-priority spending.

The following dash board information and tables indicate the municipality's performance in terms of National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

As an overall assessment, the following indicators are highlighted (unaudited figures)

	<u>2016/2017</u>	<u>2017/2018</u>
Capital charges to Operating Expenditure	22%	0.7%
Liquidity: times	8	8.23
Outstanding debtors to Annual Revenue	5%	22.7%
Creditors to cash	9%	3%
IDP regulation financial viability figures		
Debt Coverage	64.9%	19.5%
Outstanding Service Debtors	86%	24%
Cost Coverage	18 Months	23 Months

1.13 ORGANIZATIONAL DEVELOPMENT OVERVIEW

1.13.1 Organizational Development Performance

Reference is made to Chapter 4 as this issue is dealt with and reported on extensively in this section.

a. Introduction to Employee Personnel

In this instance reference is again made to Chapter 4.

Human Resources Management is well managed overall. Overall and certainly in terms of staffing it must be noted that:

- i. Staff have been appointed according to the Human Resources Strategy, Recruitment and Selection Policy and in accordance with the Employment Equity Plan;
- ii. The Employment Equity Plan was reviewed quarterly and reporting was conducted as required. The Employment Equity Report was captured on the Equity Registry Site before the legislated date for electronic submissions i.e. 15 January 2019;
- iii. All staff are in possession of job descriptions and these have been written according to the TASK system of Job Evaluation. Notwithstanding, the Municipality recently underwent a restructuring exercise and currently all job descriptions are being redrafted according to said new structure. The job descriptions will be re-evaluated by the PJEC'S appointed locally. This will continue to occur thereafter, as and when there are changes to either the organizational structure or the job profiles;
- iv. A new organizational structure was approved 30 May 2017 and further amendments were made and adopted in-house during March 2018. This amended structure incorporated a number of amendments to the functional aspect of the structure in order to ensure that this became aligned to the new Standard Chart of Accounts and the requirements as dictated by: functional need, the Competency Framework, strategic objectives and the like;
- v. The Municipality endeavours to recruit qualified and experienced individuals in all key positions;
- vi. Skills Retention remains a challenge, especially due to the geographical location of the municipality (rural nature) and the inability to offer competitive salaries; and

- vii. Staff capacitation remains of critical importance and the development and the implementation of the Workplace Skills Plan ensures that this occurs in a planned manner.

b. Managing the Municipal Workforce

As will be detailed further within this report it must be noted that numerous and varied efforts have been made in order to ensure that the municipal workforce is well managed. A strong administrative support structure has been created in order to facilitate this process. More specifically, it is noted that:

- i. Policies and procedures have been put in place, not simply as a matter of compliance, but to ensure that the manner in which work is performed occurs under guidance and with fairness to both the employer and employee. Funding constraints are the greatest challenge experienced when attempting to ensure that this occurs;
- ii. An approved performance management policy is in place and this has been reviewed to include implementation at the level of s56 Directors' and all middle managers that report to the s56 directors. This policy will ultimately be cascaded throughout the organization;
- iii. Occupational Health and Safety Committees have been formed and are functional. Every effort is being made to ensure that safety in the workplace is improved;
- iv. Policies implemented may be grouped within the areas of Labour Relations, Safety and Human Resource Management; and
- v. Risk is managed through the establishment and implementation of a Risk Plan.

c. Capacitating the Municipal Workforce

Overall this has been well achieved and may be considered to be a reflection of the following actions having been taken:

- i. The development of the Workplace Skills Plan (aligned to the IDP performance objectives and incorporating the future needs of the Municipality and Personal Development Plans) and based on the outcomes of a formal Skills Audit;
- ii. The use of highly competent service providers in the delivery of training initiatives;
- iii. The appointment of a Skills Development Facilitator during the current financial year in order to facilitate this process and function;

- iv. The implementation of the training plan and reporting in terms of the implementation plans. Not all training initiatives were undertaken as planned (however the variance was minimal);
- v. The development and approval of a training policy and study bursary policy (used to optimize the knowledge and skills of human resources within the organisation) and focused efforts to create a learning organisation; and
- vi. Ensuring that the Municipality continues to enrol designated staff in the prescribed competency training so as to ensure that they meet all minimum competency levels as prescribed in terms of the Minimum Competency Regulations of 2007.

d. Managing Workforce Expenditure

Very strict protocols exist in an attempt to ensure that workforce expenditure is managed effectively and correctly. Protocols are in place to ensure that any changes to the payroll are checked and audited, prior to any change being sanctioned.

Failure to ensure that all controls are instituted will result in a greater degree of inaccurate data and an inability to identify and remedy any discrepancies between systems.

1.14 AUDITOR GENERAL'S REPORT

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council of Senqu Municipality

Reference is made to Chapter 6 in which this document is now incorporated

1.15 STATUTORY ANNUAL REPORT PROCESS

ANNUAL REPORT PROCESS TABLE		
No.	ACTIVITY	TIMEFRAME
1.	Consideration of next financial year's Budget and IDP process plan. Aside from legislative plan should conform with in-year reporting formats so that reporting and content, this process monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2.	Implementation and monitoring of approved Budget and IDP commences (in-year financial reporting).	
3.	Finalisation of the 4 th quarter report for previous financial year.	
4.	Submission of the draft year's Annual Report to Internal Audit and Auditor-General	
5.	Municipal entities submission of draft annual reports to Municipal Manager	
6.	Consideration by the Audit/Performance committee of the draft Annual Report of municipality and entities (where relevant)	August
7.	Tabling by the Mayor of the unaudited Annual Report	
8.	Municipal submission of draft Annual Report (including consolidated annual financial statements and performance report) to Auditor General	
9.	Annual Performance Report submitted to Auditor General to be provided as input into the IDP analysis phase	
10.	Auditor General auditing of Annual Report, including consolidated Annual Financial Statements and Performance data.	September - October
11.	Municipalities receiving and starting to address the Auditor- Generals comments	November
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
13.	Audited Annual Report is made public and representation is invited	
14.	Oversight Committee assesses Annual Report	
15.	Council adopts Oversight report	December
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	
18.	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

1.15.1 Comments on the Annual Report Process

The table above defines all the deadlines required to be met in terms of compliance. In this manner it is ensured that all required reporting occurs timeously and is an accurate consolidation of all required reporting.

The Annual Report is acknowledged as the strategic document that accurately depicts an annual review of performance for the entire year. It is this document that will be used for all forward planning and for this reason it is imperative that there is alignment and verification between all content shown between and within the IDP, SDBIP, Budget (AFS) and the Annual Report.

The Annual Report is required to reflect the most accurate, aligned and consolidated version of all preceding documents. This is achieved through a very structured process of auditing (internally and externally). Through validation and confirming the accuracy of data, the Annual Report may be used to inform the IDP review process; the structuring of the organogram; the development of SDBIP's; Performance Planning; the development of the Budget and the like.

The Annual Report provides a holistic view of the organization - its challenges, available resources and records of performance.

The Annual Report is required to comply with very definite prescripts and timeframes as follows:

- The Annual Performance Report (s46) and Annual financial statements were compiled and submitted to the Auditor General by 31 August 2018; and
- The draft Annual Report 2017/2018 will be tabled by 31 January 2019 and the final Annual Report (with related oversight reporting) will be submitted to Council 31 March 2019.

DISCLAIMER

The information provided within this report is reliant on the information provided by the various Directorates. Difficulties in validating data continues to be experienced and as such, the accuracy of all information provided cannot be assured.

It is the responsibility of all Directorates to provide the required information which is then required to be collated and submitted within the correct format. While it is acknowledged that certain directorates have attempted to provide this information as requested, many have not complied or submitted extremely late - perhaps due to recent issues that have surfaced in respect of certain contracts. Despite this, all parties are still within the employ of Senqu Municipality and are thus bound to provide required information and not to impede progress - especially in an area such as this, which has compliance responsibilities.

In particular it is noted that the Internal Audit section appear to have reservations about providing required oversight and opinions - in a sense believing that their oversight role precludes them from providing opinions and offering/providing required information. This is a serious concern and certainly a grave misconception. In terms of their role and function it is imperative that they provide required input and support to the organization as requested and required.

The greatest response to date has been from the Development and Town Planning Services Directorate, Technical Services and the Budget and Treasury Directorate. In addition to the dynamics currently at play, it appears that staff within other directorates appear to believe that it is the responsibility of the collators and the co - ordinators' to provide all required information. This is unacceptable as the report is that of Senqu Municipality (with each directorate taking full responsibility for information relating to their specific directorate). Content and the accuracy thereof is not the responsibility of the collators' and the coordinators' - their role is simply to obtain, collate, align and restructure information provided and not to verify this in any way. In addition, it is the technical responsibility of all relevant directorate staff to provide inputs regarding performance and issues within their own directorates. They are required to take responsibility for any inputs provided as they are aware on a functional level as to what information is applicable / relevant. Under these circumstances the collators and the coordinators cannot be held accountable for the quality/accuracy/absence of information provided or the lack thereof.

As this is the first draft of this report, it is understood that certain information is still lacking from the information provided. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents.

In instances where information is found to be lacking or inadequate you are hereby advised that the coordinator of this report has only been able to work with the information provided to them - and as much as they have attempted to validate this where possible they cannot be held accountable - for the reasons reflected above.

This is an extremely serious situation and must be regarded and handled as such ---
- failure to comply and provide accurate data may have serious consequences for Senqu Municipality - not the least of which will relate to an audit qualification.

Under these circumstances it is advisable that this situation be taken up formally with MPAC and following investigation - those persons who are found to be non-compliant in this regard need to be issued with the relevant compliance order so that this matter may be addressed formally, appropriately and once and for all.



CHAPTER TWO

Governance

2017 / 2018

CHAPTER 2: GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance is examined under the following four (4) components:

Component A: Political and Administrative Governance

Component B: Intergovernmental Relations

Component C: Public Accountability and Participation

Component D: Corporate Governance

Each of these components is required to function optimally and the high levels of interaction and interdependence that is required to occur between these components, will impact positively on organizational & operational effectiveness overall.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

By necessity and design, formal political and administrative frameworks and infrastructure have been created both internally and externally in order to facilitate operational performance. To this end the required policy has been created and updated; structures (political and administrative) have been created and implemented, procedures and compliance prescriptions have been developed to aid and direct day-to-day operations; and an infrastructure and support system has been created. All of these ensure that operations occur in a sound and effective manner. In every instance, efforts are continuously made to meet community needs in an ordered and structured manner, while ensuring optimum levels of efficiency and effectiveness.

Senqu Municipality's operational focus is determined by its strategic objectives as reflected within its Integrated Development Plan (IDP). These objectives are initially translated into the performance targets that are reflected within the Service Delivery and Budget Integration Plan (SDBIP). These targets are translated further on an operational level by being cascaded into operational and management targets within the relevant performance scorecards within each directorate. This process facilitates that performance targets are monitored and met over a designated period of time and in the manner prescribed. The successful achievement of these objectives is dependent on the available resources i.e. operational, human and financial.

Functions of the political arm:

- Advocating and protecting the needs of the community and in this manner, facilitating the possibility of a better quality of life for all; and
- Communicating effectively and involving all members of the community in decision - making wherever practical and possible, in order to give new meaning to the concept of a “people-centred government” .

Functions of the administrative arm:

- Ensuring that there is sufficient infrastructure (human capital, resources, policies and procedures) in order to ensure that the strategic objectives can be met through effective management and control of operations, service delivery and matters of compliance; and
- Providing a supportive and administrative role and function overall.

2.1.2 Political Governance

Introduction to Political Governance

As per the Municipal Structures Act, Act No. 117 of 1988, Senqu Municipality has a **Council Executive System**. In terms of this and as depicted within the diagram below, it presents as a democratically elected Category B municipality with a structure that is categorized by elected Ward Councillors and Proportional Representative Councillors.

Political Structure 2016-2021



Councillors are allocated to Standing Committees that meet monthly in order to discuss and investigate issues raised. By so doing, formal decision making is enhanced and decisions are made within these standing committees' by persons who have appropriate knowledge and insight into the issues being raised - having formed part of initial discussions and debate while being present in the relevant standing committee. In this manner, Councillors are better placed to make "informed decisions" and appropriate recommendations to Council for final approval where necessary.

a. Councillors

Appendix A: Full list of Councillors (including the Committee allocations and attendance of Council meetings).

The Senqu Municipal Council is comprised of 34 Councillors (Ward Councillors and Party Representatives) and this is reflected as follows:

Party Representatives: 17

Ward Councillors: 17

Administrative responsibilities of Councillors/Council

- Attendance of Council meetings (quarterly) and Special Council meetings (convened to address urgent issues - requiring urgent attention/action);
- Political decisions are taken regarding service delivery;
- Provision of an oversight role regarding Council;
- Compliance with Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000). It is legislated and understood that the executive and legislative authority of a municipality lies with the Council and Council is required to take all the decisions of the municipality subject to s59;
- Executive Committee meetings are convened monthly and are constituted as follows: The Mayor, Political Heads of Standing Committees and the top management of the municipality; and
- Standing Committees meet in order to discuss or recommend that certain actions are taken by the Executive Committee or Council. These committees are chaired by the Portfolio Councillors who form part of the Executive Committee members. The other members are Councillors, who are elected by political parties, traditional leaders and the administration.

b. **Committees of Council (Standing Committees, MPAC, Traditional Leaders, Ward Committees et al)**

Reference is made to Appendix B which details all the committees applicable to Councillors and their purpose.

c. **Standing Committees**

- 5 Standing Committees are functioning and correspond with the 5 Directorates;
- Committee meetings are held monthly as scheduled;

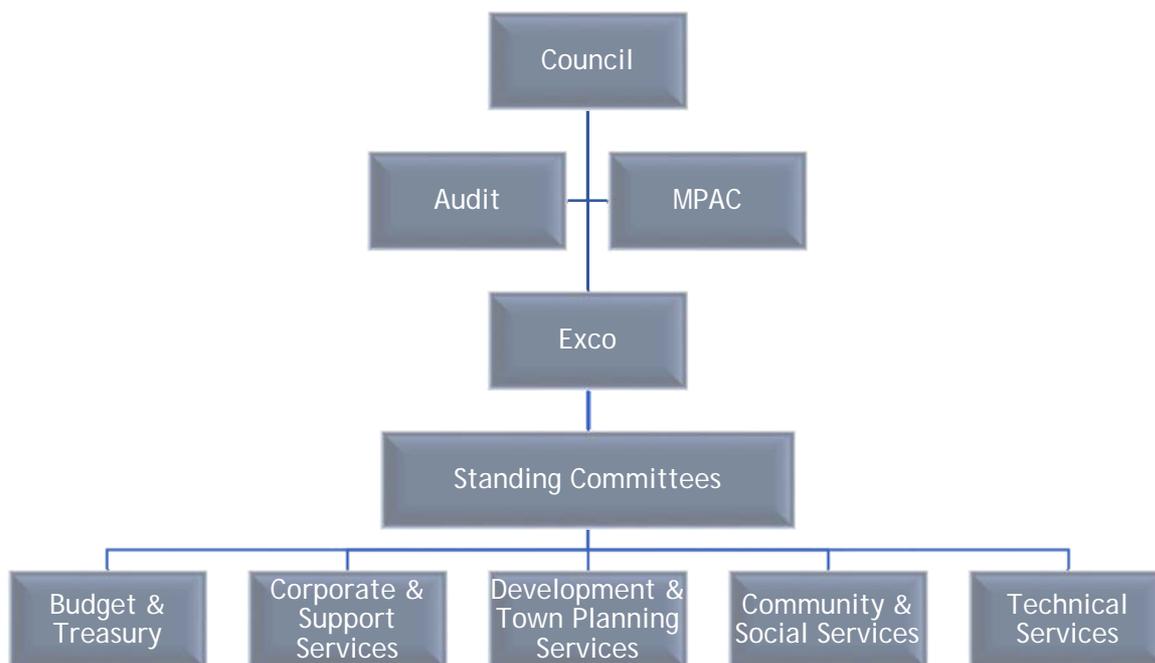
- Information and recommendations from these are submitted to the full Council, for consideration; and
- All Councillors are required to serve in the Standing Committees with the exception of both the Mayor and the Speaker.

The role and function of the Standing Committee is to ensure that the process of informed decision making is facilitated. Councillors who serve on these Committees become more knowledgeable about the directorates with which they are linked. In this manner and with heightened knowledge they are able to make more informed decisions regarding the challenges and operational issues facing the directorate in whose committee they serve. When issues are referred to full Council, they are able to contribute at a higher level and guide discussion in a helpful, positive and insightful manner. In this manner, decision making abilities are greatly improved and decisions made are regarded as being “informed decisions”.

Approved and functioning Standing Committee Structures (as reflected within the table that follows):

DIRECTORATE	FOCUS AREAS
<p><u>BUDGET & TREASURY</u> Chairperson: Cllr P M Mnisi Councillors: Cllr K Mpiti Cllr S Ntlwatini Cllr Z S Khoba Cllr R Lose</p>	<ul style="list-style-type: none"> ▪ Management of financial resources <ul style="list-style-type: none"> – Budget and Treasury, – Revenue Services, – SCM, – stores and Expenditure Management ▪ Policies, Procedures and By-lays (MFMA and National Treasury) ▪ Financial support to all Departments ▪ Information Technology Support ▪ Fleet Management ▪ eNatis Licensing
<p><u>DEVELOPMENT AND TOWN PLANNING</u> Chairperson: Cllr V V Stokhwe (Chief Whip) Councillors: Cllr M Sehloho Cllr N Nyongwana Cllr A P Kwinana Cllr M Mgojo</p>	<ul style="list-style-type: none"> ▪ Support to community participation structures ▪ Housing, Town Planning and Land Use Management ▪ Performance Management ▪ Integrated Planning and Economic Development ▪ Governance and Compliance - Risk Management ▪ Strategic Planning ▪ LED
<p><u>COMMUNITY AND SOCIAL SERVICES</u> Chairperson: Cllr S Ndzongana Councillors: Cllr N C Mraji Cllr D J Somsila Cllr Mqakelana</p>	<ul style="list-style-type: none"> ▪ Community based service provision <ul style="list-style-type: none"> • cemeteries, • environmental management, ▪ Libraries and amenities ▪ Traffic Services - Law enforcement ▪ Community based by-laws ▪ Waste Management and Refuse
<p><u>CORPORATE & SUPPORT SERVICES</u> Chairperson: Cllr G N Mbonzana Councillors: Cllr S Mfisa Cllr N January Cllr N Y Monakali</p>	<ul style="list-style-type: none"> ▪ Council Administration, Assets and Building Preservation ▪ Council Support and ward support ▪ HR & Labour Relations ▪ Stakeholder Relations - participation ▪ Customer Care/ Presidential Hotline ▪ Legal Services / Compliance ▪ Special Programmes (HIV Aids Youth, disabled, elderly and woman) ▪ By-Laws Facilitation ▪ Document Management ▪ Fleet Management
<p><u>TECHNICAL SERVICES</u> Chairperson: Cllr T Dumzela Councillors: Cllr A M Phuza Cllr C Kibe Cllr J Mposelwa Cllr X G Magcai</p>	<ul style="list-style-type: none"> ▪ Infrastructure Development (Maintenance and Minor Construction) ▪ Technical Service Delivery ▪ Electricity ▪ Roads (Maintenance and Minor Roads Construction) and Stormwater ▪ PMU Project Management /Administration

d. Oversight & Audit



As reflected within the diagram above it is noted that the processes of oversight, auditing and audit verification are undertaken by the following structures:

- Audit Committee
- MPAC (Oversight Committee)
- Auditor General (external auditor)

Note: Decision making is required to occur according to the following structure and hierarchy: from Standing Committees to EXCO and finally to Council. In this manner, an informed decision is made possible. Oversight is provided by the relevant structures - ensuring compliance and correctness of operation at all times.

e. Audit Committee

Committee responsibilities and performance:

i. The following meetings were scheduled and held:

- Quarter 1: 27 August 2017 (Rescheduled to 28 August 2017);
- Quarter 2: 22 October 2017 and 4 December 2017 (rescheduled to 27 November 2017);
- Quarter 3: 19 March 2018;
- Quarter 4: 11 June 2018;

ii. The Audit Committee was established in terms of s166 of the MFMA 56 of 2003 and is comprised of four (4) independent members;

iii. This Committee is bound by the Council approved Audit Committee's Charter;

- iv. The Committee performs an advisory function and role for the municipality and is directly accountable to Council. In this regard, it plays a key role in ensuring that there is accountability and transparency within the organization;
- v. The quarterly performance information is required to be reviewed in terms of compliance;
- vi. The unaudited financial statements are required to be reviewed prior to submission to the Auditor - General as per prescriptions of compliance;
- vii. The committee is required to provide an objective view on the effectiveness of the municipality's risk management processes during each quarter in terms of compliance and specific feedback is then required to be provided to the Accounting Officer and Council in this regard;
- viii. The committee is responsible for oversight on the integrity of financial controls, combined assurance, compliance management and meaningful integrated reporting to stakeholders;
- ix. The committee is required to discharge its responsibilities by using work done/information received from the internal audit unit and other information presented to it by the management at its quarterly meetings;
- x. The committee minutes contain comments, resolutions and reports on work performed by the internal audit and the committee, and these are required to be approved during the quarterly meetings; and
- xi. Approved internal audit reports are required to be distributed quarterly to the Accounting Officer, the Mayor and the chairperson of the Municipal Public Accounts Committee (MPAC) for notification and to management for action.

Audit Committee Recommendations:

Reference is made to Appendix G in Chapter 6 for the full set of recommendations made for 2017/2018. A summary is provided below detailing the essence of issues raised but it is noted that this is not an exhaustive list:

- i. The Audit Committee (AC) has recommended that the Chief Financial Officer (CFO) relook at the amount specified for the employee total cost, as it appears that this might have been understated (on the face of it);
- ii. The Audit Committee (AC) recommended that the overpayment made by National Treasury of R 4,6 m be re- examined by the Chief Financial officer (CFO) in terms of the manner in which it was documented and allocated;
- iii. It is recommended that the Audit Plan be timeously provided to the Audit Committee (AC) in order for them to analyse and provide recommendations in terms of this and in terms of the audit fees applicable;

- iv. The Audit Committee (AC) has recommended that the transfer and subsidies be relooked at by the Chief Financial Officer (CFO);
- v. The Audit Committee (AC) recommended that the department take into account GRAP 17.92 disclosure requirements by including a brief note in this regard for "Property, Plant and Equipment" in note 9;
- vi. That the department re-check what MScCoA required for travel agency fees, as it would be expected that either: these fees would be less and the travel and subsistence would be more, or perhaps MScCoA would require that whatever was paid to the travel agent should be included in travel fees as a whole;
- vii. The Audit Committee (AC) recommended that in respect of the Appropriation Statement, the net cash from operating and cash equivalents at year end should be reconciled to the cash flow statement;
- viii. The Audit Committee (AC) requested that they be provided with the final set of Annual Financial Statements wherein changes are indicated and areas such as the compliance with the GRAP standards and the casting of the AFS versus the excel version are examined and agreed to prior to the submission being made. In addition it is required that management formally confirm that the cross casting and referencing to the audit file was performed;
- ix. The Audit Committee recommended that management should consider all of the highlighted issues found to be similar within the 2016/2017 Annual Performance Report (sec 46 report) and that they ensure that the necessary amendments have been/are being made;
- x. The Audit Committee recommended that for targets "not yet met" that there be remedial action or appropriate measures taken, to improve required performance;
- xi. The Audit Committee (Committee) recommended that there be rationale for the move from 6% to 55% on service debtors;
- xii. The Committee requested that the final s46 report be provided with clear indications from departments' where changes were made;
- xiii. The Committee requested that in any instance where feedback is provided regarding SCM processes (specifically in respect of tenders with values above R10million), that this be formally responded to in writing and that management respond directly regarding any issues raised for clarity by the Audit Committee. The Committee is expecting within the next meeting to receive the responses which have been referenced and required responses from internal auditors regarding areas in which there was a change of scope;

- xiv. The Manager: Governance & Compliance was required to develop and circulate a process plan of the business processes by Friday, 27 October 2017. This detailed the progress on outstanding issues;
- xv. When the Chief Audit Executive (CAE) experienced difficulties in obtaining the required information and responses from management, it was required that the matter be escalated to the Municipal Manager in writing, for further and appropriate action;
- xvi. The Committee is of the opinion that when reviewing the Performance Assessment Policy and procedure relating to s56 Managers 2014/2015, additional information should be included on the utilization of the self-score. The impact of the self-score on the overall score appears to continue to be an issue of concern - however unfounded as has been shown and proven. It is suggested that the policy should detail principles of how the impact of these self-scores will be managed. By showing the difference in overall score between the inclusion of the self-score and the absence of such a score, it is suggested that any difference in rating may not extending beyond set parameters (positively and negatively), and in this manner that the impact of self-score inclusion would be managed and controlled - in terms of an acceptable level of difference. In the event that the difference in overall score would go beyond the threshold there would be dispute resolution mechanism with the panel members in order to ensure required transparency. Effectively, while self-scoring would continue to apply, it would be managed from both sides. This issue has been addressed and the principles relating to "self-scoring" continue to be raised - no matter what supporting data for this practice is provided. Legal opinion has been obtained, relevant parties have been workshopped and all scenarios have been openly discussed showing benefits in this practice rather than any negligible impact. It is highly recommended that this Council and policy approved practice be put to bed once and for all;
- xvii. It was recommended that the Manager: Strategic Support capacitate the Internal Audit unit in drafting required minutes;
- xviii. It is suggested that when reporting on the management of risk, the implementation date within the Risk Register would be required to be utilized as the basis for the risk report. In addition, the extreme risks and the implementation thereof should be added. It is proposed that the detailed report should be sent to the Audit Committee and not necessarily printed for the meetings. In areas where the Risk Action Plan has been delayed, it should be reflected within the report;
- xix. It is recommended that management investigate the legal implications of the Audit Committee functioning as a Risk Committee (dual role). It is argued that the Audit Committee provide required oversight, while the Risk Committee is required to act as an independent committee. It was additionally suggested that when there is a top management meeting, areas of risk could be dealt with and a Charter developed in order to meet the relevant legal requirements;

- xx. The Audit Committee has requested that the internal audit unit present the report which details the projects that were completed and projects which were planned but not completed;
- xxi. It was recommended that the Finance Department continue to serve as the audit controllers during the Auditor General of South Africa (AGSA) audits;
- xxii. The Audit Committee urged the internal audit unit to provide the minutes of all meetings within seven (7) working days;
- xxiii. In terms of the strategy, it is suggested that the municipality consider classifying/stratifying the debtors in accordance with "type". This was due to the fact that in the previous year, the response had indicated that the debtors had produced the same payment traits. If stratification is performed, the municipality would be in a position to target those debtors that are more likely to pay their debts;
- xxiv. In instances relating to disclosure of "fruitless and wasteful expenditure", it is still required that investigations be performed by the Council;
- xxv. Alignment between the approaches followed by both the Auditor General of South Africa (AGSA) and the Internal Audit Unit is required and in this regard the control dashboard is required to be reviewed;
- xxvi. The Report on the review of the s46 report 2017/2018 requires that the Internal Audit Unit sit with the Directorate Development & Town Planning Services (DTPS), with the assistance from the Manager: Strategic Support - in order to resolve the issues highlighted within the report;
- xxvii. The dates applicable to the review of the 2017/2018 performance assessment of s56 Managers is required to be communicated to the Internal Audit Unit, in order that the required audit of processes can be completed prior to any payments being made. It is recommended that finding number 3 be removed from the report;
- xxviii. In terms of the Risk Management Process and assessment, the Audit Committee advised that in respect of finding number 5, there was no current control. While it was found that management's treatment of the ratings of the inherent and residual risk was correct, it was determined that there should be action plan formulated in order to determine the successful implementation of control;
- xxix. The Internal Audit Supervisor reviewed the Internal Audit (IA) Plan and submitted the revised plan to the Audit Committee by Friday, 20 October 2017. The Internal Audit Plan 2017/2018 was approved in principle;
- xxx. It was resolved that going forward, certain set targets within the Service Delivery Budget and Implementation Plan (SDBIP) would be input based rather than output based, in order to ensure that they are measurable;

- xxxi. The Internal Audit Unit was required to be provided by Friday, 23 March 2018 with a formal status on the business process. In addition the Gap Analysis Report and the request that was sent to Mubeko was required to be provided;
- xxxii. The Internal Audit was required to determine and to report within two weeks as to their actual responsibilities towards the departments and if it was determined that it was mandatory to invite them to meetings, then it would be required that a confidentiality document be developed, signed appropriately and the charter amended accordingly;
- xxxiii. It was established that an independent person was required in order to chair the Risk Management Committee and to provide the required training. This independent person could be sourced from the Audit Committee. In the event that the appointment was made from the Audit Committee - the appointment would be made by the Municipal Manager. The appointment could also be made by the municipality by persons identified from the Provincial Treasury or District Municipality;
- xxxiv. The Audit Committee requested that the municipality provide feedback regarding the status of previous service providers in respect of the terms and conditions of appointment and service provision (eg. maintenance costs or development costs of the website);
- xxxv. The Audit Committee supported the notion that the focus should be placed on the material/ key compliance sections when auditing. It was recommended that the municipality request from the Auditor General their compliance checklist, in order for the municipality to establish whether they have taken all compliance issues into account; and
- xxxvi. In respect of the Report on the review of the s56 Managers for 2016/2017, the Audit Committee requested that the legal opinion be provided to the Audit Committee regarding the findings, in order to ensure confirmation of compliance.

The Audit Committee was constituted as follows:

MEMBER	POSITION
Mr Dumisani Mrwetyana	Chairperson
Mr Roger Hill	Ordinary Member
Mr Logan Govender	Ordinary Member
Ms Thandiwe Sobhuza	Ordinary Member

Note: A Senior Audit Executive and an Internal Auditor facilitate the audit function in-house.

Internal Audit Unit Functioning

The internal audit unit has experienced a number of challenges during the last six (6) months in particular as the Chief Audit Executive has for the most part been absent from work due to ill-health. As a result, feedback and reporting hasn't always occurred in the manner required and the effect of a lack of leadership in this area certainly has had impact.

More specifically the following challenges have been noted in terms of the inability/difficulty in meeting the following targets:

- Challenges were experienced in providing the fourth quarter report regarding the Institutional Audit Dashboard. It is noted that the Internal Audit Unit reported on the first two quarters (Q1 and Q2) during the audit committee meeting held on 19/03/2018. The third quarter report was reported at the meeting held 11/06/2018, while the 4th quarter report was not submitted by 30 June 2018 as required. The internal audit unit started with said report in July 2018 but the capacity issues and absence of significant staff have impacted on the meeting of a number of deadlines. It is acknowledged that every effort must be made to set realistic targets and to ensure that appropriate action is taken to ensure that continuity of work is able to continue regardless. Failure to ensure this will be extremely detrimental to the unit and its required functioning;
- The IT Security Audit was not completed due to the fact that the Internal Audit Unit was under capacitated. More specifically, the CAE and the Internal Audit Supervisor were off sick and the Senior Internal Auditor resigned in May 2018 - this position remaining vacant until the end of the financial year. This matter was discussed with the Audit Committee for further intervention;
- The Internal Audit External Quality Review could not be conducted due to the under capacitation of the unit. This will receive priority in the new financial year when a suitable service provider will be appointed. This remains an area of critical importance in addition to the capacity challenges, so that the necessary audit and compliance insight can be provided and contribute to required improvements overall overall;
- This year improvement was noted in that the feedback and quarterly reporting on the implementation of the Audit Action Plan was completed. This is part of a strategic and compliance initiative that will ultimately facilitate that the ability of the organization to meet all compliance initiatives identified as being "at risk". Failure to monitor this has far reaching implications overall.

While the reasons for the lack of sufficient oversight are understood it must be formally addressed. A case in point was the failure to follow through on the failure to incorporate the s 10G targets, financial ratios and Employment Equity Statistics (ensuring that these were correctly captured and phrased) within the SDBIP and to ensure accurate reporting thereupon.

Oversight, feedback and assistance are all critical functions of the audit unit, who through the Municipal Manager are required to do what is required to work with the

organization/Directorates (not against them) and in this manner to adequately prepare them to meet all matters of compliance. Daily and certainly prior to external audits being conducted, it is the role of the internal audit to facilitate the successful functioning and reporting on all levels - ensuring that all aspects of compliance are met.

d. MPAC (Municipal Public Accounts Committee)

The committee is constituted as follow:

MEMBER	POSITION
Cllr. M. Mshasha	Chairperson
Cllr. A Kwinana	Member
Cllr. M.H. Rorwana	Member
Cllr. B. Moeletsi	Member
Cllr. M. Jeje	Member

Functions of MPAC

- Provision of an oversight role in respect of the administration and executive committee of the council;
- Reviewing the municipal / municipal entity’s quarterly, mid-year and annual reports and providing an oversight report on the Annual Report for consideration by Council;
- Assisting Council to maintain oversight over the implementation of the Supply Chain Management Policy;
- Examining the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- Evaluating the extent to which the Audit Committee’s and the Auditor General’s recommendations have been implemented;
- Promoting good governance, transparency and accountability on the use of municipal resources;
- Examining the Mid-Year Review documents in line with the Integrated Development Plan (IDP); and
- Recommending or undertaking any investigation that falls within the scope of this committee’s responsibilities/ area of competence.

To fulfil its functions MPAC may/is required to:

- Seek / have access to any information required from any councillor/employee;
- Report to council on the activities of the committee;
- Perform any other function assigned to the committee through a resolution of Council;

- Call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity;
- Request the support of the internal and external auditors when necessary;
- Engage directly with the public and consider public comments when received;
- Have permanent referral with regard to the following reports:
 - Mid-year /In-year s72 reports
 - Annual Financial Statements
 - Reports of Auditor General and audit committee
 - Any other financial audit report from the municipality
 - Information on compliance in terms of sections 128 and or sections 133 of the MFMA
 - Information in respect of any disciplinary action taken in terms of MFMA on matters serving or having been served before the committee; and
 - Performance information of the municipality.

Note:

- As with the previous year, the annual work plan was drafted and implemented;
- Oversight was provided as prescribed and in terms of any other issues deemed necessary;
- The oversight report for 2017/2018 as part of the Annual Report will be drafted and tabled to Council by 31 March 2019. This report will incorporate comments and recommendations on management’s action plans developed in order to address findings raised by the Auditor General in its audit report; and
- 4 Quarterly MPAC meetings were held: 7 September 2017, 17 November 2017, 15 February 2018, 18 May 2018 and a Special Meeting on 07 March 2018.

e. Ward Committees Establishment and Functionality

Ward Committees were established in terms of section 73 of the Municipal Structures Act 117 of 1998.

Purpose

As per s74 of the Municipal Structures Act 117 of 1998, the purpose of these committees is to assist Municipal Councils in ensuring that ward issues are properly communicated to Council and are catered for should there be a need for a budget to address such issues. These meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This has assisted the municipality in ensuring that public participation is enhanced and accountability of the municipality is not compromised. In the past and in the brewing protests in Sterkspruit for example, information was communicated via this channel, especially on issues such as Municipal Public meetings and other information sharing sessions.

During 2017/2018 Ward Committee meetings were held in all 17 wards on different dates and for each quarter. These meetings were attended by community members. Issues raised by ward committees are reported quarterly to the Executive

Committee. From the results thereof, it appears that these meetings and this method of communication appears successful with issues being resolved. This system ensures that council is kept current on all issues raised within Ward Committee meetings. Accordingly reports on the functionality of Ward Committees were submitted to Standing Committee, Exco and Council.

Administrative Considerations

- Ward Committees were established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005;
- The Municipality published its By-Laws relating to Ward Committees in terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996).
- In terms of these prescriptions the following issues are required to apply:
 - Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women’s associations;
 - Committees are required to meet at least once per quarter and report formally to the Municipal Manager at least quarterly through their Ward Councillor;
 - The term of office of a member is a period of two years;
 - The Mayor is responsible overall for the functioning of the Ward Committees and will meet at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed;
 - The Mayor shall submit a 6-month report to Council on the activities and considerations of the Ward Committees;
 - Each Committee will be chaired by its respective Ward Councillor. During Ward Committee meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained; and
 - In order to facilitate the smooth running of these communities a code of conduct has been developed which will in turn be work shopped.
- In keeping with all required legislation, it must be noted that:
 - All records of meetings scheduled and attended are maintained (minuted);
 - Minutes of all meetings are made available;
 - Written proof of resolutions tabled to Council are made available;
 - Minutes are available for all feedback meetings with communities; and
 - Ward Committee activity reports are made available to all.

f. Community Development Workers (CDW’s)

Community Development Workers are required to interact with the community and identify households in need and to ensure that community relationships are nurtured

so that community participation, support and correct utilization of services occur as a result of effective marketing.

Functioning of CDW's

- All CDW's are required to undergo the appropriate training (ensuring that they clearly understand their role and purpose);
- CDW's report monthly to their co-ordinator in Sterkspruit in order to provide operational monthly reports i.e. reports on activities performed. Issues and observations noted, are forwarded monthly to the municipality via the Speakers Office;
- All Ward Committee meetings are attended by the CDW's who also then provide assistance to the Ward Councillors in respect of the dissemination of information.

Note: Difficulties in communication in respect of the CDW programme are traditionally experienced. It would seem that this occurs in part due to misunderstandings by the Ward Councillors as to the role of the CDW's and this in turn leads to miscommunications and "turf wars". Additional training is to be provided in this regard.

CDW's report to the relevant government department by utilizing designated reporting mechanisms in an effort to obtain required support and assistance for particular households. Round Table Meetings are held quarterly and chaired by the Speaker. COGTA representation is to be found at these meetings. CDW's report on their activities performed, while detailing challenges experienced within the communities in which they work - with a view to resolving these at higher levels.

While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

During Outreach during October 2017 the Honourable Mayor launched the Masiphatisane War Rooms in all 17 wards.

Institutional Meetings Held by Committees 2017/2018

INSTITUTIONAL MEETINGS	DATES ATTENDED 2017/2018
MPAC	03 August 2017
	07 September 2017
	17 November 2017
	01 March 2018
	07 March 2018
	18 May 2018
EXCO	26 July 2017
	30 August 2017
	27 September 2017
	25 October 2017
	5 December 2017
	25 January 2018
	21 February 2018
	20 March 2018
	24 April 2018
	23 May 2018
	12 June 2018
Audit Committee Meetings	21 August 2017 (rescheduled to 28 August 2017)
	16 October 2017
	4 December 2017 (rescheduled to 27 November 2017)
	19 March 2018
	11 June 2018
Council Meetings	28 July 2017
	31 August 2017
	27 October 2017
	30 November 2017
	08 January 2018
	31 January 2018
	28 February 2018
	27 March 2018
	25 April 2018
	30 May 2018

Institutional Meetings Held by Committees 2017/2018 Cont

MSCoA Meetings (Finance): 4 quarterly reports on the progress of implementation of MSCoA were tabled to Council during this financial year.

g. Committees And Committees' Purpose

COMMITTEES (OTHER THAN MAYORAL /EXECUTIVE COMMITTEE) AND PURPOSE OF COMMITTEES	
Municipal Committees	Purpose of Committee
Audit committee	Administrative Oversight
Municipal Public Accounts Committee (MPAC)	Oversight
Local Labour Forum	Labour Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance
Mandate Committee	To carry out and discuss all the mandatory issues of the Council
Remuneration Committee	To carry out and discuss all the remuneration issues of the Council
Strategic and Governance Committee	To carry out and discuss all the strategic issues of the Council
Ethics Committee	To carry out and discuss all the ethical issues of the Council
Corporate and Support Services Committee	To discuss, recommend and dealing with council related business.
Community Services Committee	To discuss, recommend and dealing with council related business.
Technical Services Committee	To discuss, recommend and dealing with council related business.
Budget and Treasury Committee	To discuss, recommend and dealing with council related business.
Development and Town Planning Services Committee	To discuss, recommend and dealing with council related business.
Occupation Health and Safety Committee	To carry out and discuss all the Occupational Health and Safety issues of the Council
Employment Equity Committee	To carry out and discuss all the Employment Equity issues of the Council

COMMITTEES AND COMMITTEES' PURPOSE CONT

The following Traditional leaders are recognized and consulted as and when appropriate

B Pitso	Traditional Leader
J Mguye	Traditional Leader
T Kakudi	Traditional Leader
N J Tikiso	Traditional Leader
T A Gcongga	Traditional Leader
N H Binza	Traditional Leader
Z Mphambo	Traditional Leader

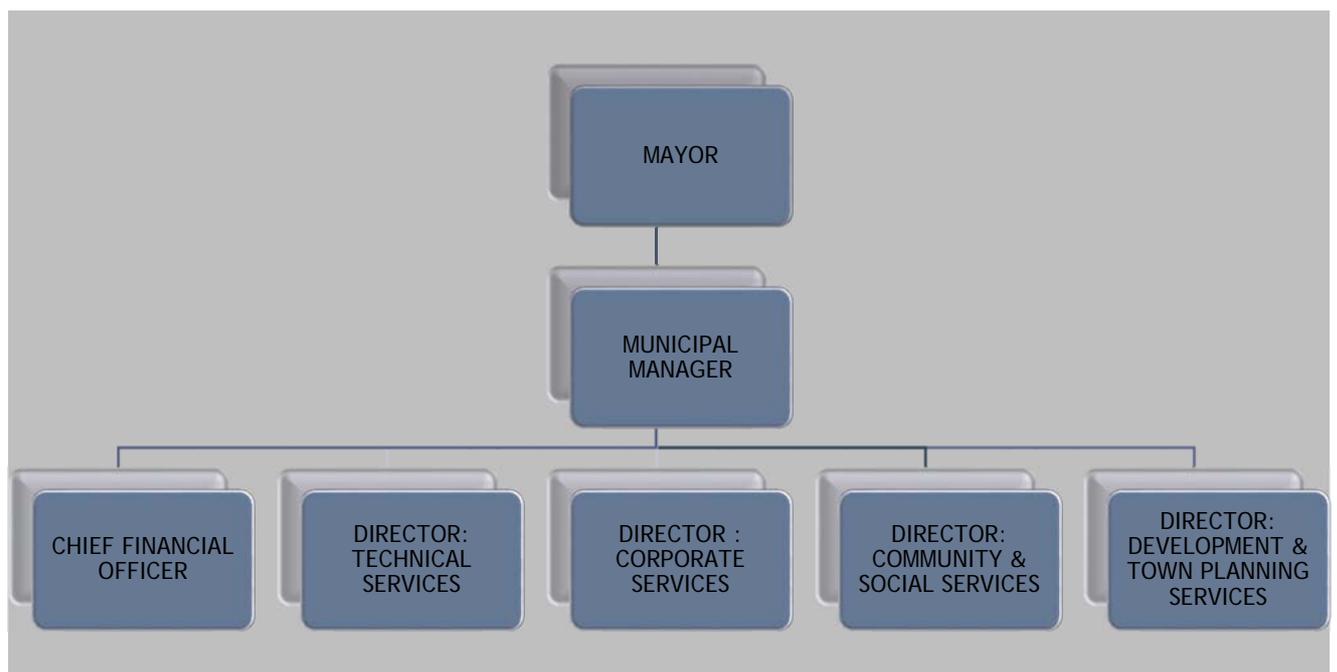
h. Political Decision Making

As already illustrated, political decisions are made through Standing Committee resolutions (after examining reports submitted) and at times these are forwarded to Council for a decision from Council i.e. Council Resolution. Actions taken must be taken strictly in accordance with a resolution number in order to be valid. A Resolution Register provides detail regarding action to be taken and follow ups are conducted in order to ensure that resolutions are acted upon.

1.1.3 Administrative Governance

a. Introduction to Administrative Governance

The functional structure representing administrative governance is reflected as follows:



As depicted by the diagram above, the administrative structure consists of the Municipal Manager (Administrative Head) and the five (5) s56 Directors who report to the Municipal Manager.

More specifically:

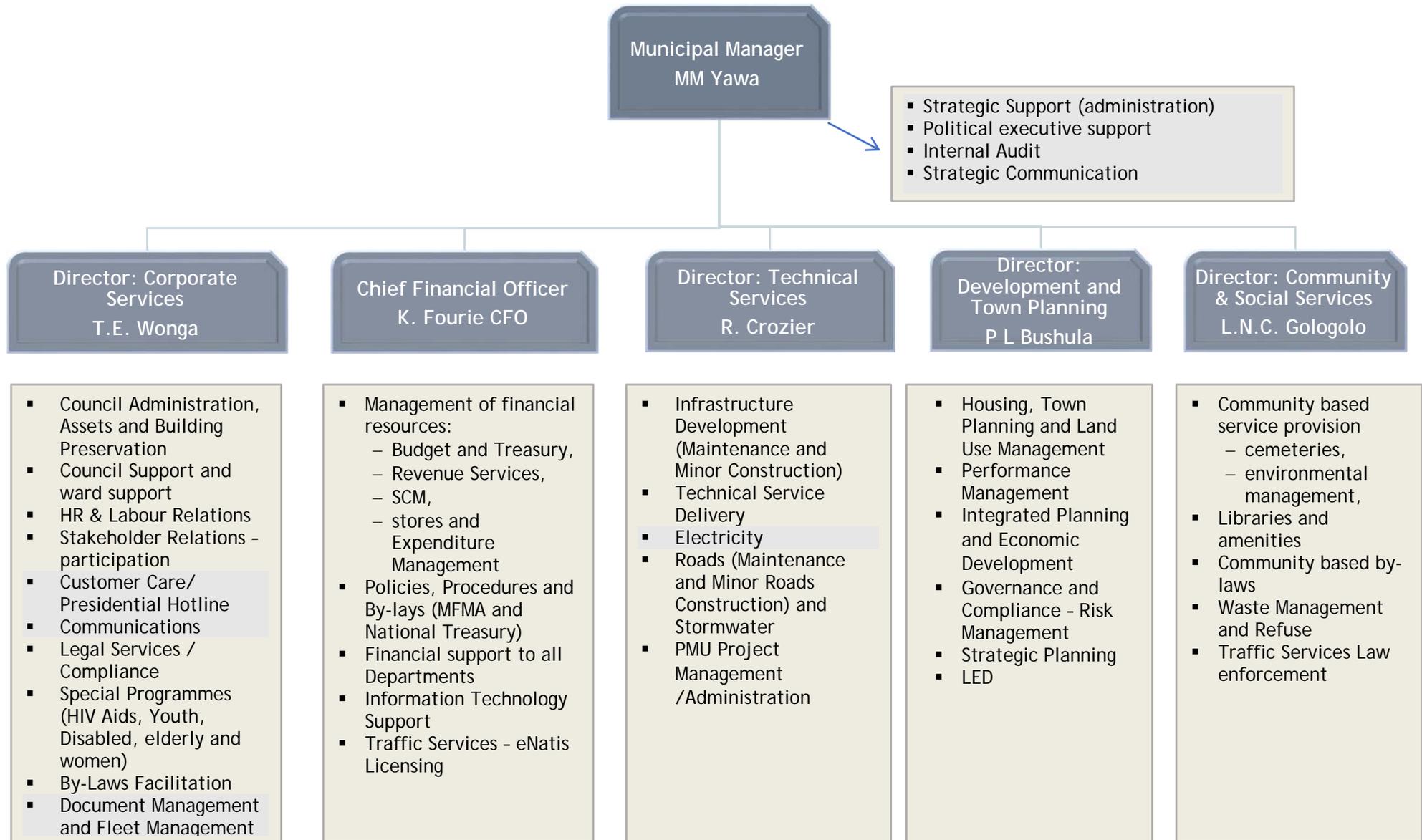
- The s56 Directors are appointed on a 5-year fixed term contract;
- Performance Agreements are signed annually between the s56 Directors' and the Municipal Manager (to whom they report). This details their specific contract conditions and together with an annually reviewed performance scorecard, their performance goals and objectives are agreed to annually (targets). It is against these that their performance will be measured; and
- S56 Directors' report regularly to the Municipal Manager regarding performance and issues requiring appropriate action.

b. **Reporting Relationships and Administrative Functioning**

- Directors report directly to the Municipal Manager regarding functional issues that relate to their specific directorates;
- Reporting occurs as per reporting lines and recognized communication structures (encouraging free flow of communication);
- Directors compile/present reports to Council regarding own directorate monthly (to the Standing Committees), who then recommends that these are approved/taken to Exco/Council as deemed appropriate (for final approval /resolution);
- Council resolutions are required to be effected within a specific period and follow ups are required to be undertaken in order to ensure that this occurs as required and timeously;
- Directors are required to meet the terms and conditions of the approved Performance Management Policy; and
- Directors are required to ensure that all reporting occurs in terms of compliance and in respect of all internal controls and systems.

The table that follows details each directorate, the name of its director and the functional requirements for each directorate:

The functional nature of each Directorate is reflected below:



COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

It is recognized that organizations benefit from both individual and shared experiences. In this manner, opportunities are created for organizations to share and learn from each other and to develop more effective skills in handling day to day operations and specific challenges.

Efforts to improve and facilitate these relationships has led to the development of IGR (intergovernmental relations) structures which have been put in place and are driven at the level of the district. The IGR Forum has been established in order to formally promote and to improve this process.

In order to govern and facilitate this process further, an Intergovernmental Relations Framework Policy was adopted by the district (Joe Gqabi District Municipality) and related structures were created that were linked to the following clusters:

- a. Social Needs;
- b. Economic and Infrastructure;
- c. Safety and Justice; and
- d. Governance and Administration.

These clusters meet within the district by-monthly, in order to discuss service delivery, policy issues, integration, co-ordination, monitoring and evaluation.

2.2.1 Existing and Functional Structures

Aside from the clusters, the following structures exist:

- **The District Technical Task Group;**
- **The District Mayor's Forum (DIMAFU);**
 - Meets quarterly to align key programmes and issues that relate to municipalities
 - This is a s79 committee (special committee that consists of Mayors of all Local Municipalities within Joe Gqabi District Municipality);
- **MUNIMEC Meetings;**
 - Attended by Mayor and Municipal Manager;
 - Driven and coordinated by MEC for Co-operative Governance (to evaluate the performance of government programmes);

- **Presidential Hotline**

- The Presidential Hotline continues unabated. This hotline is to be commended for all its efforts and achievements over the last two years in particular - which have seen it function at 91.66% efficiency;
- Regular monthly reporting on issues raised and resolved/failure to resolve have been provided as required.

- **IDP Representative Forum**

- These are held in order to consult with Sector Departments and in order to link IDP processes; and
- It is to be noted that all four (4) required meetings were held as planned.

- **Integrated Public Participation Forum**

- This is informed in part by the IDP Process Plan;
- 4 Meetings were held as required on: 5th September 2017, 5 December 2017, 14 March 2018 and 17 May 2018; and
- Efforts are continuously made in order to improve and create conditions to facilitate public participation.

2.2.2 Intergovernmental Relations

a. National Intergovernmental Structures

All the programmes that are developed by Senqu Municipality are derived from the legislative policies that are approved by National and Provincial Government. The Local Development strategies in Senqu Municipality's Integrated Development Plan are aligned to the National Development strategies and policies.

b. Provincial Intergovernmental Structures

Munimec meetings are attended as and when run. Munimec technical team and political team meetings are scheduled and attended accordingly. These meetings are held in order to discuss and to resolve issues of mutual interest with neighbouring municipalities. Reference is made to Appendix D (detailing a complete list of entities and delegated functions).

c. District Intergovernmental Structures

Efforts to improve intergovernmental relations are driven at the level of the district. The IGR Forum has been used in the past to promote this process and Joe Gqabi District Municipality has adopted an Intergovernmental Relations Framework Policy. Intergovernmental structures were created (linked to the clusters of Social Needs; Economic and Infrastructure; Safety and Justice and Governance and Administration) and these are functional. Notwithstanding it must be noted that the District IGR Forum has not been active for the last financial year.

Additional structures have and do include:

- The District Technical Task Group;
- The District Mayor's Forum (DIMAFU) - meeting quarterly in order to align key programmes and issues between all municipalities within Joe Gqabi District Municipality. This s79 committee comprises the Mayors of all local municipalities within the district. It was unfortunate that within this financial year, the MM was not able to attend due to other work commitments.

As is clearly observed, in this manner, many opportunities are provided for the benefit of both district and local municipalities.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Every year formal opportunities are created in order to provide the public with opportunities to input into organizational objectives and the manner in which services need to be and are addressed. In addition, they are given opportunities to "interact" with information regarding service delivery, operational and financial performance (IDP and Budget meetings, SDBIP reporting, Performance and Annual Reports and the like). In this manner, a "people centered" organization is created - one in which the needs of the community are noted and plans are made to address these through processes of interaction and inclusion.

The IDP Process and Budget Plan are just a few of the structures that have been created in order to ensure that public participation occurs effectively - ensuring that the needs of the public are met.

2.3.1 Public Meetings

Communication, Participation and Forums

Historically, it is noted that the Communication Plan and Strategy was adopted and implemented successfully (reported on monthly) and implementation reports were submitted quarterly to Council.

Ward Committee members, Councillors, members of the LED Forum, SPU and government departments were invited to form part of the Public Participation Forum. Emphasis was placed on the Mayoral Imbizos' in order to utilize the information obtained to identify and

inform key projects for the coming year. Mayoral Imbizo targets were met (achieving two meetings in two wards) and Mayoral Imbizos' were held from 31 October 2017 to 20 November 2017. The Outreach took place from 08 - 16 May 2018 and was divided into three groups due to time constraints. These were led by the Mayor, Speaker and Chief Whip. Input from the community, budgetary constraints and operational issues and challenges were used to inform and choose projects that appeared in the municipal 5-year IDP (2017 - 2022). Community information sessions and feedback were used to prioritize these projects for each subsequent year. The results of this were then prioritized within the IDP and Public Representative Forum meetings, and the prioritized projects (municipal and government) were then tabled to Ward Committee members.

Communication continues through Ward Committee meetings, radio talk shows and printed media. Additionally, the Presidential Hotline and the manual receipt of complaints are also being utilized in order to address all complaints received from communities and other stakeholders. Regular (monthly) reporting of issues raised/discussed are then submitted to the standing committees. In an effort to heighten the success of customer care initiatives, the municipality has launched a Customer Care Number which is continually advertised to communities. The development of social media sites for Senqu Municipality continues to fail to be successful. Mayoral outreaches provide a forum for community complaints and it is here that many community complaints are received. The Customer Care Officer and Clerks register the complaints in the Complaints Register, facilitating that this is then formally handled.

During the current financial year, the Communication Plan was reviewed and implementation reports were submitted monthly to the Corporate Services Standing Committee.

Efforts to improve public participation and communication have involved the extensive use of other communication media. These include:

- a. Newspapers (reporting on highlights) such as: Daily Dispatch, Aliwal Weekly, Daily Sun, The Reporter and the Eagle Eye News;
- b. Broadcast media such as: Takalani Community Radio, Ekhephini Community Radio and LA FM Community Radio. These are used for media activities such as: advertising of Mayoral Outreaches and in order to communicate with the community generally. Mhlobo Wenene is used only when the need to advertise broadly is required, as this represents an extremely costly option;
- c. Due to the vacancy of the designated post, the newsletter was not able to be developed and issued during the 3rd and 4th quarters; and
- d. Budget consultations occur in order to collect community needs and to report on needs. These meetings usually include traditional leaders, CDW's, community members, ward committees and other interest groups applicable to these wards.

2.3.2 Other Roleplayers Used to Improve Public Participation

In addition, the following role-players are used to heighten and improve public participation overall:

a. Community Development Workers (CDW's)

The CDW's report to province, but also report to the municipality via the Round Table Meeting which is held quarterly. Communication and cooperation is facilitated by these round table meetings where issues relating to the wards may be discussed. These discussions are chaired by the Speaker and meetings are constituted as follows: Ward Councilors', Traditional Leaders, Local Government, Traditional Affairs Representatives and CDW's.

b. Economic Development Forum

This forum meets quarterly and comprises all stakeholders involved in LED. Issues and challenges relating to LED implementation are discussed and the forum monitors the implementation of the LED Strategy. 4 meetings were held as required on: 18 October 2017, 27th November 2017, 24th February 2018 and 18th May 2018;

c. Communications Forum

This forum meets quarterly in order to discuss issues relating to communications within the region. It consists of local municipal communicators, GCIS and local media representatives;

d. Ward Committees

As s73 structures (as per s73 of the Municipal Structures Act, Act 117 of 1998) these have been created in order to facilitate ward communication with Council. Committees have met monthly and report to the Speaker regarding issues of interest. Historically, meetings have not always been held as regularly as required and in an effort to improve attendance, the payment of stipends was recommended by National Treasury. Financial constraints have impacted negatively on this.

These committees are extremely effective in facilitating two-way dissemination of information, notwithstanding any challenges experienced with Sterkspruit. Senqu Ward Committees are effective in the sense that issues raised by ward committees are reported on quarterly to the Executive Committee. This ensures that council in general is on board of function of the ward committees at all times.

Reference: Appendix E (Ward Committee Governance) and Appendix F (Performance Data for Wards)

e. Comment on Effectiveness of Public Meetings Held

The Public Participation Plan was approved and adopted and Public Participation Meetings were held, although it is noted that this is an area that requires attention and meetings were postponed at times. It is noted that not all of the Pre-determined targets were reflected within the SDBIP. This issue was rectified later on in the year and addressed formally within the s46 report. Improvements are evident within the following financial year.

It is recognized that despite progress and the effectiveness of meetings held, ongoing efforts must continue in order to increase opportunities for Public Participation.

2.3.3 IDP Participation and Alignment

s34 of the Municipal Systems Act, (Act No 32 of 2000), together with Chapter 2 of the Local Government Municipal Planning and Performance Management Regulations (No. 796/2001) requires the development and completion of the Integrated Development Plan (IDP). This 5-year document was first compiled in 2002, then in May 2006, in 2011 (for the 2011-2016 period) and more recently in 2016 (for the 2016-2021 period). The reviewed IDP for 2018/19 was adopted by Council 30 May 2018.

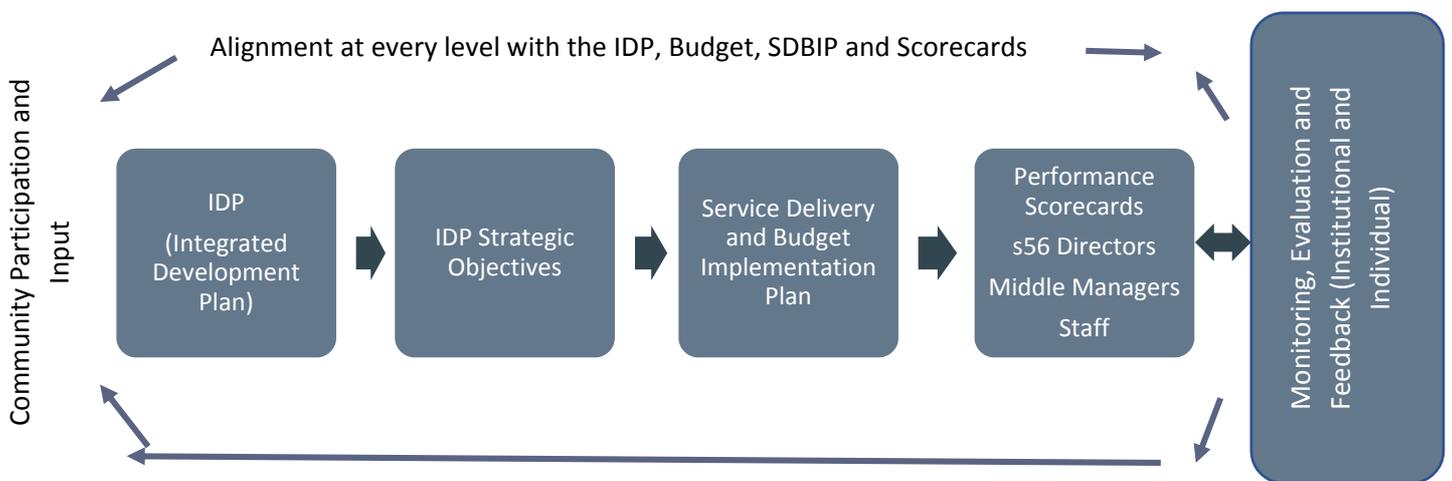
The IDP is required to correspond with each new Council's elected term of office. It is the organization's strategic document that directs and influences the functioning of the organization overall - informing and influencing the strategic direction and operation of all projects and planning that occurs internally.

The Integrated Development Plan (IDP) is explained by the diagram that follows, detailing its impact and role within the organization. More specifically the following points of explanation are noted:

- a. The IDP is developed for a period of 5 years and is reviewed annually. The strategic targets and goals take into account the available resources and are developed as realistic goals that are reworked annually from the 5 year strategic goals. Available resources are taken into account and impact on the development and approval of annual achievable and realistic targets - aligned to the overall strategic objectives contained within the IDP;
- b. A Process Plan is developed annually which informs the manner in which the IDP will be reviewed and managed (and public participation will be maximized);
- c. Planned meetings are detailed and scheduled as required;
- d. Performance is evaluated according to the use of the Budget Evaluation Checklist;
- e. The Budget Executive Committee meets regularly in order to evaluate the previous year's budget process - learning from current and past situations;
- f. It is critical that there is alignment between the IDP, Budget and the SDBIP. In this manner, the achievement of performance objectives as reflected in performance scorecards will facilitate the achievement of the IDP strategic objectives;

- g. In accordance with this philosophy, alignment must be carried through to the population of the s56 Directors' scorecards and to the levels below; and
- h. The assessment of the degree to which performance targets are achieved is facilitated through regular assessment and reporting structures. Reporting structures are in place in order to ensure that implementation, monitoring and feedback occurs ongoing - thereby ensuring that every effort is being made to meet the IDP objectives.

Figure: Development of the IDP through Public Participation and alignment with SDBIP and Budget



In keeping with the practice of planned IDP related consultations, the following meetings and achievements occurred:

The 2018/2019 review of the 2017-2022 final IDP was developed and adopted by Council on 30 May 2018;

- The development of the 2018/2019 IDP Review and Budget Process Plan was adopted by Council on 28 July 2017;
- The SDBIP was formally compiled and approved by the Mayor within twenty-eight days after approval of the Budget (signed 7 July 2017);
- Only 2 of the required 4 IDP and Budget Steering Committee meetings were held. These meetings were changed by the Mayor due to other urgent council commitments. These were held in the third and fourth quarter;
- 4 IDP Representative and Public participation Forum meetings were held quarterly as required and reports were submitted to the related standing committees;

- During the fourth quarter a roadshow (supported by various Directorates) was completed as part of the public participation initiative;
- Four (4) Round Table Meetings were held, the Mayoral outreach Imbizos for all wards were held on the 6th of November 2017 and on the 8th until the 16th May 2018; and
- The Mayoral Budget speech was well organized, notwithstanding the many day to day challenges. All needs and inputs (formally identified by the community) were recorded, prioritized and included in Council's Integrated Development Plan (which was adopted by Council). The table below provides a brief analysis of the participation and alignment that resulted in the development of the IDP and related documents.

IDP PARTICIPATION AND ALIGNMENT CRITERIA* 2017/2018	YES/ NO	COMMENT
Does the municipality have impact, outcome, input, output indicators?	Yes	
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes	
Does the IDP have multi-year targets?	Yes	5-year Target with implementation of mSCOA
Are the above aligned and can they calculate into a score?	Yes	In only 2 instances the KPI's are assigned to different KPA's. Scoring can be done.
Does the budget align directly to the KPIs in the strategic plan?	Yes	
Do the IDP KPIs align to the Section 56 Directors	Yes	Scorecards are developed from SDBIP.
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes	
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes	Municipal Performance Management Regulations s10g
Were the indicators communicated to the public?	Yes	Process Plan and IDP Rep & Public Participation Forum 17 May 2018
Were the four quarter aligned reports submitted within stipulated time frames?	Yes	

COMPONENT D: CORPORATE GOVERNANCE

2.4 OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance is required to ensure that all legislative prescriptions are adhered to and in so doing to ensure that the rights of all stakeholders are protected.

Governance and compliance issues are required to be managed in the strictest sense. The administrative arm and related/designated human resources are required to ensure that all prescriptions (legal / policy prescriptions) are adhered to as prescribed, in order to ensure that the organization functions effectively and minimizes/eradicates all identified aspects of risk.

This section will detail issues relating to: Risk Management, Fraud and Anti-Corruption, Supply Chain Management, By-laws, Website access and Public Satisfaction levels --- all in terms of compliance required and the level achieved.

2.4.1 Risk Management

Section 62(i)(c) of the Municipal Finance Management Act prescribes that formal risk management is a matter of compliance. In terms of this, it is required that all municipalities develop and adopt an effective, efficient and transparent system of risk management.

It is acknowledged that the failure to identify and manage identified risks will impact negatively on the organisation (financially and operationally). Costs and the negative impact of failing to manage risk cannot be justified, particularly if the risk had been noted and no appropriate action was taken. The lack of appropriate action would reflect as poor business practice and poor management overall. The "fall out" in respect of this would include: extreme costs to the organisation, audit queries and possible audit qualifications.

Note:

- Despite consideration being given to the top 5 Risks organizationally as reflected in the table that follows, it is prudent to highlight a number of additional risks that are no less problematic and just as concerning. These relate predominantly to the issue of Performance Management and specifically to the manner in which it is applied individually and institutionally in terms of functioning and reporting;
- It appears that many of those in top management positions do not realize that the entire function of performance management belongs to managers and supervisors at whatever level in the organization. Management and supervision represents a core function of the job and needs to be taken seriously and conducted daily;
- Reporting on performance is required to be completed correctly, accurately and timeously. As a case in point, inputs into the s46, s72, pertinent areas of the Annual Report (not to mention SDBIP and other reporting) are not taken seriously by top management. It is the responsibility of all directorates and departments to input timeously and appropriately and it is concerning that this is seldom occurs with the time and motivation given to it in terms of worthwhile content. It must be noted that the absence of management and the failure to produce accurate information and the correct documentation will have very serious consequences for the organization overall. The fact that Senqu Municipality has achieved a clean audit report is no guarantee that it remains this way and the failure to present accurate and correct information will impact very seriously on this. It must be noted that the status of "Clean Audit" can be withdrawn by the Auditor General should this be found wanting. This is a huge risk to the organization on many levels - it relates to the ability to achieve performance optimization and ensuring that the organization functions optimally on every level and achieves all aspects of compliance;
- It is concerning that staff only "appear" to have an interest when it may or may not affect potential bonuses. As managers' the function of "management" is mandatory and paramount;
- It must be noted that performance is evaluated differently when we speak of employee performance assessment vs institutional performance assessment. In the

case of employee assessments, performance may be legitimately affected and this is considered carefully and may/may not result in performance being "met with a variance" - with due consideration of all the evidence. In the case of institutional performance assessment, no such consideration is made ---it is essentially either "met", "not met";

- The role of the internal audit is one of oversight and assisting management to be successful. In addition, it is required that support be provided in respect of approved, compliant and legitimate policies. As an example, while the right to question and ensure correctness is recognized, it should never impede on the ability of the organization to perform as required in terms of a policy that is approved. Reference is made to the ongoing issue regarding "self-scores" which is brought up annually and justified and substantiated as acceptable practice annually. Many workshops and information sessions have been held in order to clarify this issue and following agreement of sorts it gets raised again and again - to the point where one has to begin to question the logic and purpose of this all. This practice of the internal audit and related structures in itself represents a risk - which can easily lead to unnecessary destabilization of recognized and compliant practices (such as this policy and function) and may contribute unnecessarily to the cause of wasteful and fruitless expenditure - due to ongoing and unnecessary workshops, legal opinion (already received) and the like; and
- The Governance and Compliance Division must be commended for their tireless efforts in attempting to source required information. Timeframes are sent out weeks in advance and every bit of assistance and training is offered and provided (with very few parties taking advantage of this). It is not for this division to "manufacture" and supply the required data and information and it is unrealistic to assume this, as it is the responsibility of each and every director and manager within the relevant directorates to do so - as part of their responsibilities for which they are remunerated. In reality it must be remembered that failure to do so is in contravention of the terms and conditions of their employment contracts. It must be remembered that the role of Governance and Compliance is to facilitate, advise, assist and coordinate inputs required - not to physically do the work of the Directors themselves. This is an age old issue that it is hoped can finally be resolved.

Top 5 Risks (2017/2018)

TOP FIVE RISKS OF SENQU LOCAL MUNICIPALITY FOR 2017/2018		
Risk	Current Controls	Action Plan
1. Land invasion	<ul style="list-style-type: none"> ▪ Municipality issuing notices to individuals who transgress. ▪ Municipality gets court order. ▪ SPLUMA By-Law. ▪ Building control policy. ▪ Building control officer x 1 and Land-Use Officer x 1 ▪ PIE Act. Workshop were conducted on SPLUMA, town planning applications and processes. 	<ul style="list-style-type: none"> ▪ Develop land invasion strategy to address illegal use of municipal vacant properties.
2. Non-compliance in terms of NERSA and the Electrical Regulation Act	<ul style="list-style-type: none"> ▪ Municipal and Eskom areas of distribution in the license issued by NERSA are identical. This is causing confusion regarding rights to distribute electricity. ▪ License conditions are not adhered to. ▪ No S 78 processes have been conducted and no Service Delivery Agreements are in place. ▪ No dedicated control rooms. ▪ Tariffs are not guided by the RSA Distribution Code of 2014. 	<ul style="list-style-type: none"> ▪ NERSA to take a final decision after due process. ▪ NRS 048: Purchase and installation of quality of supply equipment for monitoring and the possibility of capacitor banks dependent on quality of supply. Auto recloser insertion at strategic points. Telemetry switching and monitoring. Data recording, management and analysis in order to maintain quality of supply and safety to consumers. NRS 047: A 24 hr control centre is established and overtime is paid to staff above the threshold as per the LRA, to reduce outage times. Establishment of an electrical master plan. (28 February 2019) ▪ Establish an electrical control room once all equipment for monitoring quality of supply is installed and functioning. ▪ Appointment of a PSP to review and recommend phased in tariffs as approved by NERSA.

TOP FIVE RISKS OF SENQU LOCAL MUNICIPALITY FOR 2017/2018		
Risk	Current Controls	Action Plan
3. Ineffective implementation of the IWMP	<p>Non- compliance in terms of NEMWA due to:</p> <ul style="list-style-type: none"> ▪ Operations is not complying in terms: <ul style="list-style-type: none"> (a) No compaction is taking place in Sterkspruit which results into health hazards (b) Sterkspruit dumping site not fenced. <ul style="list-style-type: none"> ▪ Lack of waste minimisation of initiatives which includes: <ul style="list-style-type: none"> (a) Non-alignment between the municipality's five-year targets and IWMP (b) Lack of operational plan for landfill sites <p>Lack of Waste Management Policy.</p>	<ul style="list-style-type: none"> ▪ Purchase compactor ▪ Employee security to monitor access control ▪ Fence the dumping site ▪ To get recycle facilities (MRF / Buy back centres) ▪ Develop waste management policy
4. Increases debt growth	<ul style="list-style-type: none"> ▪ No Revenue Enhancement Strategy. ▪ Poor planning of cash collecting targets. ▪ Outdated FSB register. ▪ Insufficient meter readers to read meters. ▪ Insufficient vehicles. ▪ Lack of meter reading tool. 	<ul style="list-style-type: none"> ▪ Develop and implement a revenue enhancement strategy. ▪ Enforce the credit control and debt collection by-law to give effect to the revenue enhancement strategy. ▪ Current beneficiaries must be verified Treasury and Cogta. ▪ Appoint two additional meter readers. ▪ Purchase new vehicles. ▪ Purchase new computers.

TOP FIVE RISKS OF SENQU LOCAL MUNICIPALITY FOR 2017/2018		
Risk	Current Controls	Action Plan
5. Non-compliance with the mSCOA implementation	<ul style="list-style-type: none"> ▪ Continuous changes by NT on the versions of mSCOA. ▪ Concentration of then service provider largely on finance modules of the mSCOA. ▪ Insufficient capacity to implement the centralisation of SCM. ▪ Managers is more operational than overseeing the operations of SCM. 	<ul style="list-style-type: none"> ▪ Centralise SCM. ▪ Appoint Senior Officer.

The risk management function is housed within the Directorate Development and Town Planning in the Governance and Compliance Division. This function is managed by the Manager: Governance and Compliance. Risk remains the responsibility of each Directorate and said parties on all levels are required to manage risk within the ambit of their control.

Oversight on Risk

The Internal Audit Committee is required to provide oversight on matters of risk - especially in respect of the top five risks identified. This oversight is provided while evaluating the perceived and actual risk experienced. In a recognized manner, approved processes of measurement, reporting and control are undertaken in order to manage risk effectively.

In order to facilitate monitoring, oversight and management, the following structures and reporting mechanisms are utilized:

- a. Risks are monitored and reviewed regularly;
- b. 4 quarterly reports were provided to the Internal Auditor for Audit Committee Consideration;
- c. The municipality has developed a Risk Profile;
- d. Directorates/Departments are advised on mitigating measures that are required to be implemented in respect of identified risks;
- e. The Risk Action Plan for each Directorate is required to be developed, monitored and reviewed annually;
- f. The Risk Registers are monitored and updated monthly;
- g. Measures to deal with identified risks are monitored and reports submitted to Council;
- h. Risk assessment reporting is done on a quarterly basis and submitted to the Audit Committee and Council.
- i. Risk reporting was conducted timeously for quarters 1, 2 and 3. In quarter 4 while it is acknowledged that the risk report was prepared it could only be submitted to the Internal Audit Committee based on their agreed date for sitting and this was held outside of the formal quarter dates (met with a variance); and
- j. In an effort to combat fraud, to prevent any inappropriate influences regarding supply chain management processes and awards and as a matter of compliance, all staff members and Councillors were required to sign their disclosures in the Conflict of Interest Register;
- k. The Conflict of Interest Register was developed and tabled however it was required that the approving authority be corrected from the Standing Committee to that of the Audit Committee. The item was subsequently sent to the Audit Committee meeting on the 16 October 2017. 3 Councillors and 1 Official (CAE) had not yet completed their Declarations of Interests. It is noted that the target does not include /mention/specify that the said register must be tabled to the Audit Committee. The register was provided to the Internal Audit by 12 January 2018.

2.4.2 Litigation Issues

The municipality is currently involved in the following litigation issues that could result in damages/loss awarded against/ in favour of Council if claimants are / Municipality is successful. The following cases apply:

LITIGATION ISSUES	2018	2017	2016
<p>1. <u>Landfill Sites</u></p> <p>The municipality does not have a permit or license for all the landfill sites currently in use and could be liable for a penalty in terms of Section 24G of the Environmental Conservation Act.</p>		-	-
<p>2. <u>Hawks1</u></p> <p>On 21 April 2017 judgement was handed down on this matter. Sentencing has been postponed on numerous occasions as a result of delays caused by the State and sentencing will be handed down on 24 August 2018. An application for leave to appeal against the judgment and sentencing will be made on 24 August 2018. Council has resolved to support the appeal.</p>		-	-
<p>3. <u>Hawks2</u></p> <p>The Director of Public Prosecution: Grahamstown has decided to stop the prosecution of the senior managers for charges relating to allegedly defeating the ends of justice, interference, and assault and resisting arrest. The charges were formally withdrawn in the Sterkspruit Regional Court on 08 March 2018. The Municipality has recovered taxed costs in an amount of R191 648.87 from the SAPS as a result of a successful application in the Grahamstown High Court to have the mobile phone of one of the accused returned.</p>	R 191 648.87	R 191 648.87	

Litigation Issues cont

LITIGATION ISSUES	2018	2017	2016
<p><u>4. Civil claims for unlawful arrest, unlawful detention and malicious prosecution</u> Judgment was handed down in favour of one of the senior managers on 24 October 2017 in an amount of R404 000.00 plus interest and legal costs. The Minister of Police & Captain Lwana has appealed the quantum of the award. The taxed costs recovered from Minister of Police & Captain Lwana will be paid to the Municipality.</p>	R 404 000.00	R 404 000.00	
<p><u>5. Ex-Gratia Payment</u> Upon termination of the Municipal Manager and 3 other Section 57 Manager's contracts, an ex-gratia amount of 1,25 x the employees' gross annual salary will be paid to these employees. Finance should advise as only 2 Directors qualify for this.</p>		8 180 640	7 356 623
<p><u>6. Land Invasion</u> The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal area.</p>		-	-
<p><u>7. Moeletsi, Nqogoda & April defamation claims</u> The Councillors have instituted separate legal proceedings against the Municipality, together with the Mayor for defamation in respect of an article that appeared in the Eagle Eye Newspaper in August 2013. The matters are dormant as the Councillors have not taken any steps to have the matters set down for trial. The matter is held in abeyance and dependent on the Councillors' further action.</p>		300 000	300 000

Litigation Issues cont

LITIGATION ISSUES	2018	2017	2016
<p>8. <u>Languza Unfair Dismissal</u> Ms Languza has instituted a claim for loss of income for the period 15 February 2015 to 31 March 2017. The Municipality is in the process of negotiating a settlement amount with her lawyers. The matter was heard in the Labour Court on the 2nd March 2018 and the municipality was ordered to pay the amount under claim minus the UIF claim paid to Ms Languza whilst she was not working. The Municipality has decided to comply with the order and is in the process of paying out. The Municipality has paid over the monies owed to Ms Languza and the matter is now closed.</p>	701 740.24	701 740.24	
<p>9. <u>Travel and Subsistence Claim</u> Councillor Tindleni has put in a claim against the municipality for Travel and Subsistence money not yet paid out. The trial was set down for 13 and 14 June 2017 but both the plaintiff and the defendants attorneys agreed that the matter is not ready to proceed to trial in June 2017 and it was removed from the roll with no costs to the Municipality. The Matter is being held in abeyance and dependent on the plaintiff's further action</p>		60 000	60 000

Litigation Issues cont

LITIGATION ISSUES	2018	2017	2016
<p>10. <u>MTN Dispute</u> Invoices from MTN for services rendered are under dispute. The Municipality's contract with MTN was renewed without approval by the municipality. R207 632.04 was disclosed as a contingent liability 2015/16 AFS & remains until the liability prescribes in 2018. The Municipality defended a claim of R 779 411.47 by MTN after the Municipality's contract with MTN was renewed without approval by the Municipality and subsequent to the contract being set aside by the High Court. The Municipality advised the MTN lawyers that it will defend the claim. The matter is dormant but the liability remains until end of February 2019.</p>		779 411	207 632

2017/2018 period:

It must be noted that Legal Services have remained an outsourced function. A data base of suitable service providers has been established in order to ensure that appropriate assistance for legal cases may be obtained in the correct and prescribed manner as per the Supply Chain Management policy and practices.

The database relating to contracts and lease agreements is currently managed by the Corporate Services Directorate. The management and control of disciplinary cases remains a critical function and responsibility. As such it remains imperative that appropriate measures are put in place in order to manage these cases and to provide the required regular statistical reporting.

2.4.3 Anti-Corruption and Fraud

Senqu Municipality has an approved Fraud Prevention Plan. This plan outlines the concept of "fraud" and has resulted in the development of a Code of Conduct for Employees and Councillors. Procedures for reporting fraud and a policy and practice to be utilized to protect "whistle-blowers" was developed and implemented. This plan also outlines the policies and procedures that must be adhered to/implemented in order to prevent any fraudulent practice/activity that may be observed within supply chain management activities and the like. To this end it is further noted that the Internal and External Audit as well as the Audit Committee are required to

provide an oversight role in this regard and all are mandated to expose any evidence of fraud.

Note: Most of the recommendations of this plan have been implemented and all employees have been inducted regarding the Code of Conduct.

Fraud and Anti-corruption Strategy

In an effort to minimise and to prevent fraud it is noted that:

- a. The Fraud Prevention Plan is in place and is being implemented by the Compliance Officer;
- b. All new employees and Councillors are inducted regarding the Code of Conduct - thus ensuring that they are adequately prepared regarding protocols and the manner in which all parties are required to behave;
- c. In terms of the Disciplinary Policy and Procedure Code, any instance of misbehaviour /malpractice will result in appropriate action in terms of the policy;
- d. Very clear procedures for authorisation of approval/payments are in place in order to prevent corruption, fraud and theft. In this regard, very specific signing authority as per the Municipal Finance Management Act (MFMA), is specified;
- e. In any instance where it is suspected that a person has contravened any aspect relating to compliance/having committed fraud, they are immediately suspended pending the nature of the allegation and if justified criminal charges are laid; and
- f. It is noted that both the Mayor and the Municipal Manager have publicly condemned acts of corruption, fraud and malpractice of any kind.

Audit Committee Comments/Recommendations (as per Appendix G)

Notwithstanding the progress within this area it is important to make reference to the Audit Committee Recommendations for the current year - thereby ensuring that all issues are accommodated. In this regard reference is made to Appendix G.

2.4.4 Supply Chain Management

Overview of Supply Chain Management

The MFMA s110-119, the SCM Regulations of 2005 and the relevant MFMA circulars set out the required processes and guidance manuals that will facilitate that the application of Supply Chain Management Policy and Procedures - facilitating the correct acquisition and provision of required goods and services.

- a. All SCM reporting submissions as legislated were met. Quarterly reports to the Municipal Manager and Mayor were made within 10 working days of each

- quarter, and submission of annual SCM report within 30 days of end of each financial year on implementation of SCM Policy to Council; and
- b. During 2017/2018 SCM compliance reporting was submitted to National Treasury for Bids over R100 000; and
 - c. Reference is made to **Appendix H** for detail regarding long-term contracts and Chapter 3 for statistical reporting regarding Supply Chain Management.

Note: Chapter 3 in which the analysis of performance in respect of Supply Chain Management is discussed in greater depth.

2.2.5 By-Laws

Consultants have been appointed in order to facilitate the review and adoption of the Municipal By-Laws. Financial constraints have been experienced. Notwithstanding those identified and planned for were reviewed.

Comments on By-Laws

During 2017/2018 money was set aside specifically to look at the review of the municipal by-laws. This process has to date not been completed although a service provider was appointed and an additional meeting with the service provider was scheduled for the end of July in order to agree on a process plan.

2.2.6 Municipal Website

Comment Municipal Website Content and Access

The website was developed in order to improve communication with communities. Reports on the monitoring of the Website in terms of compliance with the MFMA and MSA were submitted quarterly to the Executive Committee and Audit Committee.

The Communications Officer is required to maintain and update the Website regularly. It must be noted that the content of the website has greatly improved, although there is always room for improvement and growth aesthetically and overall in terms of the "look and feel" and functionality. This function was moved to the IT Department due to capacity issues and the fact that the individual best suited to perform this function was within this department (with required resources).

Note: The MFMA s75, requires that Municipalities monitor and report on the use of their websites by the public - detailing the number of hits per website and related data.

The new website was developed and launched during the 2017/2018 financial year and is constantly updated.

Restructuring and Update on Progress

The Website function overall was moved to the Finance IT Division, due to the fact that the employee tasked with this function did not have the required expertise necessary in order to provide this function optimally. In addition, this situation was exacerbated by the many difficulties experienced while attempting to develop the new website which were service provider related. Ultimately and in an effort to reduce operational and project costs overall, the IT division was requested to handle this function. In particular, it must be noted that the IT Manager, Ms Oertel developed the new website and has subsequently maintained this at no additional cost to council.

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL	
Documents published on the Municipality's /Entity's Website	Yes /No
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
All budget-related documents:	Yes
All budget-related policies	No
Annual report	No
The annual performance agreements for the municipal manager and other senior managers are placed on the website.	Yes
The date these agreements were posted on the website is shown	Yes
All service delivery agreements	Yes
All long-term borrowing contracts	No
All supply chain management contracts above R30 000	No
An information statement of capital assets that have been disposed	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	No
All quarterly reports tabled in council	No
Public invitations for formal price quotations	Yes
Public invitations for competitive bids	Yes
The number of quarterly reports tabled to council on the implementation of the budget	Yes
Oversight reports	No
Monthly budget statement	Yes
Mid-year budget and performance assessment	No
The IDP is placed on the website	Yes
The SDBIP is placed on the website	Yes
Strategy (LED)	No
Delegations	No
Internal Audit charter	No
Audit Committee charter	No
Risk Management Policy	No

2.2.7 Public Satisfaction on Municipal Services

During the period under review no Customer Care survey were conducted as no funding was allocated for Customer Care Surveys.

In an effort to provide opportunities for Customers to rate municipality and/or to complain, address issues of concern the following tools / opportunities are provided:

- a. Complaint boxes have been installed at designated Community Halls and all Municipal offices throughout the Senqu Municipal jurisdiction (Lady Grey, Sterkspruit and Barkly East). The boxes are opened weekly and the complaints /suggestions if any are channelled through the Communication divisions to the relevant Directorates for response;
- b. The Customer Care section has further developed a Customer Complaints Register for all external complaints (including calls, walk-ins and anonymous complaints). Reports (inclusive of statistics) are submitted to the Standing committee monthly;
- c. The Complaints Hotline has been installed (number is 0861 (Senqu) 73678), this together with feedback from the many public participation structures, the Presidential Hotline, Performance and Service Delivery statistics and the like, the organization continuously look for ways to address the issues raised and to improve the level of customer satisfaction;
- d. The Presidential Hotline is provided to ease the resolution and reporting of complaints; and
- e. The public are encouraged within all public participation initiatives to use these opportunities to discuss and resolve issues. Notwithstanding these efforts, the suggestion boxes are not fully utilised as the communities prefer face-to-face interactions with staff members at the Customer Care Division.

DISCLAIMER

The information provided within this report is reliant on the information provided by the various Directorates. Difficulties in validating data continues to be experienced and as such, the accuracy of all information provided cannot be assured.

It is the responsibility of all Directorates to provide the required information which is then required to be collated and submitted within the correct format. While it is acknowledged that certain directorates have attempted to provide this information as requested, many have not complied or submitted extremely late - perhaps due to recent issues that have surfaced in respect of certain contracts. Despite this, all parties are still within the employ of Senqu Municipality and are thus bound to provide required information and not to impede progress - especially in an area such as this, which has compliance responsibilities.

In particular it is noted that the Internal Audit section appears to have reservations about providing required oversight and opinions - in a sense believing that their oversight role precludes them from providing opinions and offering/providing required information. This is a serious concern and certainly a grave misconception. In terms of their role and function it is imperative that they provide required input and support to the organization as requested and required.

The greatest response to date has been from the Development and Town Planning Services Directorate and the Budget and Treasury Directorate. In addition to the dynamics currently at play, it appears that staff within other directorates appear to believe that it is the responsibility of the collators and the co - ordinators' to provide all required information. This is unacceptable as the report is that of Senqu Municipality (with each directorate taking full responsibility for information relating to their specific directorate). Content and the accuracy thereof is not the responsibility of the collators' and the coordinators' - their role is simply to obtain, collate, align and restructure information provided and not to verify this in any way. In addition, it is the technical responsibility of all relevant directorate staff to provide inputs regarding performance and issues within their own directorates. They are required to take responsibility for any inputs provided as they are aware on a functional level as to what information is applicable / relevant. Under these circumstances the collators and the coordinators cannot be held accountable for the quality/accuracy/absence of information provided or the lack thereof.

As this is the first draft of this report, it is understood that certain information is still lacking from the information provided. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents. Notwithstanding, it must be noted that at times the manner in which the information is presented in these other documents may not align with the detail contained within this report, especially where additional detail is provided. Under these circumstances the collator is reliant on the information provided by the departments and is not able to validate this.

In instances where information is found to be lacking or inadequate you are hereby advised that the coordinator of this report has only been able to work with the information provided to them - and as much as they have attempted to validate this where possible they cannot be held accountable - for the reasons reflected above.

This is an extremely serious situation and must be regarded and handled as such --- - failure to comply and provide accurate data may have serious consequences for Senqu Municipality - not the least of which will relate to an audit qualification.

Under these circumstances it is advisable that this situation be taken up formally with MPAC and following investigation - those persons who are found to be non-compliant in this regard need to be issued with the relevant compliance order so that this matter may be addressed formally, appropriately and once and for all.



CHAPTER THREE
SERVICE DELIVERY
PERFORMANCE
(PERFORMANCE REPORT
PART 1)

2017 - 2018

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

INTRODUCTION

Service delivery functions exist with their own set of challenges and this is very much a historic situation. Over the years, Senqu Municipality has been faced with challenges in respect of: old and ageing infrastructure and the scarcity of required resources for ensuring that service delivery targets are adequately addressed in a coordinated fashion. The municipality obtained a “clean audit” from the Auditor General’s office and having established that Senqu Municipality enjoys a sustainable and positive cash flow and financial “good health”, (experienced consistently over a number of consecutive years), the limited financial resources (for infrastructure development) impacts negatively on the ability of the organization to provide optimal service delivery within all areas and at all times.

This situation is exacerbated by the municipality being characterized by high levels of unemployment and an extremely small rate base. Ultimately, this all impacts on the revenue base and resultantly on the ability as an organization to have required and much needed financial resources with which to engage in infrastructure maintenance and development activities.

As already indicated, despite these issues, Senqu Municipality has received accolades, not only for its financial health but for the manner in which the IDP was compiled and the high levels of service delivery provided.

Reference is made to **Appendix D** (Functions of all municipal entities); **Appendix I** (Service Providers Report) and **Appendix F** (Service Delivery performance at Ward level) in order to provide both context and progress in terms of projects undertaken.

Currently the following service delivery functions are being provided by Senqu Municipality (noting that the water services and sanitation function are performed by Joe Gqabi District Municipality as the Water Services Authority):

- Electricity distribution - licensed areas only
- Provision of assistance to Eskom with rural electrification issues
- Street Lighting
- Roads construction and maintenance - municipal and access roads (including Stormwater Maintenance)
- Storm water and pavement construction
- PMU / Infrastructure planning and Technical Administration (including roads - PMU Construction)

- Library Services (Service Level Agreement entered into between Senqu Local Municipality and DSRAC on an agency basis. (Portion of funding received from DSRAC)
- Community Halls and facilities
- Cemeteries
- Sport and Recreational Facilities
- Parks and Public Open Spaces
- Public Safety
- Commonages
- Issuing of business licenses
- Communications
- Town Planning (Land Use Management, Housing and Building Control)
- LED (Tourism, SMME and Poverty Alleviation); and
- Building of crèches (Grant funding through MIG)

Each of these areas will be examined in terms of reporting on their performance for the period under review.

COMPONENT A: BASIC SERVICES

3.1 ELECTRICITY

3.1.1 Background

Senqu Municipality has been licensed by the National Energy Regulator of South Africa (NERSA) to distribute electricity within the towns of Sterkspruit, Lady Grey and Barkly East. It was always assumed that Eskom is licensed to supply the rural areas. In truth this is a matter of perspective as according to legislation, municipalities are considered to be “wall to wall” and the electricity authority overall, in terms of the Constitution.

In terms of electricity disputes and issues currently faced it must be noted that:

- The matter for the right to reticulate electricity within the new 802-unit housing project in Barkly East (Boyce Nondala) remains “ongoing”. An official dispute was declared with Eskom and this has been submitted to NERSA. This process is currently still under way - five (5) years after the original application to NERSA;
- Public hearings were held in Pretoria during August 2017. The result was received in June 2018 despite Eskom having been informed by NERSA in March 2018 that NERSA had rejected Eskom’s application and that the matter would be required to be arbitrated by the Department of Energy. The primary purpose of this was to increase the revenue base of the municipality safely and to facilitate improved service delivery while implementing it’s rights in terms of the Constitution;

- It is noted that while most of the Senqu communities have access to electricity, there are certain communities that are still required to be electrified (either in the form of electricity installations of infill sites, new connections or for those that have no grid connection, solar power);
- Overall, it must be acknowledged that the standard of electricity provision within the licensed area is considered to be “reasonable” as the municipality strives to and manages to maintain the various National Rationalisation Standards (NRS 047 & NRS 048), ERA and the NERSA licence conditions;
- Electricity backlogs have been noted within the rural areas and it is currently calculated that 2 741 households do not yet have access to basic electrical services, and 363 households within the municipal area;
- The current electricity backlog within the rural area is being dealt with under the Integrated National Electrification Programme (INEP) that utilizes Eskom through INEP funding. A further R 5 000 000 was allocated to Senqu Municipality for 323 new connections in wards 2 and 3, in order to assist Eskom with the eradication of the backlog. This is detailed further below;
- The strategic Electrical Upgrade Programme has been running for the past five (5) years and is expected to run for a further three (3) years - although this is clearly dependent on available resources. On completion it is expected that all networks (LV and MV) will be upgraded, safety standards will have been met, service connections will have been replaced and metering systems updated and replaced (resource dependent). It is the intention that this would extend the lifespan of the distribution networks for an estimated further thirty (30) years, or longer, depending on circumstances such as development, disaster and the like. This programme is dependent on the level of capital and operational funding made available within the approved budget; and
- The installation of pre-payment split phase, AMI ready, metering is continuing in a phased in approach in order to assist with backlogs and to minimize losses.

3.1.2 Overall Challenges and Comments regarding Electricity Provision

- There are limited financial resources to accommodate required upgrades to old and ageing infrastructure;
- There are a great number of schools, clinics and other social facilities that don't have a regular supply of electricity (if any supply at all);
- Affordability of the service is a challenge, recognizing that Senqu has such a high rate of unemployment;

- Electricity tokens are difficult to distribute as vendors are generally far from the rural areas and the population is widely spread over a large geographical area - in many cases with great difficulties being experienced in terms of transport;
- Electricity losses occur due to theft, poor metering management, poor network conditions in some areas and incorrect accounts (although it is noted that this is improving);
- Electricity losses were found to have increased from 16.76% in 2015/2016 to 17.5% in 2016/17. During 2017/2018 the municipality incurred distribution losses relating to electricity totalling R0,956 million (14,03%) [2017: R1,9 million (17,84%)]. Increases, or simply the unacceptably high levels of losses may be attributed to: illegal connections, meters not being read and not being able to access meters in order for readings to be done. It is for this reason that the AMI Metering Project has been approved for the 2017/2018 financial year (an amount of R 2 M was allocated in order to fund the replacement of 320 meters. This project will continue over time until completion;
- Meter reading dates between the municipality and Eskom do result in in-accurate electricity information. The installation of AMI (smart metering) will resolve this matter once successfully implemented, as will the installation of bulk meters as per and when budget is allocated;
- An insufficient maintenance fund exists, and this is required to be increased in order to remedy the situation;
- It is noted that Electricity backlogs exist within the rural areas (Eskom - specifically non-grid areas). These are being addressed by Eskom with assistance from the municipality, in terms of the INEP. Eskom was presumed to have been licensed for these areas, but this is not the case. Notwithstanding, it is noted that 92.22 % of the municipality rural area has been served, and 88.96% of urban area, based on a total household count of 38 347 rural households and 3 126 urban households. That represents a total of 41 473 households. An additional 360 un-formalised households were added to the municipal backlog hence the decrease in households served;
- The Council has resolved to distribute electricity under the Senqu license within the commonage areas surrounding the towns. This has begun with the "Newtown" or "Boyce Nondala" area as it is now known. This application was made in terms of the Electricity Regulation Act of 2006, during 2013. Negotiations with Eskom have failed, and the matter will continue in terms of the Electricity Regulation Act and the Constitution until resolved;
- An application was submitted and approved for R 5 m by the DoE INEP programme for 2017/2018 financial year for 323 connections in wards 2 and 3. The project did not achieve the 323 connections targeted due to the fact that Eskom did not provide the meters as required as the project was initiated in order to assist Eskom. Their

meters were therefor required to be used. Under these circumstances, this project will be handed over to Eskom “as is” and Eskom will have to complete the project at their cost and a report will be submitted to the DoE regarding the failed project cause;

- SALGA is required to take up the matter of electrical distribution rights within municipalities and it is noted that this would require a change to legislation as Eskom does not traditionally accede to existing areas of their “claimed” area of distribution being transferred to municipalities. This issue needs to be addressed in terms of the Constitution and a municipality may only allow an external service provider to distribute if a Section 78 process has been completed and a Service Delivery Agreement is in place;
- Supply Chain Management is impractical in application when it comes to the rural circumstances and attempts to source suitable service providers results in lengthy delays in service delivery, which in turn result in potential under-expenditure, service delivery delays and unnecessary stress for staff in order to meet set targets;
- Currently a lack of sufficient funding to obtain a full staff complement and scarcity of skills is experienced, putting the municipality at non-compliance and financial risk;
- The lengthy break down in plant, vehicles and equipment is having a serious impact on projects and municipal income, as both are disrupted when this occurs. Cherry pickers require urgent replacement/repair;
- Service delivery within these areas was compounded by the matter of interns and the fact that job creation (EPWP/CWP) staff were not allowed to work overtime or to be on standby;
- The target percentage for losses was previously 15% but COGTA has now regulated that this will be 10% nationally and the municipality will accordingly reset its final target to 10% or less over the next 3 years. It is expected that this target will be met by June 2021 (resource dependent);
- The lengthy break down in plant, vehicles and equipment is having a serious impact on projects and municipal income, as both are disrupted when this occurs. The Cherry picker vehicles require urgent replacement;
- Eskom has not honoured the agreement made in 2016 regarding the electrification backlogs and has not submitted a DORA report and or any other information;
- The lack of interest from Eskom regarding the municipality’s requirements is unacceptable and is negatively affecting civil capital projects in that their infrastructure is required to be moved in order for roads to be constructed, despite payment by the contractor. At the time of this report there has still been no response;

- There is an urgent need for an Artisan / Electrician in Lady Grey town;
- There is a critical situation currently experienced regarding overtime payments for staff earning in excess of the threshold, who are simply given “time off”. Under these circumstances the municipality, due to insufficient capacity of available staff, loses its ability for the electrical section to function correctly and places other staff at risk as they are then forced to work without supervision. This matter was taken to top management, who obtained a legal opinion to the effect that the municipality should not pay overtime to these members. This is in contravention of the LRA, ERA, electrical license of NERSA and OHS and a report was resubmitted to top management where it was again decided that this should be forwarded for legal counsel. To date, no response has been received. This still leaves the municipality at great risk in terms of compliance (NRS) and financial viability (Credit control);
- Eskom meters are found to have been installed within the Senqu area of distribution. This has been reported to Eskom, but the trend seems to be continuing;
- It is unknown as to how Eskom is being paid through the INEP as it has been years since the municipality last signed off on a DORA report. This affects municipal and Eskom planning in a negative manner as no information has been received since 2016 regarding progress of backlog reduction and cost related thereto; and
- As Eskom currently assumes, they are the licensed supplier in rural areas and they do not allow other utilities to utilise their infrastructure. It is therefore expensive to supply public lighting due to infrastructure duplication.

3.1.3 Achievements

During this period the following work was completed successfully:

- 2 634 m of new electrical MV and LV conductors were strung and 164 were replaced in Barkly East, Lady Grey and Sterkspruit;
- Transformers refurbished: 4
- New connections: 193
- Meters replaced: 319
- Disconnections for non-payment: 77
- Reconnections: 48
- Call outs: 191
- Overtime hours: 2 962
- Service connection faults: 108

- Overhead, line faults: 22
- UG cable: 2
- Street Light complaints received and dealt with: 200
- New street lights installed: 8
- Street lights replaced: 138
- Highmast tower repairs: 19
- Street light repairs: 327
- Outages Planned Municipality: 17
- Outages unplanned Municipality: 16
- Eskom planned outages: 0
- Eskom outages unplanned: 6
- Illegal connections: 14
- Store value: R 697 312.15
- New Eskom connections: 1 123 (This is an estimated figure as Eskom has not forwarded the required data as requested).

Disclaimer:

These figures have been provided by the Director: Technical Services and include additional data to the data provided within the s46 Report (as an audited document). At times slight differences in numbers may be attributed to the fact that the data has extended beyond the dates applicable to the s46 Report and at times the information (in terms of breakdown and type) may differ from the manner presented within the s46 report.

a. Progress to date is reflected as follows (taken from the reviewed IDP 2017-2022)

	INDICATOR NAME	TOTAL NUMBER OF HOUSEHOLD/CUSTOMER EXPECTED TO BENEFIT	ESTIMATED BACKLOGS (ACTUAL NUMBERS) End of 2017/18	TARGET SET FOR THE FINANCIAL YEAR UNDER REVIEW (ACTUAL NUMBERS)	NUMBERS OF HOUSEHOLDS/CUSTOMERS REACHED DURING THE FINANCIAL YEAR	PERCENTAGE OF ACHIEVEMENT DURING THE YEAR
1	Percentage of households with access to electricity services	170 in urban Est 1 123 in rural	363 (urban) 2 741 (Rural) Based on Eskom estimate	170 323 started by the LM on behalf of Eskom in rural areas 1 123 (Eskom estimate)	190 new connections 1 123 (Rural) Estimated due to no Eskom data received	113.53% 0% (Eskom meters not received but ready for connection) 100% (Eskom) Estimated - No data
2.	Percentage of indigent households with access to free basic electricity services	100% of applicants (Urban) Est 66.77% of applicants (Rural)	On application (Rural)	682 (Urban) 8 362 (use) Rural	682 (Urban) 12 523 (Rural Registered)	100% 66.77%
3	Percentage of indigent households with access to free alternative energy sources	0 (Urban) 625 (Rural) 0 (Eskom)	625 (rural)	625 (rural)	625 (rural)	10.84%

ESKOM DISTRIBUTION (RURAL AREA - DATA IS ESTIMATED DUE TO THE LACK OF INFORMATION PROVISION FROM ESKOM)

b. Electricity Service Delivery Levels

ELECTRICITY SERVICE DELIVERY LEVELS				
Households (Eskom Area)				
Description	2014/15	2015/16	2016/17	2017/18
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity - prepaid (min. service level)	33 350	34 064	34 564	35 685
<i>Minimum Service Level and Above sub-total</i>	81.13%	85.3%	83.46%	92.22%
<i>Minimum Service Level and Above Percentage</i>				
Energy: (below minimum level)				
Electricity (<min. service level)	0	0	0	0
Electricity-prepaid (<min. service level)	0	0	0	0
Other energy sources	9 074	5 756	6 889	2 741
<i>Below Minimum Service Level sub-total</i>	21.9%	14.7%	16.65%	7.78%
<i>Below Minimum Service Level Percentage</i>				
Total number of households	39 438	41 408	41 453	38 347

c. ESKOM Consumers

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
ESKOM AREA						
Households						
Description	2015/16	2016/17	2017/18	2017/2018		
				'000		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<u>Formal Settlements</u>						
Total households	41 408	41 453	38 347	20 433	20 433	20 433
Households below minimum service Level	5 756	6889	2 741			Estimated
Proportion of households below minimum service level	13.9%	16.65%	7.78%			
<u>Informal Settlements</u>						
Total households	Info	Available				
Households below minimum service Level		Above				
Proportion of households below minimum service levels						
Household calculations rectified by subtracting municipal households from Eskom due to separate "areas of supply						

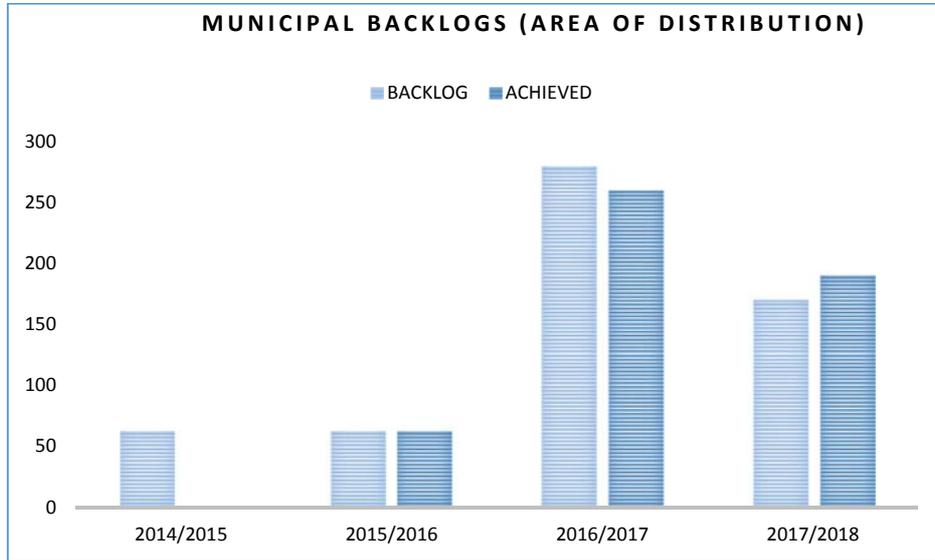
d. Electricity Service Delivery Levels

ELECTRICITY SERVICE DELIVERY LEVELS				
Households(Municipal)				
Description	2014/2015	2015/2016	2016/2017	2017/2018
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)	1 652	1 680	1 683	834
Electricity (at least min. service level)	691	768	1 058	1 909
Electricity - prepaid (min. service level)	2 343	2 448	2 761	2 763
<i>Minimum Service Level and Above sub-total</i>	95.83%	89.7%	99.2%	88.96%
<i>Minimum Service Level and Above Percentage</i>				
Energy: (below minimum level)	282	282	22	363
Electricity (<min. service level)	0	0	0	0
Electricity-prepaid (<min. service level)	1 652	1 680	1 683	834

e. Municipal Backlogs (Area Of Distribution)

YEAR	2014/2015	2015/2016	2016/2017	2017/2018
BACKLOG	63	63	280	170
ACHIEVED	0	63	260	190

Municipal backlogs as reflected per table above in graph below



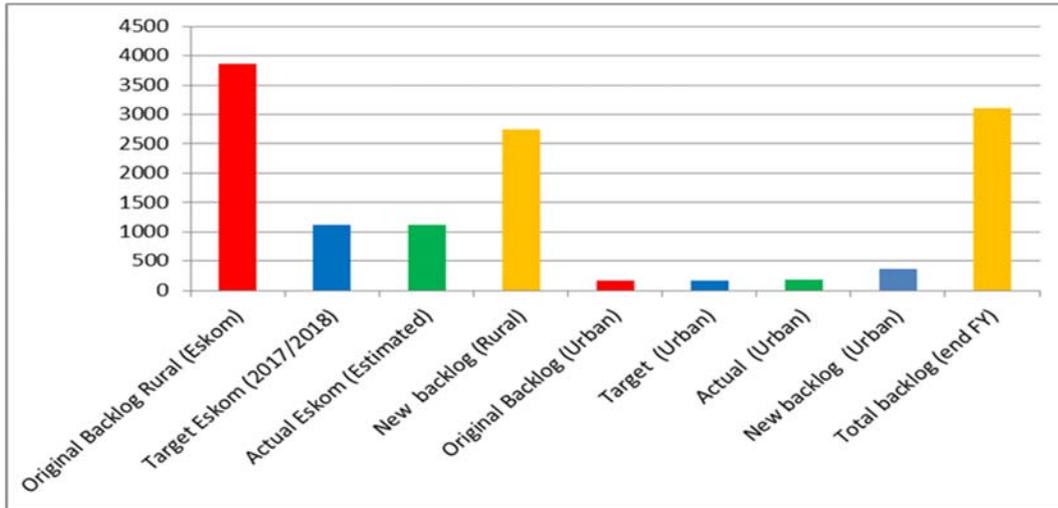
TOTAL BACKLOGS (Eskom & Municipality)

ESKOM DISTRIBUTION - Data is estimated due to lack of information provision from Eskom)

Total Households	Original Backlog Rural (Eskom)	Target Eskom (2017/2018)	Actual Eskom (Estimated)	New Backlog (Rural)	Original Backlog (Urban)	Target (Urban)	Actual (Urban)	New Backlog (Urban)	Total Backlog (end FY)
41473	3664	1123	1123	2741	170	170	190	363	3104

Note: It must be noted that the Eskom target for 2017/2018 is estimated to be 1 123 households.

BACKLOGS AS PER ABOVE TABLE



f. Households with Electricity Service Levels Below The Minimum Service Levels

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
MUNICIPAL AREA						
HOUSEHOLDS						
Description	2014/15	2015/16	2016/17	2017/18		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Actual No.	Original Budget No.
Formal Settlements						
Total households	2 343	2 448	2 448	2 741	2 448	2 763
Households below minimum service Level	0	0	0	0	0	0
Proportion of households below minimum service levels						
Informal Settlements						
Total households	2 224	2 343	2 448	2 448	2 741	0
Households below minimum service Level	63	63	63	282	20	303
Proportion of households below minimum service levels	2.7%	2.6%	11.4%	0.74%	11.4%	11.61%

g. Electricity Service Policy Objectives taken from IDP (as per table that follows)

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Service Objective	Outline Service Targets	2016/2017		2017/2018			*Following Year		
		Target	Actual				Target		
		*Previous Year		*Previous Year	*Current Year	Actual	2018/19	2019/2020	2020/2021
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxxx									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (No elect.)	1 878 (Eskom) Munic - 260	859 (Eskom) Munic -280	1 878 (Eskom) Munic - 260	1 123 (Eskom) Munic for Eskom-323	Eskom - 1 123 Estimated- No Eskom information Munic - 0 [Meters not received from Eskom]	Eskom Planned: 1 005 Municipality: 323 for Eskom from previous year and 511 for current year = 834 total	Eskom Planned: 400 [Estimated infills] Municipality: 363	Planned Eskom = Municipal: 322
Facilitate the provision to access to adequate basic services in the area of Electricity / Reduce backlogs in service delivery in the areas of Electricity	Reports developed to detail manner in which backlogs for electricity& roads will be alleviated & sustained with financial planning All Wards / Provision of Implementation plan & quarterly reports to detail manner in which backlogs will be managed/ Municipal Manager/ Manager TS	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports	12 x monthly reports 4 x Quarterly reports

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objective	Outline Service Targets	2016/2017		2017/2018			*Following Year		
		Target	Actual				Target		
		*Previous Year		*Previous Year	*Current Year	Actual	2018/19	2019/2020	2020/2021
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxxx									
Facilitate a improved electricity infrastructure and service provision as per implementation strategy and plan	Management, monitoring & oversight to ensure improved electricity infrastructure & service provision as per implementation strategy & plan in respect of report on no of New connections (no of application) /no new meters installed/ changed serviced /repaired & no new conductors replaced /networks changed /establish a store	Reduce Electricity losses to below 18%	<ul style="list-style-type: none"> ▪ 7 952 m of new MV & LV conductor stringed, ▪ 559 m of conductor replaced, ▪ 3 x Transformers were refurbished, ▪ 293 new connections, ▪ 219 non-payment disconnections, ▪ 131 reconnections, ▪ 224 meters replaced, ▪ 214 call outs dealt with, ▪ 2 710 hours overtime worked, ▪ 159 service connection faults, ▪ 28 OH line faults, ▪ 11 UG cable faults, ▪ 175 street complaints, 	Reduce Electricity losses to below 18%	Reduce Electricity losses to below 16%	<ul style="list-style-type: none"> ▪ New conductor erected: MV=0 LV = 2 634 m ▪ Conductor replaced: ▪ MV=0 LV=164 m ▪ Transformers refurbished = 4 ▪ New connections = 193 ▪ Meters replaced = 319 ▪ Disconnections for non-payment = 77 ▪ Reconnections = 48 ▪ Call outs =191 ▪ Overtime hours = 2 962 ▪ Service connection faults = 108 ▪ OH line faults = 22 ▪ UG cable = 2 ▪ Street Light complaints = 200 	Reduce losses to below 18%	Reduce losses to under 16%	Reduce losses to below 14%

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objective	Outline Service Targets	2016/2017		2017/2018			*Following Year		
		Target	Actual				Target		
		*Previous Year		*Previous Year	*Current Year	Actual	2018/19	2019/2020	2020/2021
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxxx									
			<ul style="list-style-type: none"> ▪ 27 new street lights installed ▪ 123 street lights replaced, ▪ 5 high mast towers refurbished, ▪ 467 street repairs, ▪ OUTAGES: ▪ Munic Unplanned- 11 ▪ Munic Planned- 13 ▪ Eskom Unplanned- 7 ▪ Eskom Planned- 3, ▪ Illegal connections- 11, ▪ 260 new consumers connected in Sterkspruit through INEP, ▪ store value dropped to approx. R 818 000 from approx. R 1 522 000 in the previous year 			<ul style="list-style-type: none"> ▪ New street lights = 8 ▪ Street lights replaced = 140 ▪ Highmast tower repairs = 19 ▪ Street light repairs = 327 ▪ Outages Planned Municipal = 17 ▪ Outages unplanned Municipal = 16 ▪ Eskom planned outages = 0 ▪ Eskom outages unplanned = 6 ▪ Illegal connections = 14 ▪ Store value = R 697 312.15 ▪ Electricity losses = 13.83% 			

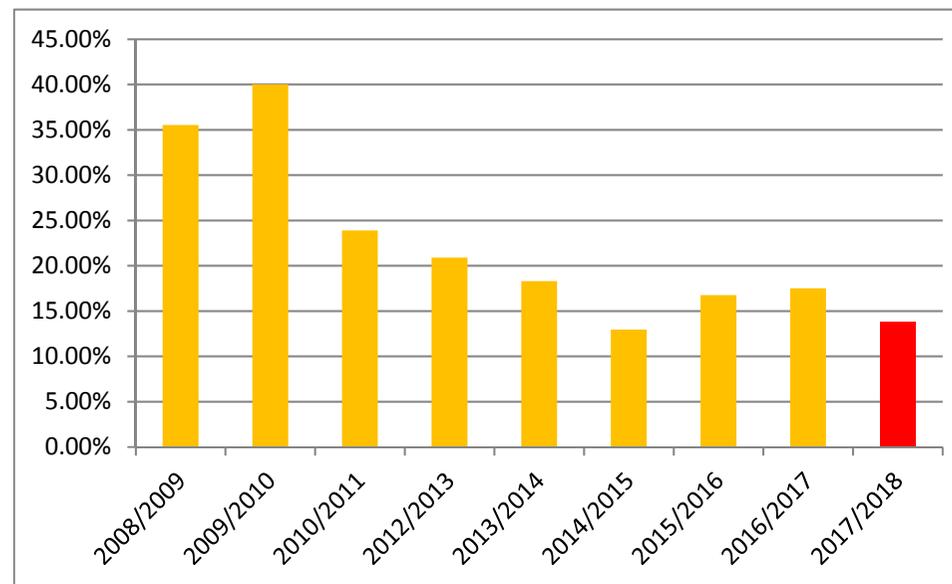
ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objective	Outline Service Targets	2016/2017		2017/2018			*Following Year		
		Target	Actual				Target		
		*Previous Year		*Previous Year	*Current Year	Actual	2018/19	2019/2020	2020/2021
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxxx									
Facilitate a improved electricity infrastructure and service provision as per implementation strategy and plan	Management, monitoring & oversight to ensure improved electricity infrastructure & service provision as per implementation strategy & plan in respect of report on no of New connections (no of application) /no new meters installed/ changed serviced /repaired & no new conductors replaced /networks changed /establish a store	Reduce Electricity losses to below 18%	<ul style="list-style-type: none"> ▪ 7 952 m of new MV & LV conductor stringed, ▪ 559 m of conductor replaced, ▪ 3 x Transformers were refurbished, ▪ 293 new connections, ▪ 219 non-payment disconnections, ▪ 131 reconnections, ▪ 224 meters replaced, ▪ 214 call outs dealt with, ▪ 2 710 hours overtime worked, ▪ 159 service connection faults, ▪ 28 OH line faults, ▪ 11 UG cable faults, ▪ 175 street complaints, 	Reduce Electricity losses to below 18%	Reduce Electricity losses to below 16%	<ul style="list-style-type: none"> ▪ New conductor erected: MV=0 LV = 2 634 m ▪ Conductor replaced: ▪ MV=0 LV=164 m ▪ Transformers refurbished = 4 ▪ New connections = 193 ▪ Meters replaced = 319 ▪ Disconnections for non-payment = 77 ▪ Reconnections = 48 ▪ Call outs =191 ▪ Overtime hours = 2 962 ▪ Service connection faults = 108 ▪ OH line faults = 22 ▪ UG cable = 2 ▪ Street Light complaints = 200 ▪ New street lights = 8 ▪ Street lights replaced = 140 	Reduce losses to below 18%	Reduce losses to under 16%	Reduce losses to below 14%

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objective	Outline Service Targets	2016/2017		2017/2018			*Following Year		
		Target	Actual				Target		
		*Previous Year		*Previous Year	*Current Year	Actual	2018/19	2019/2020	2020/2021
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxxx									
			<ul style="list-style-type: none"> ▪ 27 new street lights installed, ▪ 123 street lights replaced, ▪ 5 high mast towers refurbished, ▪ 467 street repairs, ▪ OUTAGES: ▪ Munic Unplanned- 11 ▪ Munic Planned- 13 ▪ Eskom Unplanned- 7 ▪ Eskom Planned- 3, ▪ Illegal connections- 11, ▪ 260 new consumers connected in Sterkspruit through INEP, ▪ store value dropped to approx. R 818 000 from approx. R 1 522 000 in the previous year 			<ul style="list-style-type: none"> ▪ Highmast tower repairs = 19 ▪ Street light repairs = 327 ▪ Outages Planned Municipal = 17 ▪ Outages unplanned Municipal = 16 ▪ Eskom planned outages = 0 ▪ Eskom outages unplanned = 6 ▪ Illegal connections = 14 ▪ Store value = R 697 312.15 ▪ Electricity losses = 13.83% 			

h. Electricity Losses (Historic to Date)

2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
35.53%	40%	23.9%	14.9%	20.89%	18.31%	12.95%	16.76%	17.5%	13.83%

Electricity losses as per above table



3.1.4 Table: Employee Statistics: Electrical Services

EMPLOYEES: ELECTRICITY SERVICES					
Job Level	Year 1	Year 2017/2018			
TASK SYSTEM	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3	0	6	6	0	0%
4-6	7	7	4	3	17.6%
7-9	0	0	0	0	0%
10-12	3	2	1	1	5.9%
13-15	0	1	1	0	0%
16-18	1	1	1	0	0%
19-20	0		-	0	0%
Total	11	17	13	4	25.3%

Note: No funded vacant positions exist for this year.

3.1.5 Financial Performance

FINANCIAL PERFORMANCE YEAR JUNE 2018: ELECTRICITY SERVICES					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	64 969	69 900	70 205	66 916	3 289
Expenditure					
Employees	5 366	3 990	5 072	5 751	-11%
Repairs and Maintenance	2 134	3 113	2 664	2 148	24%
Other	38 785	42 302	40 508	31 427	29%
Total Operational Expenditure	46 285	49 405	48 244	39 326	23%

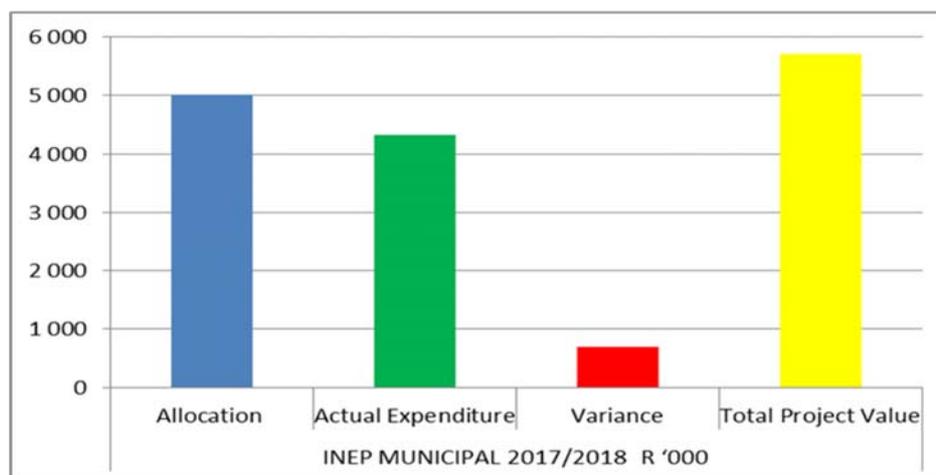
3.1.6 Electricity Services Capital Expenditure 2017/2018

CAPITAL EXPENDITURE YEAR 2017/2018: ELECTRICITY SERVICES					
MUNICIPAL AREA					
R' 000 (Ex VAT)					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All					
Tools & Equip & Vehicles	80	80	75	5	75
Infrastructure	2 120	2 437	2 310	-190	2 310

3.1.7 Municipal INEP Allocation (2017/2018)

INEP MUNICIPAL 2017/2018				
R'000				
Allocation	Budget	Actual	Variance	Total Project Value
5 000	5 000	4 322	678	5 701

INEP EXPENDITURE AS PER ABOVE TABLE



The INEP Project as reflected above has been initiated in order to assist Eskom with the eradication of backlogs within the Senqu Municipal area and is implemented in wards 2 & 3. An extension of time was granted to the contractor for additional works

that had to be done and this extended the completion date to 31 August 2018. Eskom will be taking over this infrastructure. It is to be noted that meters were purchased from Eskom during March 2018 but have not to date been received. This has resulted in the project not having been completed and of the 323 connections planned, none have been achieved. The project total value increased to R 5 701 150.49 with expenditure as at 30 June 2018 being R 4 322 292.92 leaving an under-expenditure on the grant of R 677 707.08 and a shortfall of the R 701 150.49 in order to complete the project. A roll over request will be submitted for the R 677 707.08.

3.1.8 Operational Cost Electrical Services (Distribution)

OPERATIONAL EXPENDITURE: YEAR JUNE 2018: ELECTRICAL SERVICES (DISTRIBUTION)					
DETAILS	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	64 969	69 900	70 205	66 916	3 289
Expenditure					
Employees	4 840	3 342	4 395	5 237	-16%
Repairs and Maintenance	1 534	2 086	1 845	1 652	12%
Other	38 459	41 618	39 338	31 074	27%
Total Operational Expenditure	44 833	47 046	46 238	37 963	22%

3.1.9 Operational Cost Electrical Services Street Lighting

OPERATIONAL EXPENDITURE 2017/2018: STREET LIGHTING				
Details	2017/18			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-
				Expenditure
Employees	647	676	514	31%
Repairs and Maintenance	1 027	819	496	65%
Other	685	511	352	45%
Total Operational Expenditure	2 359	2 006	1 362	47%

3.1.10 Capital Expenditure Year 2017/2018: Electricity Services (Street Lighting)

CAPITAL EXPENDITURE YEAR 2017/2018: ELECTRICITY SERVICES (STREET LIGHTING)					
MUNICIPAL AREA					
R' 000 (Ex VAT)					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	0	0	0	0	0
Tools & Equip & Vehicles	0	0	0	0	0
Infrastructure	0	0	0	0	0

3.1.11 Comments on Electricity Services Performance Overall

It is the primary role of the Eskom projects to reduce rural backlogs on an ongoing basis in terms of the INEP, as identified by Council. In terms of the Constitution, the Municipality is the Electrical Authority within this area. In the event that the any distribution of electricity is to be outsourced, it would be required that: the Section 78 process be followed (as per the Municipal Systems Act) and that a Service Delivery Agreement (as per the Electrical Regulation Act) be entered into. This has not been done in any area where Eskom is currently distributing electricity. Despite this, it is the intention of the municipality to apply to NERSA for distribution rights in some areas at the discretion of the Council. In support of this, the role of municipalities (in terms of related projects) are to obtain equipment and to upgrade infrastructure (including metering) on an ongoing basis, so as to reduce electricity losses, increase

safety and stabilize the power supply. Eskom has its own maintenance programmes, as does the municipality.

Within this period the municipality has:

- Attended a Public Hearing in Pretoria during August 2017. This related to the takeover of the Barkly East's 802 housing project (Boyce Nondala) from Eskom. To date, the response from NERSA indicates that Eskom will not be awarded this area, however it is acknowledged that this matter will first undergo arbitration. Legal letters have been sent to NERSA to expedite this process.
- The following rural projects were identified by Eskom for electrification in the 2017/18 national financial year (INEP):
 - Eskom 1 123 (Various Wards). It is assumed that a final score of 1 123 was achieved;
- An accurate figure in terms of the connections made is unknown as there has been no information received from Eskom despite numerous requests made. It is estimated and accepted that an amount of 1 123 connections were made for reporting purposes;
- The following Municipal Projects were implemented:
 - Municipality (Own infrastructure): 170 were planned and 190 were achieved;
 - Municipality (Wards 2 & 3) on behalf of Eskom: 323. This target was not possible to achieve due to the non-supply of meters by Eskom;
 - 4 transformers have been refurbished;
 - The INEP Project planned to assist Eskom in achieving 323 connections in wards 2 and 3 could also not be achieved as there were no Eskom Meters supplied;
 - Ongoing maintenance has been conducted;
 - 319 meters were replaced by the AMI ready split phase;
 - 2 634 m of Low Voltage conductors were erected and 164 m of Low Voltage conductors were replaced; and
 - 8 new street lights were erected and 140 street lights were replaced;
- The stores value dropped to R 697 312.15 from the figure of R 818 000 in the previous year. This represented a 14.9% improvement;
- A draft wheeling agreement was submitted to Eskom regarding the municipal Barkly East network that the utility is required to use in order to supply consumers in Nkululeko and Fairview. To date there has yet to be a response in terms of this;

- Electricity losses have dropped from 17.5% in 2016/2017 to 13.83% in 2017/2018. In this manner exceeding the planned target of 18%;
- There were no electrical accidents or fatalities during the 2017/2018 financial year;
- The Free Basic Energy service has been rehoused and has moved to the Finance Department as of 1st July 2017;
- Planned municipal outages: 17
- Unplanned municipal outages: 16
- There were no planned Eskom outages;
- Unplanned Eskom outages: 6
- 14 Illegal connections were dealt with;
- Electrical Services Policies were adopted by Council;
- Five (5) electrical interns were trained by the municipality. Having successfully completed their trade tests they are now qualified Electricians. Including these, Senqu Municipality now has eight (8) qualified electricians trained by Senqu. Three (3) have been formally appointed as Artisan Assistants by the municipality;
- Electrical high voltage training took place during the year as well as First Aid training;
- All electrical projects have been included within the IDP;
- No vehicles were replaced within this financial year, despite the downtime reported and requests made; and
- All INEP reporting requirements were met during the financial year.

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

Note: In terms of the mSCOA implementation this function was initially moved from the Community Services Directorate to the Technical Services Directorate. As of 1st July 2017, this function again returned to the Community Services Department.

3.2.1 Waste Management

Solid waste management has as its focus the improvement of the management of the environment and creating a healthy and aesthetic living environment for all.

Legislation most pertinent to the management of waste in South Africa is the recently enacted National Environmental Management Waste Act, (Act 59 of 2008). This act was promulgated in order to provide for:

- institutional arrangement and planning matters,
- national norms and standards for regulating the management of waste by all spheres of government, and
- the licensing and control of waste management activities and all matters connected therewith.

In essence, it provides the much-needed legislative framework for the management of waste in South Africa.

Other objectives of Solid Waste Management are detailed as follows:

- Promoting and ensuring the effective delivery of waste services;
- Achieving Integrated Waste Management reporting and planning;
- Avoiding and minimising the generation of waste;
- Reducing, re-using, recycling and recovering waste;
- Preventing pollution and ecological degradation;
- Conducting efficient and effective Waste Awareness Campaigns;
- Ensuring that people become aware of the impact of waste on their health, well-being and the environment; and
- Providing for compliance with the measures set out in the Act.

It is the overall intention and objective of waste management to improve the management of the environment, to combat illegal dumping and to ensure that all refuse and waste is removed and disposed of timeously and in the appropriate manner.

3.2.2 Targets identified and implemented during 2017/2018

In an effort to achieve these objectives the following targets were identified and implemented in as far as possible:

- Conducting of EIA's (Environmental Impact Assessments) and construction of landfill sites;
- Upgrading of two landfill Sites;
- Building of waste storage facilities in rural areas/ Transit sites;
- Installation of Compliance Signage;
- Waste awareness conducted within the Community; and
- Waste Awareness conducted within Schools

a. **EIA's and Landfill Sites**

- EIA's were conducted in the following areas for the development and construction of landfill sites:
 - Rhodes (objections received from the Rhodes rate payers resulted in non-approval);
 - Herschel (final approval awaited. Delays with DEDEAT and DWS); and
 - Rossouw ((final approval awaited. Delays with DEDEAT and DWS).
- The following landfill sites were planned:
 - The Barkly East Solid Waste Site.
 - Lady Grey Solid Waste Site

Barkly East Solid Waste Site:

- Designs have been completed, but the actual upgrading has not begun due to specification issues and increased scope of work. Will be addressed during the new financial year.

Lady Grey Solid Waste Site:

- Designs were completed and the construction is underway although contractor being delayed by waste from Sterkspruit.

▪ **Projects that have not been implemented:**

- Building of waste storage facilities in rural areas/ Transit sites; and
- Compliance signage.

These projects could not be implemented, due to the "naming reference" which did not correspond between what appeared on the Budget and what appeared on the Specifications. More specifically it is noted that:

- The initial name appearing on the budget referred to a “transit site”, which was to be utilized as a storage facility. This could not be changed on the budget to suit the intended outcome - that of a “waste storage facility”;
- The Compliance Signage Project could not take place due to miscommunication between the user department and the Supply Chain Management (SCM) Unit. As a direct result the Supply Chain Management unit (SCM) was not able to issue an order to the service provider/ supplier.

b. Waste Sites

Waste sites are located in Lady Grey, Barkly East, Sterkspruit, Rhodes and Rossouw. Two (2) licenced sites are to be found in Lady Grey and Barkly East. The remaining three (3) unlicensed sites are located in Sterkspruit, Rossouw, and Rhodes. While all of these remain operational, sites do experience related challenges, such as:

- Insufficient staff;
- Old and ageing vehicles;
- Inadequate plant and equipment in order to manage solid waste disposal sites in terms of legislation;
- Breakdown of vehicles (no mechanic available for maintenance);
- Non-compliance of legislation with the resulting consequences;
- Lack of recycling projects and related components;
- Delays in terms of Solid Waste Site lining projects due to insufficient resources; and
- Overall it is noted that Solid Waste is not receiving the resources required, in order to meet Constitutional and legislative requirements.

Status of Landfill Sites:

LANDFILL SITE	STATUS QUO AND CONDITIONS
Lady Grey Landfill Site	<ul style="list-style-type: none"> ▪ Classified as G.S.B- (Class D); ▪ Licensed for operational (16/2/7/D120/D8/Z1); ▪ No plant or equipment for proper cover and compaction of disposed waste; ▪ The waste is disposed of in a cell (Now illegal but due to lack of plant this practice has continued); ▪ Landfill site has been fenced, for access control; ▪ Cells are still required to be lined and the contractor is on site; and ▪ The Weighbridge is calibrated.
Sterkspruit Landfill Site (old Site)	<ul style="list-style-type: none"> ▪ The Closure License expired 30th June 2018. The municipality has applied to DEDEAT for the extension of the license in order to finalise the new planed landfill sites in Sterkspruit (HO/A/14/L043/14); ▪ There is no burning of waste in the cell and there is no compaction (this is illegal); ▪ The site is in the process of being fenced; ▪ No plant and equipment for proper cover and compaction exists; ▪ The site does not comply with OHS in terms health and safety of the employees (No toilets, no shelter and no running water); and ▪ The municipality was expected to have completed the rehabilitation and closure of the old Sterkspruit dumping site by the end of the 30th June 2018.
Sterkspruit (New)	<ul style="list-style-type: none"> ▪ The municipality has expropriated land in Tapoleng village (Ward 17) where a new disposal site was to have been developed. The application was closed by DEDEAT; and ▪ The municipality has to restart the application for the development of the landfill site in Sterkspruit after DEDEAT had closed the application due to the non-submission of the geohydrological report on a due date. It is now required that the municipality undergo public participation initiatives and the EIA process is required to be started.
Hershel landfill Site	<ul style="list-style-type: none"> ▪ There is no landfill site facility; ▪ The municipality has budgeted for the establishment of the landfill site in the 2017/2018 financial year. There was a delay experienced in the completion of the EIA; ▪ The EIA process was expected to have been completed by November 2017; and ▪ Waste is transported to Lady Grey and Sterkspruit.
Rural waste storages facilities (drop off zones)	<ul style="list-style-type: none"> ▪ This project has not begun due to confusion between the PMU and the user departments regarding the required project specifications versus the wrong specifications that were submit by the PMU section (which did not correspond with the specifications provided by the user department).

STATUS OF LANDFILL SITES CONT

LANDFILL SITE	STATUS QUO AND CONDITIONS
Rossouw Landfill Site	<ul style="list-style-type: none"> ▪ The site is currently unlicensed; ▪ New land has been established for the development of the landfill site facility; ▪ The site is situated near the Wasbank River; ▪ Waste is covered through using of shovels and it is not well compacted as there is no proper compaction equipment; ▪ No permanent staff are appointed; ▪ Legislative compliance is lacking; and ▪ The EIA was expected to be completed by November 2017. Feedback was not received despite the fact that feedback regarding the approved EIA was expected during the month of November 2017.
Barkly East Landfill Site	<ul style="list-style-type: none"> ▪ The landfill site is now officially licensed; ▪ There is no burning of waste in the site as the incinerator has collapsed but this is to legislative advantage; ▪ No plant and equipment exists for cover and proper compaction; ▪ The cells are still required to be lined, and the design and costing has been completed; and ▪ The weighbridge is calibrated.
Rhodes Landfill Site	<ul style="list-style-type: none"> ▪ Original applications were closed due to an objection received from the public; ▪ A new site has been identified and the application has been launched with the department and the EIA process is expected to resume; ▪ The landfill site is not licensed; ▪ The site is operating ineffectively due to limited equipment; ▪ The site is not managed according to the current legislative requirements; ▪ Waste is covered but not properly compacted; ▪ The site does not accept Hazardous waste and Medical Waste; and ▪ The EIA was expected to be completed in November 2017. The municipality did not receive any information regarding the approved EIA as it was expected in November 2017.

NOTE:

- The Sterkspruit Waste Site has reached the end of its life cycle and the municipality is required to ensure that a new site is operational by June 2018. Under the current circumstances this is unlikely. This may result in sanctions against the municipality due to non-compliance;
- Medical waste for the four (4) hospitals and fourteen (14) clinics is collected by a company called Compass Waste and this was organised by the Department of Health; and

- Environmental Health Practitioners are responsible for the control of waste management at clinics, being under the supervision of a Chief Environmental Health Practitioner. Monthly reports are received on Solid Waste Sites' but are mostly negative due to insufficient resources and SCM delays.

c. Waste Collection

- In all areas it must be noted that Waste Collection is successfully achieved, despite challenges relating to insufficient plant and staff;
- Currently challenges are experienced that relate to illegal dumping within all Senqu towns. It has been suggested as a solution that consideration be given to increasing the number of available law enforcement officers;
- The weighbridges are calibrated annually;
- It is noted that staff challenges exist in the operation of weighbridges in Barkly East and Lady Grey;
- Senqu Municipality currently has three (3) licensed landfill sites. More specifically:
 - Lady Grey and Barkly East are licensed as required in order to be able to operate; and
 - Sterkspruit have a closure license/permit;
- The following new sites are required to be developed:
 - Sterkspruit
 - Herschel
 - Rhodes
 - Rossouw

Specific challenges in terms of each of these sites are reflected as follows:

- Insufficient staff;
- Old and ageing vehicles;
- Inadequate plant and equipment with which to manage solid waste disposal sites in terms of legislation;
- Breakdown of vehicles (no mechanic available for maintenance);
- Non-compliance of legislation with the resulting consequences;
- The lack of recycling projects and related components; and
- Delays in terms of SWS lining projects, due to insufficient resources; and

Suffice is to note that generally, Solid Waste is not receiving the resources required, in order to meet Constitutional and legislative requirements.

The Constitution of the country places the responsibility on government to ensure that such services are progressively expanded to all, within the limits of the available resources. Municipal policy is progressively moving towards universal access to Waste Management.

Currently the municipality provides only waste collection services to the communities and private enterprises of:

- Lady Grey
- Barkly East
- Rhodes
- Sterkspruit
- Herschel
- Mokhesi and Tienbank (rural)

The estimated cost to extend waste services to the rural areas of Sterkspruit is very difficult as the method of service provision is required to be finalised and will require a phased-in approach, dependent on available resources.

With no waste collection taking place in the rural areas, illegal dumping as well as burning of waste is taking place and this represents a huge challenge for the municipality.

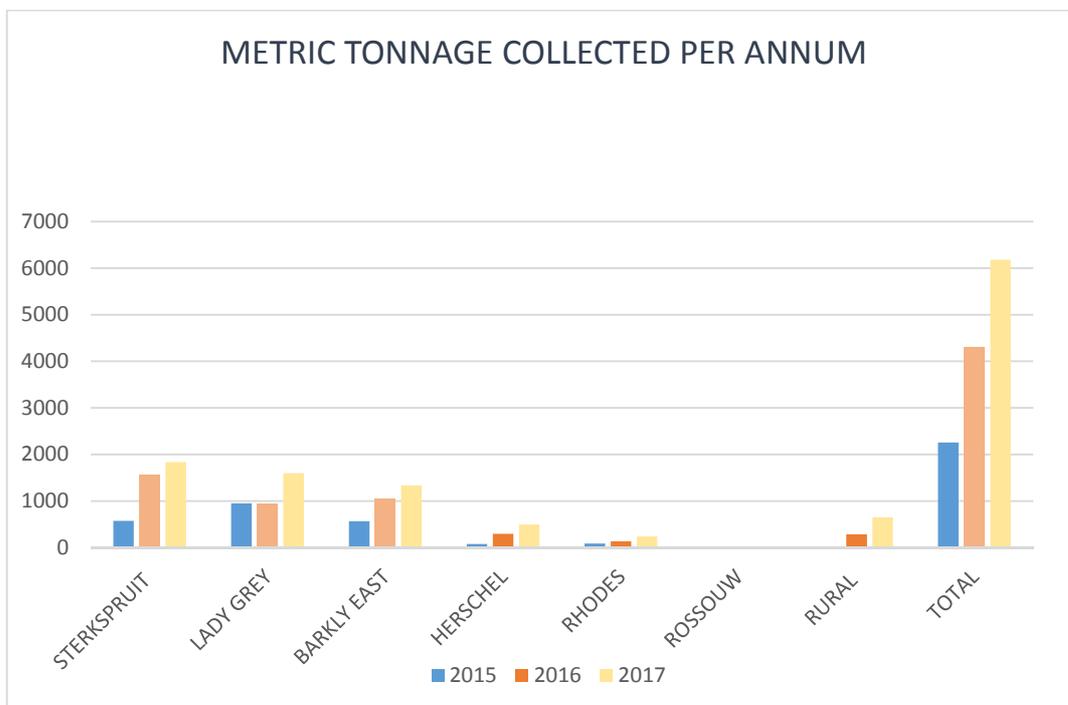
This problem further compounds the effect of contamination, pollution, damage to tourist assets and the environment.

Waste is collected weekly from households and twice or three times in a week from businesses within the areas of collection. Residential and most commercial waste is handled as "kerbside collection".

Metric Tonnage collected per annum

- Barkly East: 1 638.24T
- Lady Grey: 1 847.29.59 T
- Sterkspruit: 1 956.5 T
- Rhodes: 252.01 T
- Herschel: 640.13 T

- Rural: 661.2 T
- Rossouw: 19.60 T



d. Recycling

There are only a few informal recycling programmes currently running within Senqu Municipality, extracting less than 1% of the potential recyclable product.

A Recycling Plan will assist in many ways in order to ensure that the municipality would be in a position to explore the possibility of a waste diversion from landfill sites to recycling initiatives, thus ensuring a longer design horizon.

In the current year the only initiatives underway for waste avoidance were the awareness campaigns.

e. Integrated Waste Management Plan (IWMP)

- The IWMP has been reviewed internally and it was approved by Council.

Households served (as per IWMP 2017):

- 2 835 households in Barkly East;
- 510 in Herschel;

- 2 820 in Lady Grey;
- 144 in Rhodes;
- 100 in Rossouw; and
- 639 in Sterkspruit.

f. Waste Awareness

- Public awareness and education is an important factor in sustainable waste management. Waste awareness initiatives have been implemented through the use of internal funds.
- Limited budget is a challenge; and
- In order to achieve sustainable waste management, it is imperative that the public become aware and educated regarding waste issues.

g. Waste Management By-Laws

Related By-laws are still under public review and have not been updated/developed and approved. There is no capacity for the policing of illegal dumping or the implementation of by-laws.

h. Staff challenges:

- Shortages of staff exist within this section, in Lady Grey, Rhodes and Herschel;
- No permanent staff have been employed in Rossouw in order to oversee waste management and landfill site management;
- In Sterkspruit, no permanent staff have been appointed for landfill management. This poses a high risk overall;
- There is no Operator/ Driver at Herschel and Rossouw;
- There is a shortage of an Operator/Driver at Rhodes as only one is available and this is a challenge on occasions where he is absent from the workplace; and
- The weigh bridges are functional but there are no staff to operate the Lady Grey Solid Waste Sites.

3.2.4 Financial Performance: Solid Waste Management Services

a. Financial Performance Year 2017/18: Solid Waste Management Services

Financial Performance Year 2017/18: Solid Waste Management Services					
R'000					
Details	2016/2017	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	34 389	34 124	35 197	36 287	-1 090
Expenditure					
Employees	10 747	11 921	12 722	11 888	7%
Repairs and Maintenance	752	899	846	580	45%
Other	8 900	10 754	9 808	8 992	9%
Total Operational Expenditure	20 399	20 740	23 376	21 460	9%

b. Capital Projects: Solid Waste

Financial Performance Year 2017/2018: Solid Waste Management Services Municipal Areas					
R'000(Ex VAT)					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	20 740	11 319	3 104	8 215	8 152
Machinery and Equipment	90	90	86	4	90
Solid Waste Infrastructure	20 650	11 229	3 018	8 211	8 062

3.2.5 Waste management challenges

These include the following:

- The municipality is required to redo the application for the landfill site in Sterkspruit due to the expiry of the old application;

- Public participation processes have to be restarted and the appointment of the Consultant to facilitate the EIA processes in Sterkspruit is required to be finalized;
- Construction has not started on the new Sterkspruit Solid Waste Site which will become untenable in July 2018 when closure of the old Sterkspruit Solid Waste site is scheduled to occur;
- The closure permit for the old Sterkspruit Solid Waste Site lapses in June 2018. An application has been made to extend this for a further two (2) years but to date there has been no correspondence received from the Department for approval or rejection of this extension;
- Solid Waste Site compliance has not yet been achieved;
- Ensuring that sites comply in respect of the Occupational Health and Safety Act remains a challenge. This represents a risk not only to the staff working on these sites, but for the general public (and those found scavenging at the sites) - access control;
- A fencing project began in Sterkspruit. This project was eventually terminated as a result of the community removing the erected fencing and stealing the materials. This was reported to SAPS who could not resolve the situation. The reason provided for this was that the community was invading land on the waste site in order to build on this;
- The tender for the fencing of the Sterkspruit landfill site has been advertised. The intention is to re-fence the landfill site and to “fence in” those invaders that are currently found within the landfill site premises;
- A project was advertised for the fencing and inclusion of the old Barkly East Solid Waste Site. This had to be stopped as the tender amount was higher than available budget (R 200 000 budget while the tender was in excess of R 500 000);
- Limited waste collection services exist in the sense that these were being provided only to urban residents and the rural areas of Tienbank and Mokhesi;
- Limited recycling and waste avoidance initiatives were taking place (extracting less than 1 % of the potential recyclable material);
- Insufficient refuse bins exist, despite a budget having been requested;
- It is noted that there is insufficient funding in order to implement the IWMP;
- Disposal of waste remains a significant challenge and currently does not fully comply with legislation;

- There is an electronic Waste Integrated System (WIS), but there is a great challenge being experienced when trying to connect to the system in order to be able to insert information. This was reported to DEA who has stated that they would fix this issue. In the interim the report has been sent to the provincial office who then inserted the information into the WIS themselves;
- There is no facility available with which to dispose of hazardous material;
- No Leachate Management Plan exists;
- Illegal dumping occurs frequently throughout the municipality and particularly in Sterkspruit, shop owners dump their waste on the sidewalks on days when waste is not collected. At times waste is set alight within containers creating a pollution and fire risk within Sterkspruit. The use of cages is now promoted, and waste is collected more frequently in the centre of town. Suitable action is taken against shop owners who persist in behaving in this manner. In Barkly East and Lady Grey it is found that garden refuse and building rubble are the main contents of illegal dumping. No formal initiative is currently underway to address illegal dumping, as the by-laws are still under review and there is no capacity to enforce the by-laws; and
- Animals ripping refuse disposal bags apart is contributing a great deal to the time taken to collect refuse, which in turn reduces productivity and increases costs.
- The Lady Grey and Barkly East landfill sites have twenty-four-hour security personnel;
- Barkly East has a functional weigh bridge;
- One (1) weighbridge was calibrated in Lady Grey and a further two (2) in Ward 16;
- While the weighbridges are considered functional it is noted that there are no staff to operate the Lady Grey Solid Waste Site; and
- Challenges still remain regarding the insertion of the new consumers into the billing system. Notwithstanding, this matter is still in progress and is expected to be completed prior to December 2019.

In an effort to resolve some of these challenges:

- Waste awareness campaigns are carried out in order to increase awareness regarding recycling and reusing waste in order to prevent the unnecessary collection of waste. In this regard, the hazards of illegal dumping are highlighted;
- An amount of R 500 000 was allocated in the budget for the construction of waste storage facilities in rural areas. The Specifications Committee has advised that this practice should not continue as EIA's would be required first. According to the department, EIA's would not be required if the storage facilities were constructed to an approved design. The time taken to resolve these issues resulted in insufficient time for SCM procedures, so the project was changed into a feasibility study and moved to the next financial year;
- MIG funding has been set aside for the construction of new compliant solid waste sites, in the coming years for Rhodes, Rossouw and Herschel; and
- Rural waste removal will continue to be extended as resources become available.

3.3 HOUSING

3.3.1 Introduction to Housing

Up until five (5) years previously, Senqu Municipality was the developer for housing projects. This function was relocated and this ultimately became the responsibility of the Department of Human Settlements. Since this period, the Department has been the implementer of housing projects, services and the top structures. This was conducted through the Department of Human Settlement's own procurement procedures and service providers.

Notwithstanding, the municipality assists the department and this function by engaging in the following activities:

- Beneficiary identification and registration for RDP houses;
- Ensuring land availability;
- Assisting the Department of Human Settlements by assisting beneficiaries in filling out deeds of sale for the Department in order to transfer the properties to the beneficiaries through their appointed conveyancers;
- Assisting the Department with the establishment of a Housing Sector Plan (an attachment to the IDP). The municipality is currently using the 2013-2018 plan, which is now outdated and is required to be reviewed;

- In an attempt to realign municipal departments with the Treasury GFS functions under mSCOA, the Housing function was not considered to be a municipal function and officials were transferred / re - allocated to posts within EPWP and LED. Notwithstanding, this has proved to be a misunderstanding of the regulations and the function of housing will return to Development and Town Planning Services during 2017/18 under Town Planning;
- The Housing Sector Plan for the municipality was re-adopted in order to accommodate changes to the identified needs of the community. This has now been revised in totality and after taking into account more detailed studies, this will now provide the municipality with a more realistic backlog total. The current total backlog is estimated at 26 775;
- It must be noted that the majority of Senqu households enjoy access to the RDP minimum levels of basic services in respect of housing - reflected as 95.16%. Notwithstanding, the IDP cites a housing backlog in Senqu Municipality of 10 761 with 1 752 in the urban area and 9009 in the rural area (Housing Sector Plan 2011);
- According to the results of surveys conducted by STATS SA, 2011 - 70 % of households live in formal dwellings and 68.5 % own their own dwelling;
- It must be noted that the Spatial Development Framework (SDF) has identified land in all towns for future housing developments. A land audit was conducted, and available land was identified for resale to the general public for individual residential development. This exercise is in accordance with the SCM Regulation of August 2014. This land audit has been undertaken by the Housing Unit and is considered to be 90% credible;
- To provide context, the Rhodes and Rossouw projects were approved in the 2010/11 financial year. To date only the Rossouw project has been completed. The first phase of the Rhodes Green Field Project is still awaiting EIA approval but construction in phases (an in-situ project - not requiring an EIA) is under construction. Of the eighty - seven (87) houses, seventy-eight (78) have been completed and fifty (50) handed over;
- It is noted that Land Invasion had caused delays to the Herschel Housing Project. More specifically, only five hundred and five (505) units of the original seven hundred (700) units have been constructed. The Council took the decision to reduce this project to five hundred and five (505) units and identify other land for a new project registration that would accommodate the shortfall. To date this has not yet been acknowledged by the department, despite correspondence and meetings. Local politicians were to meet with the Tugela Tribal authority in order to resolve the matter. This did not occur due to unrest in the Sterkspruit/Herschel area;

- The 76 middle income sites in Sterkspruit are still under land invasion and there is still no movement on the installation of water and sewerage services in order to allow development to take place. Various applications were submitted for RDP and middle-income units (500 each) for Sterkspruit, Lady Grey and Barkly East and 4000 rural low-cost units. The Sterkspruit 4000 units project is now under construction. 63 houses have been built and 33 houses have been handed over to beneficiaries in W9, W10, W17;
- 90 houses have been constructed and completed for the destitute throughout the Municipality;
- Contractors have been appointed to build 539, 506 and 314 houses in and around Sterkspruit. Phase 1 of the Rhodes project has been completed and phase 2 is currently awaiting the approval of the layout plan for the Greenfield area;
- According to the data that has been collected for the housing database, the housing backlog is estimated at 26 775. Notwithstanding, the Department of Human Settlements utilizes a screening method to determine those who qualify for housing subsidies, using the Housing Subsidy System (HSS). The disqualification criteria include a history of property ownership, higher income (individual/combined with spouse) and the like. Acknowledging this, an HSS screened list of potential beneficiaries provides the most accurate reflection of this backlog;
- There is currently legal action being taken against land invasion, but legal matters are a costly and a drawn-out process. These processes have been underway for the last eight (8) years without success to date;
- A great challenge continues to be experienced regarding the fact that in many cases beneficiaries allocated to housing units become "lost" for various reasons and wrong erf allocations. This then results in the de-registration and registration of new applicants. The transfer of erven in order to achieve title deeds, depends on professional legal persons and in some cases this process occurs at a very slow rate;
- During the current year, only 4 transfers were completed, and 300 Deeds of Sale were submitted. This is due to the fact that most people are no longer residing in the Senqu area, some are deceased and the municipality is facing difficulty in obtaining rate clearance certificates from the Joe Gqabi District Municipality for the transfers to take place;

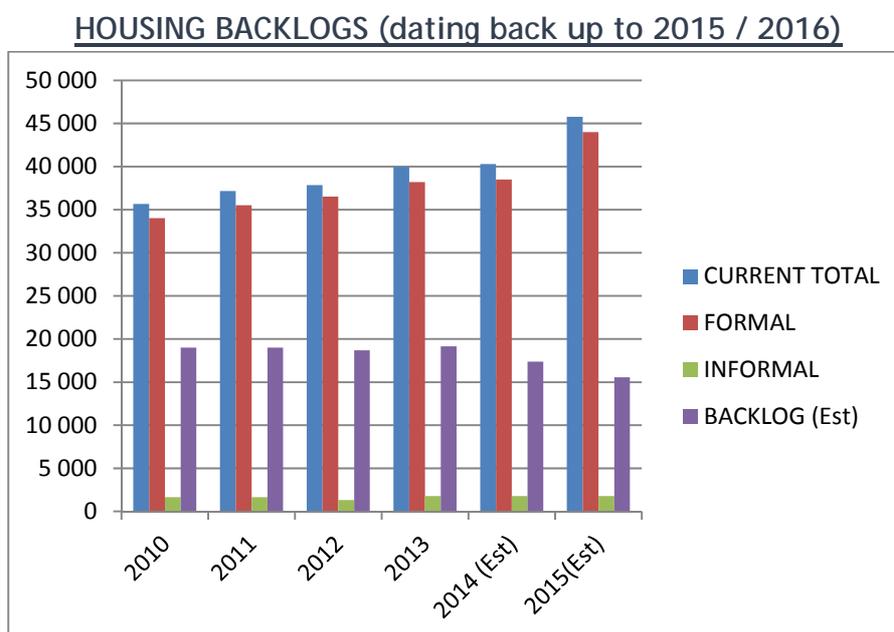
- There are currently insufficient resources to enable the municipality to become more efficient within this area of service delivery. In this regard the municipality took a decision that they would apply for accreditation to be able to complete the entire housing process in the future. This has not been resourced to date; and
- Illegal building within the Sterkspruit rural area is a challenge with limited capacity. Traditional leaders complicate land and building matters allowing adhoc building operations - placing severe strain on service delivery.

3.3.2 Access to Basic Housing

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING 2016/2017			
Year end	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	37 856	37 786	99%
Year -2	39 990	38 200	95%
Year-1	41 408	39 618	92.5%
Year 0	41 408	39 618	92.5%

It must be noted that the figures/statistics remain the same. This was due to the housing sector plan not being reviewed since 2015 /2016. The housing division in that financial year was moved from Town Planning to IPED and the housing unit did not exist according to mSCOA. It was not considered to be a core function /municipal function. The Department of Human Settlements has further stopped assisting municipalities with their Housing Sector Plans.

3.3.3 Housing Backlogs (Historical data)



3.3.4 IDP future Housing Projects (2014 - 2017)

WARD	FINANCIAL YEAR	NUMBER OF UNITS
16 (RHODES)	2017/18 (Construction-87 units completed)	200
17 (ROSSOUW)	2017/18 Completed	100
8	2017/18(Application Only)	1000
10	2017/18 (506 units completed)	2000
9	2017/18 (Construction- 80 units completed)	1000
17	2017/18 (Construction- 280 units completed)	1000
18	2017/18 (Application Only)	1000
18	2017/18 (Not yet started)	1000
8	2017/18 (Not yet started)	1000
10, 14, 16 & 9	2017/18 (Not yet started)	500 UNITS EACH (1500)

3.3.5 Housing Service Policy Objectives Taken from IDP (Refer to table that follows refer to page 130)

HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(viii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objectives									
Provision for housing for all households	Additional houses provided during the year (Houses required at year end)	300 additional houses (13 568 houses required)	302 additional houses (13 266 houses required)	4000 additional houses (9 262 houses required)	4000 additional houses (9 262 houses required)		4000	4000	3 500 additional houses (5 762 houses required)
Facilitate housing project(s)/ implementation	Evidence of facilitation efforts/reports / Database updated	12 x monthly reports		12 x monthly reports	12 x monthly reports	12 x monthly reports			
Ensure Housing Sector Plan adopted by Council	Council resolution of Housing Sector Plan	0	1	1	0		1	1	1

Note: As indicated, no Housing Sector Plan exists. During 2017/2018 despite a target of 1557 units only 240 were achieved. Monthly reporting occurs.

3.3.6 Table: Employee Statistics (Housing Services)

EMPLOYEES: HOUSING SERVICES					
Job Level	2016/17	2017/2018			
TASK SYSTEM	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3	0	0	0	0	0%
4-6	2	2	2	0	0%
7-9	0	0	0	0	0%
10-12	2	3	2	1	16.7%
13-15	1	1	1	0	0%
16-18	0	0	0	0	0%
19-20	0	0	0	0	0%
Total	5	6	5	1	16.7%

Note: No funded vacancies exist for the current year.

3.3.7 Comments on the Performance of the Housing Service Overall

- As already detailed, Senqu Municipality is no longer involved in the capital construction of housing projects but only assists in an administrative manner with regard to beneficiaries (considered as operational);
- The delivery of housing units is slow due to: poor communication and cooperation challenges experienced from the department of Human Settlements; late approval of the Housing Sector Plan (due to the Department of Human Settlement not yet having submitted); insufficient data to engage in informed planning and last but not least, the difficult and sometimes inaccessibility of sites in the rural areas in order to deliver materials and construct (due to poor road access, and intermittent water supply) which affects construction and increases project costs in general;
- The quality of workmanship is currently a concern as the municipality has no control thereof. This is reliant on the Department of Human Settlements which conducts the related quality control. The Hillside Project bears testimony to this in that: of the 998 units already built, 603 required rectification and the DHS is aware of this. This issue will be accommodated in the revised Housing Sector Plan. Clearly this question and raises extreme doubt regarding the construction quality. In this regard, it must be noted that the department is clearly aware of this situation, having been informed of this by the municipality;

- The municipality no longer has control of any housing capital projects. The operational budget variance was caused by poor performance on the part of service providers (conveyancers) in transferring the title deed to the beneficiaries. The municipality has removed all non-performing conveyancers and appointed new conveyancers to attend to the transfer of properties;
- There is an urgent need for middle and rental housing within the area and these applications have been submitted, however, the challenge still remain due to the limited availability of bulk infrastructure and land in Sterkspruit;
- The issue of disaster housing is gaining importance. Persons applying for emergency houses wait for long periods of time as the Department of Human Settlements waits until it reaches a minimum number of houses required in the area before it contracts a person to build them; and
- Housing staff were trained on the HSS system and the Housing Needs Register. It is hoped that this will decrease allegations of corruption as persons cannot be removed from the list or moved up or down - it is in essence a national list.

3.4 FREE BASIC SERVICES

3.4.1 Introduction to Free Basic Services (FBS) and Indigent Support

In terms of its powers and functions, the Joe Gqabi District Municipality is the Water Services Authority and is therefore responsible for the implementation of all water and sewerage services, including Free Basic Services (FBS). Senqu Municipality, in conjunction with Eskom, is responsible for **FBE (Free Basic Energy)** and **FBAE (Free Basic Alternative Energy)**. Currently there is a Service Level Agreement (SLA) in place with Eskom for FBE in the rural areas. This is based on technical data (20 A supply).

Senqu Municipality has both an Indigent and a FBE Policy in place. These cater for any household earning a combined income of no more than twice the official old age pension, which changes on an annual basis. This then entitles them to receive Free Basic Energy or Free Basic Alternative Energy. Free Basic Solid Waste Removal and a **full subsidy on property rates** is included for formally identified indigent households.

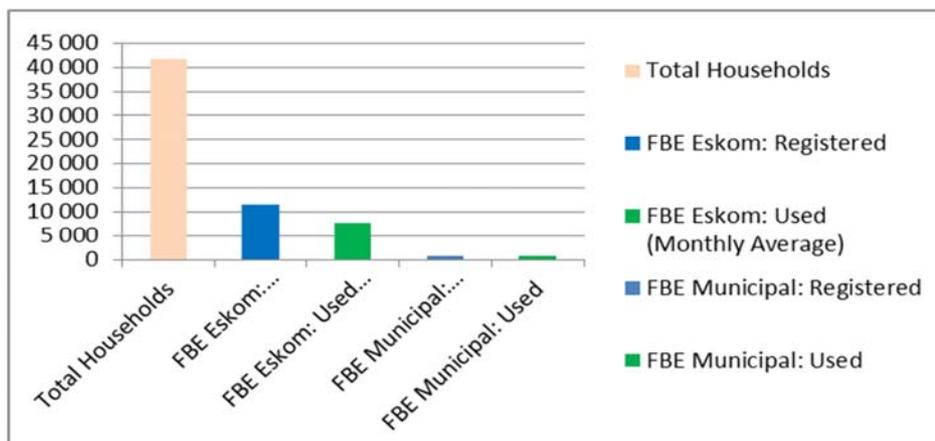
Senqu Municipality supplies **497** households in villages in the rural area with Free Basic Alternative Energy (FBAE) in the form of paraffin and candles. **The number of FBAE beneficiaries decreased from 625 to 497 due to the rural electrification program.** A drive to update the Indigent Register was successfully completed

during the 2017/2018 fiscal year and it will be maintained on an annual basis as per Council policy. In future this will be outsourced.

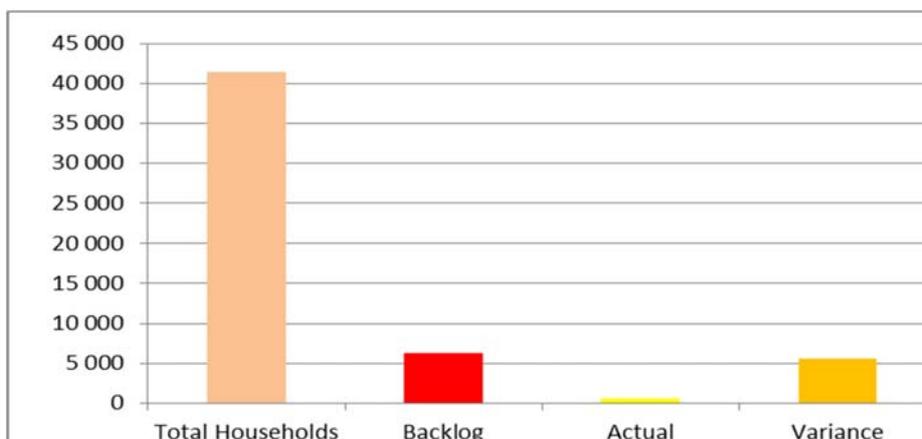
There are currently a total of 12 523 households (registered) and still eligible to receive Free Basic Energy (FBE) of 50 Kwh/month. There has been no improvement on the previous year and this can be attributed to the challenges associated with collecting information to complete a substantiated Indigent Register. Of these households, 720 are within the Senqu licensed area and 11 631 falls under the Eskom "licensed" area. An average of 8 425 households per month are utilising this service. This is a slight decrease in usage of the service.

In an effort to effectively facilitate and champion the registration of free basic service delivery (FBS) within the community, the Council has formed a special Free Basic Services Committee which only sat once during the year under review as there were changes in councillors due to the local government election. This service will move from the Technical Services department to the Financial Services Department as of 1st July 2017.

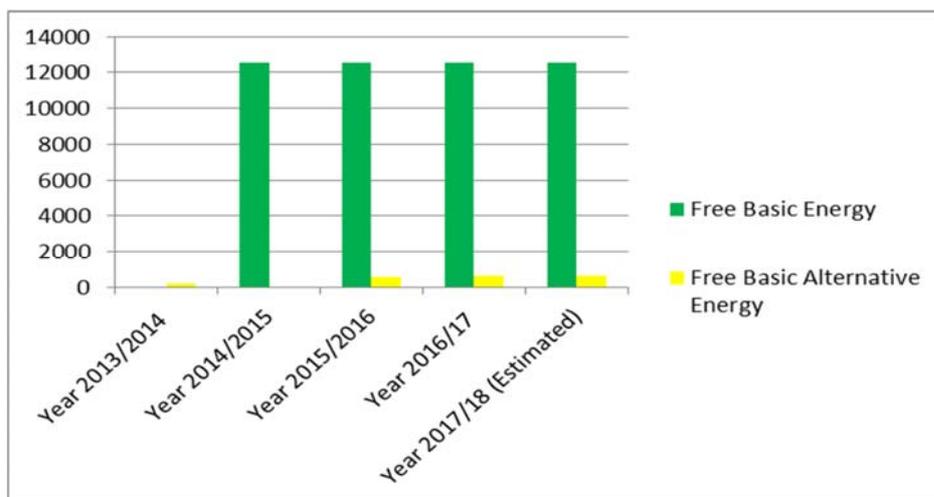
a. FBE as Indicated (Eskom & Municipality)



b. 625 Households (Municipality)



c. Total FBE & FBAE



Households Receiving Free Basic Energy (as depicted by the graph above)

REGISTERED HOUSEHOLDS (Eskom & Municipality)	Year 2013/2014	Year 2014/2015	Year 2015/2016	Year 2016/17	Year 2017/18 (Estimated)
Free Basic Energy	12 523	12 523	12 523	12 523	12 523
Free Basic Alternative Energy	181	0	602	625	497

Free Basic Services to Low Income Households										
	Number of Households									
	Total	Households earning less than R2 920 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
Year -2	39 438	12 523	JGDM	-	JGDM	-	12 523	32%	Not available	-
Year -1	41 408	14 943	JGDM	-	JGDM	-	12 523	30.4%	2 420	5.83%
Year 0	41 453	15 113	JGDM	-	JGDM	-	12 523	30.22	2 590	6.25%

FINANCIAL PERFORMANCE YEAR 2016/2017: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED R '000					
Services Delivered	Year 2016/2017	Year 2017/2018			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	JGDM	-	-	-	-
Waste Water (Sanitation)	JGDM	-	-	-	-
Electricity	5 846	6 904	6 904	4 645	49%
Waste Management (Solid Waste)	3 653	5 387	4 039	1 082	273%
Total	9 499	12 290	10 943	5 727	91%

Note: Water and Sanitation are not Senqu functions but are the responsibility of Joe Gqabi District Municipality.

FREE BASIC SERVICE OBJECTIVES TAKEN FROM IDP

Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2014/15		2015/16			2017/18	2017/18	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(viii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objectives									
Provision of alternative energy support to low income households that do not received free basic services	Low Income Households (LIH's) who do not receive all free basic services but <u>do</u> receive alternative support (total number of LIH's not in receipt of free basic services)	445 HHs	602 HHs receiving support	602 HHs receiving support	500 HHs	625 HHs	625 HHs receiving support	625 HHs receiving support)	625 HHs
Facilitate the provision to access to adequate basic Electricity: Free Basic Electricity of 50 Kwh	Report on number indigent households receiving free basic services / inclusive of expenditure	12 000	12 523	12 000	12 523	12 523	12 523	12 523	12 523

3.4.2 Comment on Free Basic Services and Indigent Support:

It must be noted that the Free Basic Services and Indigent Support Policies are revised annually, and Free Basic Services are paid for from the Equitable Share Grant as allocated under DORA. The current budget year allocation is as follows:

- Free Basic Energy: R 6.784 M of which R 5.846 M was utilised (84% Expenditure).
- Joe Gqabi District Municipality is the Water Services Authority and deals with all aspects of water and sewerage services, while the Senqu Municipality Technical Services Department is now responsible for Solid Waste matters until 1 July 2017;
- Free Basic Refuse Removal: R 5.034 M and expenditure was R 3.653 M;
- Total FBS budget was R 11.818 M of which R 9.499 M was expended leaving a budget variance under-expenditure of 24%;
- The electricity consumption is difficult to calculate as some households require the FBE units every month while others only obtain these once every two (2) to three (3) months, and therefore consumers are calculated on households that are registered;
- There is currently only one (1) dedicated staff member for the FBS function. Notwithstanding it is the intention to employ an intern, with the possibility of long-term employment, to assist with FBS due to the magnitude of the service. The intention is to achieve a permanent FBS Unit within the next 3 years, budget dependent;
- Free Basic Alternative Energy has been supplied monthly to **497 households** in the form of **10 litres paraffin and 6 candles per household**;
- A total of 131 runners were used in all wards to collect information on backlogs and indigent households. The success rate is estimated at 15.53% as there was distrust between the community and the runners, failure to fill in appropriate documentation and the like. The budget allocated allowed for the employment of 170 runners in total but the ward councillors in some areas failed to assist in terms of appointing the 10 runners required for each ward;
- Due to the above, application was made to SASSA for a copy of their Senqu area data base in order to assist in identifying indigent households. This could not be supplied due to the POPI Act. This project will now be outsourced;
- In areas that will not be grid electrified, the municipality will be completing and submitting applications to the DoE for solar energy, after assessment of the need is complete;

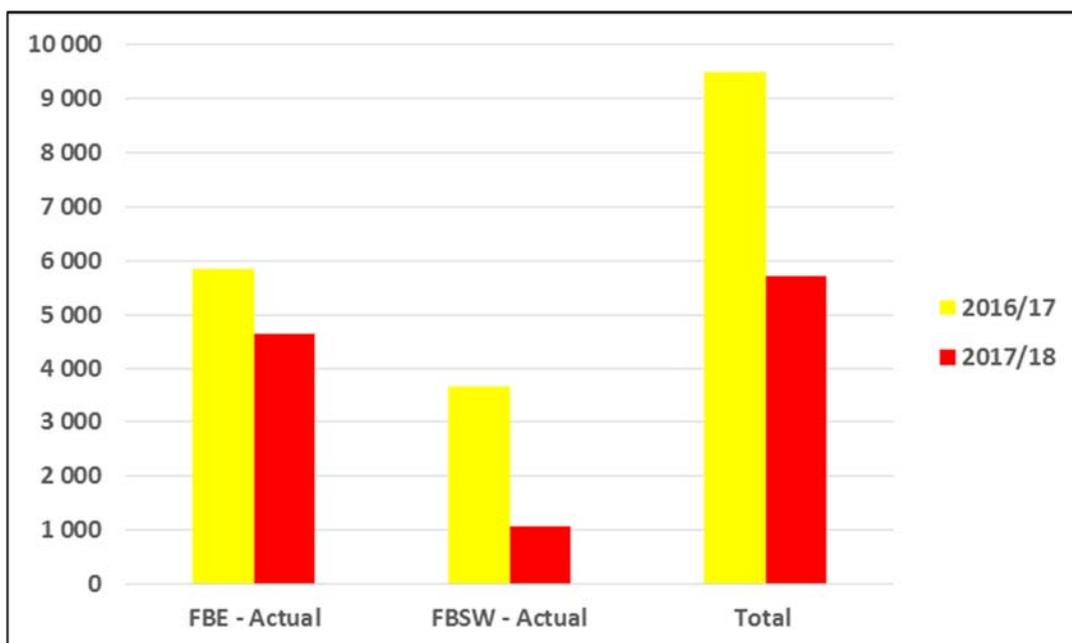
- Applications have been submitted to the DoE for Solar Water Heaters for areas where criteria are met but no response has been received to date; and
- The FBS and FBAE will as of the 1 July 2017 become the mandate of the Finance Department.

3.4.3 Challenges Experienced (FBS and FBAE)

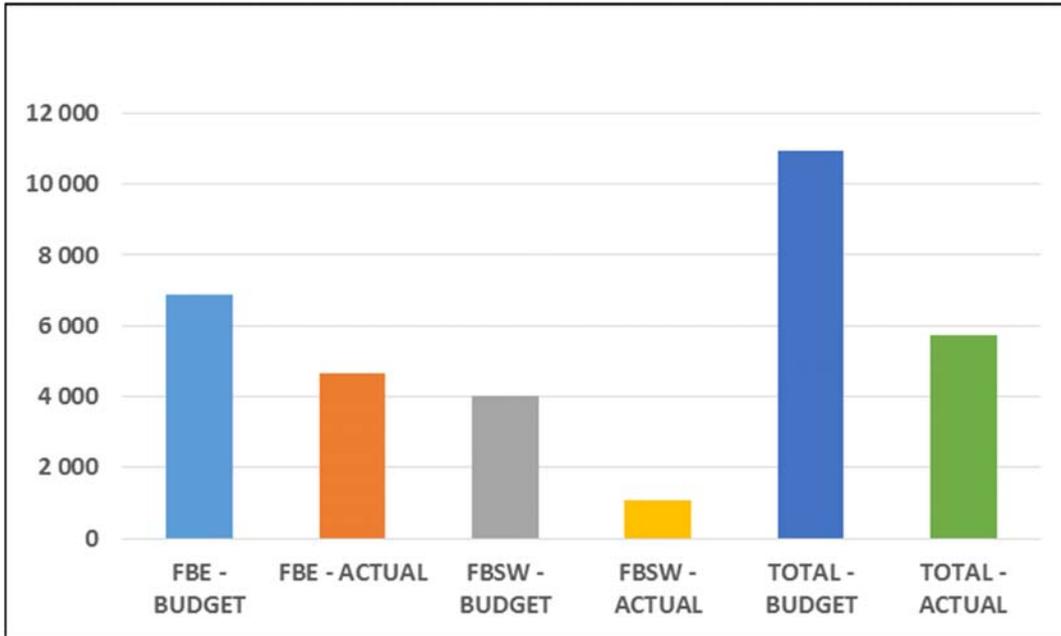
- Unreliable vehicle (2006 model)
- Delivery logistics
- Insufficient staff
- Insufficient data
- Insufficient political assistance
- Insufficient operational budget; and
- SCM turnaround time.

NOTE: The FBS section was moved from the Technical Services Department to the Financial Services Department as of 1 July 2017.

a. Table: Free Basic Services Actual Expenditure



b. Table: Budget vs Expenditure: Free Basic Services



c. Free Basic Services

	Year 2015/2016	Year 2016/2017	Year 2017/2018
Budget	10 284	11 818	10 943
Expenditure	9 566	9 499	5 727

NOTE: There is to be a concerted effort made to increase FBE in the new financial year.

COMPONENT B: ROAD TRANSPORT (ROADS, TRANSPORT AND WASTE WATER (STORMWATER DRAINAGE))

3.5 ROADS

3.5.1 Introduction to Roads

It is noted that Senqu Municipality is home to the largest and longest amount of unsurfaced main roads and access roads. More specifically it is noted that, following Gariiep - Senqu Municipality has the second longest road length within this area.

The Transport Plan is completed by the Joe Gqabi District Municipality with input from all local municipalities. Roads forums are championed by the Department of Roads and Public Works (DRPW) but are seldom successful due to non-attendance of stakeholders and due to the insufficient availability of staff found within municipalities.

An analysis of our tarred roads has indicated as follows:

- the provincial trunk road (the R58) is in a barely usable condition and is maintained by SANRAL. Rock falls are often experienced in cuttings after heavy rainfalls and this impacts negatively on tourism (as the main point of entry to the municipality). In this regard, this needs to be treated as a provincial priority;
- The R 393 between Lady Grey and Sterkspruit is for the most part found to be in good condition, but there are sections that are failing. In these instances, there are an increased number of potholes that have occurred; and livestock found on the road are common place as a result of having been stolen or due to poor/lack of fencing. This represents a danger to both animals and drivers; and
- The balance of the Musong Access Road was partly upgraded to asphalt - 7.2 km).

It is to be noted that business plans will be drawn up and submitted to the Department of Transport during the new financial year, for the interlock paved surfacing of the following roads, identified as top priority by council:-

- Musong remainder: 9.2 km
- Holo Hlhatsi Dam road: 14 km
- Manxeba Road: 23.7 km; and
- Mlamli Road to R 393 (DR 08910) Junction: 35.8 km

In terms of Gravel/ Unsurfaced Roads it is fair to say that, despite maintenance by the DRPW, most of provincially maintained gravel roads have deteriorated significantly to a level where they need extensive re-gravelling and low-level bridges need repair or replacing. The DRPW is required to re-examine their strategy and to investigate ways in which a more sustainable road surface process (such as interlock paving) can be utilized. This is also required as it is noted that the quantity and quality of gravel is diminishing. Ultimately this will result in a situation where people will be unable to access goods and services or will be required to pay a high price for the transport of goods and persons, due to poor or impassable roads. This is compounded by extreme weather conditions such as flooding and snow. A number of roads aside from the above have been prioritised for re-gravelling and priority upgrading by the municipality through the DRPW.

3.5.2 Roads requiring urgent attention

- The R 396 from Barkly East to Rhodes as this leads to an important tourist destination;
- Access roads to the 7 gravel passes of Lundeansneck, Jouberts, Otto du Plessis, Carlislehoek DR 03230, Volunteers (MN 20635), Bastervoetpad, and Naudesnek (R396). These passes incorporate three (3) of the highest passes in South Africa. In addition, the roads leading to Tiffindell Ski Resort must be attended to, noting that this is the only ski resort in South Africa;
- DR 393 to Lundeans Neck and Sterkspruit from Barkly East;
- Upgrade of DR 03214, DR 03221 and DR 3222;
- Access roads to hospitals and villages;
- Khiba DR 08526 Road;
- Coville DR 08510 Road;
- Mlamli DR 08606 Road;
- Herschel to Manxeba to Sterkspruit DR 08511 Road (Interlock paving/Asphalt surfacing);
- Road from Sterkspruit to Holo Hlahatsi Dam DR 08521/DR 08516 (previously Jozanashoek Dam) - Interlock paving / Asphalt surfacing;
- Herschel/Manxeba/Sterkspruit (interlock paving/asphalt surfacing; and
- Access Roads are required to be maintained by municipalities in terms of the Municipal Structures Act (although this is not financially viable for Senqu Municipality) - maintaining all roads as frequently as planned for optimal maintenance. The municipality inherited a backlog of maintenance of existing access roads as well as many villages which don't have access roads or internal roads. Taking this into account together with the acknowledgement of the small tax base and high levels of unemployment, it is observed that the municipality is

heavily reliant upon MIG grant funding for construction and rehabilitation of roads infrastructure and the Equitable Share for the repair and maintenance of roads;

- In terms of Powers and Functions, Senqu Municipality is responsible for all access and municipal roads in its area. The balance of roads fall under the powers and functions of the Department of Roads and Public Works (DRPW) now known as the Department of Transport (DoT), as of 1 April 2018;
- During the 2017/2018 financial year: 2.22km of gravel roads were constructed, and 3.28 km of roads upgraded to interlock paving. This was undertaken under the MIG programme. The internal Roads Department maintained 175.88 km of road. This occurred due to a council change in strategy to low level maintenance in the 2017/2018 financial year. Ward Councillors would identify roads for maintenance, therefore it was unknown what the target could be set to as it was impossible to determine a length and was therefore allocated a time period and became a roads schedule. In Quarter 2, targets were added for length for the rest of the year, based on average of what was achieved in Quarter 1, resulting in a Roads Maintenance Plan. Overall it is noted that the level of road services in rural areas is low, as most roads are gravel and un-sustainable and the low maintenance strategy has not proven itself successful;
- The Municipality has engaged its municipal wards to identify priority access roads that need surfacing/paving. These however will still require a massive financial injection. The current gravel roads backlog in Senqu is estimated at 363 km. This figure is now affected due to the flooding that occurred in March/April 2018. This effectively increased the backlog figure by an estimated 35% increase in the backlog. This will still require assessment, but as there is no Roads Inspector, this will require a professional Services Provider to re- assess and form a costed, phased and technically prioritised Roads & Storm Water Maintenance Plan;
- Streets within towns are the responsibility of the relevant local authority. Streets within townships in all the urban settlements are mostly in a reasonable state, however it is noted that Lady Grey and surrounding areas were hit particularly badly by flooding and localized flooding, impassable roads and poor access are experienced across the Senqu area during times of bad weather;
- The original RDP housing constructed in Kwezi Naledi has contributed to the original flooding challenge due to incorrect building practices (failure to build above the natural ground level) and it is noted that communities block storm water flow due to illegal access constructions and dumping of waste in storm water channels;

- Senqu Municipality does not have any entities responsible for rendering road maintenance services within the municipality. Capital projects are completed through the procurement of professional service providers and contractors and funded through the MIG programme and internal funding. Capital projects are identified through the IDP process, prioritised by the IDP & Budget Steering Committee and dependent on available funding. These priorities change periodically in order to suit the changing needs of the community. Additionally, it must be noted that the weather patterns (heavy rain/snowfall) wreak havoc on the gravel roads and this will in turn lead to changes within the MTERF;

- As the quality and quantity of gravel is rapidly dwindling within the area, the use of gravel access roads is currently being phased out in favour of interlock paving, which is sustainable and has high job creation content. The adopted Roads Policy now incorporates the construction of sustainable roads as well as the provision of an on-going sustainable source of job creation for years to come. The innovative use of Polymers is being investigated and as of 2018/2019 all new gravel roads will be constructed utilising this binding system in order to extend the life of the gravel road and thus reduce maintenance cost. The same will be used on roads maintained once a higher level of maintenance is achieved. It is required that the municipality urgently look at capacitating the roads section and maintenance/rehabilitation of existing infrastructure;

- The Barkly East, Mokhesi, Zwelitswa, Ext 4, Lady Grey (inclusive of Khwezi, Steve Tswete) asphalt surfaced roads required urgent attention in terms of revitalisation, resurfacing and possible rehabilitation, failing which there is a real risk of having to downgrade these roads to Class 5 (gravel roads). The MIG infrastructure also needs to be prioritised for maintenance;

- Currently the municipality is in possession of its own roads team that was used in the construction, rehabilitation and maintenance projects until recently, when Council resolved that the team be used for maintenance purposes only. This has also been incorporated into the adopted Roads Policy. While this should have provided a boost to the current road infrastructure lifespan, it did not occur, due to the low-level maintenance strategy of Council. It must be emphasized that this is a short-term solution that requires a higher level of maintenance through capacitation within the roads section. It is further noted that the Senqu area is too large in order for the roads team to be considered efficient and the maintenance of municipal roads in urban areas is also dealt with by the roads team. Some roads require major maintenance and are required to be re-gravelled. This then slows down the maintenance program, which in turn affects performance targets. This all occurs at the cost of time, which is contradictory

to the Councils current strategy of attempting to reach all wards and their communities; and

- It is noted that Council has approved the 2017/2018 Roads Schedule and the Roads Maintenance Plan for the entire Senqu area at the SDBIP budget adjustment meeting. It is acknowledged that each constructed/rehabilitated road will only be visited once every 2 to 3 years as there are insufficient plant and operators to do this more frequently and to ensure that this occurs at the proper level. This is an extremely inefficient option and plan, as each road needs to be maintained at least once per year and also following every heavy rainfall/snow. The cost of sufficient plant and staff to maintain the entire area will be high and therefore will need to be phased in, but should be considered as a high municipal priority. The replacement of existing plant also needs to be considered.

In reality, backlogs will in all likelihood increase again once existing roads find themselves severely impaired at the end of their life time. This will be due to the insufficient maintenance capability required to extend lifespans of the new roads. This has largely contributed to the Council policy of constructing more sustainable roads and creating jobs by the use of interlock paving systems.

During the 2017/18 financial year the Roads Maintenance Plan targets were impossible to set realistically but eventually estimated at 3 200 m per working week, thus giving an annual target of 140.8 km of which 175.88 km was achieved.

Implementation on the approved Roads Maintenance Plan is reflected per quarter as follows:

Q1: 44.35 km (It is noted that only a time target was reflected in Quarter 1)

Q2: 40.09 km

Q3: 45.32 km

Q4: 46.12 km

Total km achieved: 175.88 km

Moving forward it must be noted that Council has decided that in the new financial year, the maintenance plan will be replaced by a Maintenance Schedule for unplanned maintenance, but this will include time and estimated distance targets from the beginning.

This will be monitored in terms of time spent in identified wards (according to the schedule), where a basic low-level maintenance function will be conducted on “roads” identified by the ward councillor. The purpose of this strategy is to attempt to increase and spread road maintenance service delivery to as much of the Senqu area as possible.

Maintenance in urban areas takes longer than in rural areas due to greater existing infrastructure, road furniture and access ramps.

The cost of plant purchases is planned as a phased in approach over various financial years by the municipality (budget dependent). There is however a real need for more plant and operators in order to split the team into two sections in order to establish re-gravelling team and a light maintenance team. There is a current shortage of 2 operators and a further three will be required, inclusive of the purchase of a TLB and mechanised roller. The need for Plant Operators within the area is also a critical issue as they represent a scarce skill and tend to prefer to work in the private sector as the benefit is greater. The municipality is continuously busy with an on-going training programme that results in all operators obtaining official “Operator Certificates”.

The matter of powers and functions sometimes leads to a frustrated community as the access roads of the municipality are often in better condition than the provincial roads. This can be attributed to lack of integration in the maintenance programmes. Meetings have been held with the local DRPW office, but they also have resource issues.

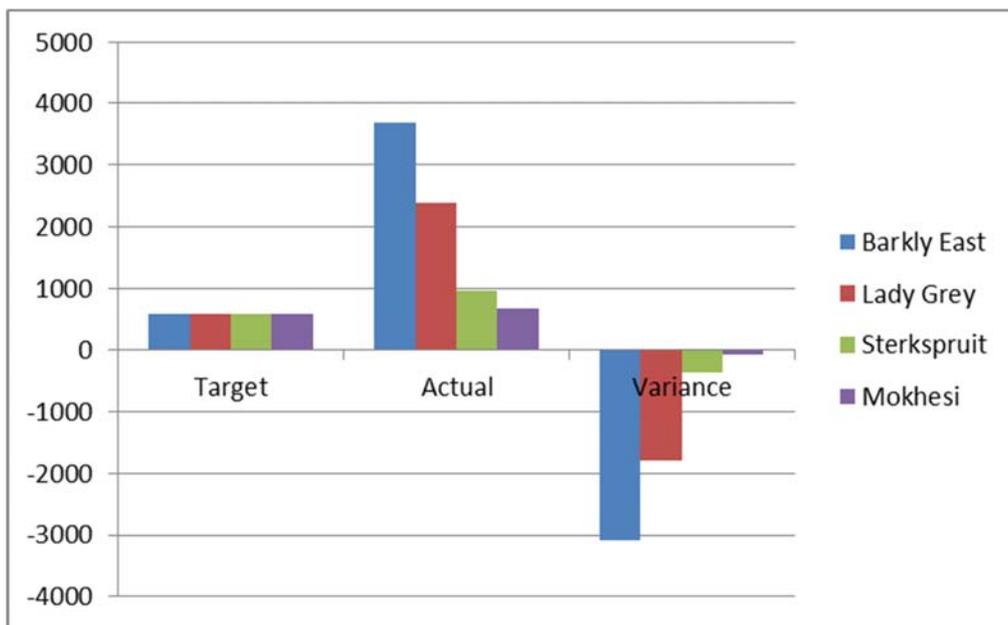
3.5.3 Pothole Repairs

During the current year the following pothole repairs were completed:

POTHOLE REPAIRS 2017/2018			
	Target	Actual	Variance
Barkly East	600	3 697	-3 097
Lady Grey	600	2 403	-1 803
Sterkspruit	600	963	-363
Mokhesi	600	685	-85

Note: Additional potholes were caused by heavy rain and further deteriorating road conditions.

a. Potholes 2017/2018



It remains difficult to establish targets on pothole repairs as they may increase due to poor weather. The drought that has currently been experienced within the areas has reduced potholes as there is less moisture content, but with the heavy rain received, potholes also tend to increase almost overnight.

In Barkly East and Mokhesi the current asphalt roads are extremely bad and break up due to age, making pothole repairs almost impossible. In addition, as when they are repaired the existing road surface surrounding the repair work breaks up. These roads are in urgent need of rehabilitation or within a few years they will have to be converted back to standard gravel roads, increasing maintenance cost and time and decreasing sustainability.

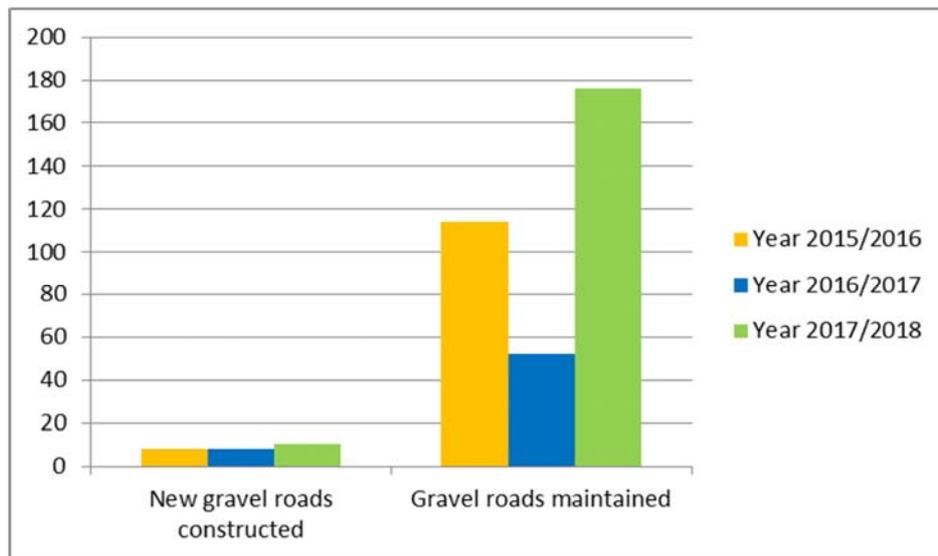
There are numerous bridges that are required to be replaced / renovated within the area, but these exist mainly on provincial roads for which the DRPW has insufficient budget.

3.5.4 Gravel Road Infrastructure

GRAVEL ROAD INFRASTRUCTURE				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/Paving	Gravel roads graded/maintained/fully re-gravelled
Year 2015/2016	573	8	1.39	114.339
Year 2016/2017	581	8	0	52.050
Year 2017/2018	591.3	10.3	5.1	175.88

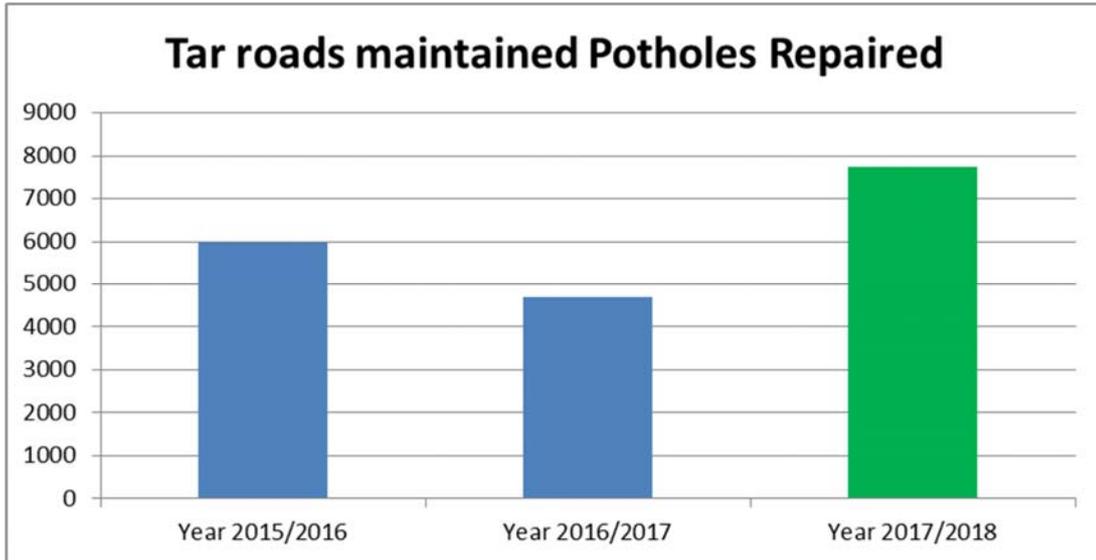
NOTE: Only roads constructed by MIG and streets on the assets register were maintained as it is a condition of MIG to maintain infrastructure. There is insufficient capacity to maintain all roads within the area unless more resources are allocated in terms of plant and staff.

a. Gravel Roads Constructed, Upgraded And Graded/Maintained



b. Tar Roads Maintained

SURFACED ROADS

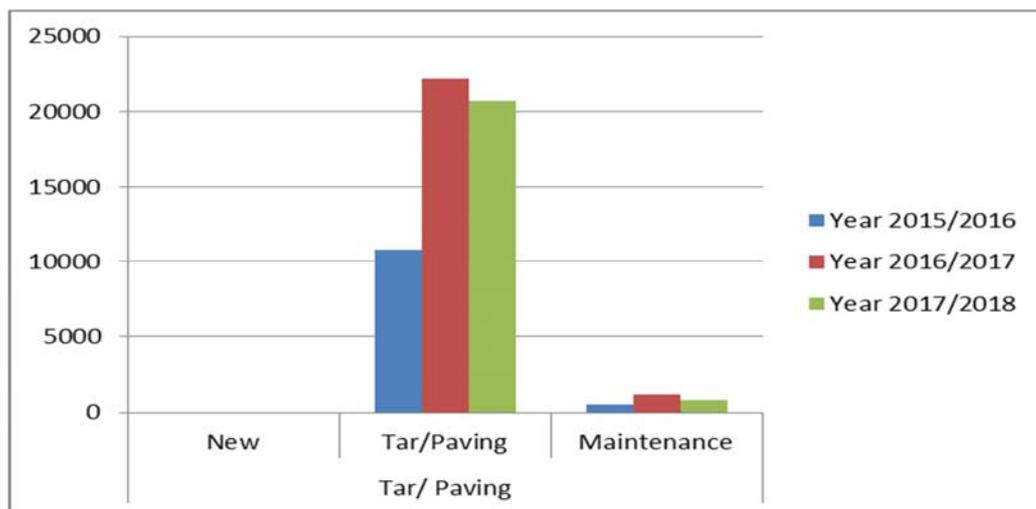


c. Tarred Roads (Infrastructure and Maintenance)

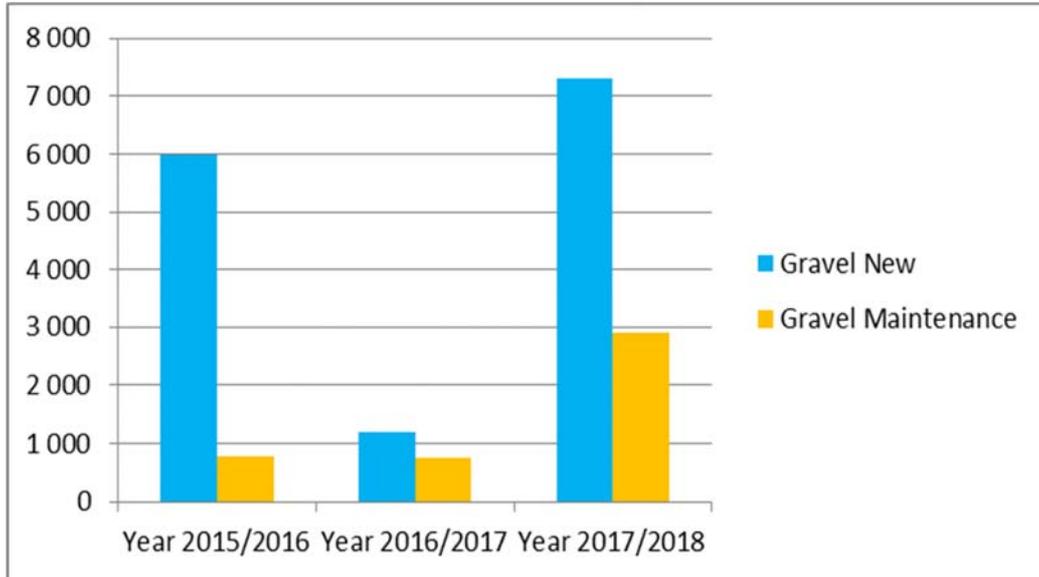
TARRED ROAD INFRASTRUCTURE KILOMETRES					
	Total tarred roads	New tar roads constructed	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads-maintained Potholes Repaired
Year 2015/2016	15	0	0	0	5 964
Year 2016/2017	15	0	0	0	4 708
Year 2017/2018	15	0	0	0	7 748

ACTUAL COST OF CONSTRUCTION/MAINTENANCE						
						R'000
	Gravel			Tar/ Paving		
	New	Gravel	Maintained	New	Tar/Paving	Maintained
Year 2015/2016	5 997	0	781	0	10 802	511
Year 2016/2017	1 200	0	766	0	22 178	1 193
Year 2017/2018	7 300	0	2 911	0	20 728	851

d. Surfaced Roads Budget ('000)



e. Gravel Roads Budget ('000)



ROAD SERVICE OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	Year 2016/2017		Year 2017/2018			Year 2017/2018	Year 2018/19	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(viii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To upgrade and maintain current infrastructure: Internal Roads Team	Validation of km / report quantifying the number of kilometres/meters maintained/constructed internally	54 km	52.05 km	54 km	140.800 km	175.88km Exceeded by 35.08 km	140.8 km (target) Actual 175.88 km	14.6 km Based on first draft.	150 km
To upgrade and maintain current infrastructure: Pedestrian and Road Bridges	MIG Reports /consultant /contractor's performance reporting. Pedestrian and Road Bridges constructed	2	0	2	0	0 - Under construction - Extension of time due to weather	2	2	0
To upgrade and construct new infrastructure: Access Roads (km)	MIG Reports /consultant /contractors performance reporting /validation of km / Report quantifying the number of kilometres/meters of access road constructed	9.2	8	9.2	13.1	10.3	10.3 km gravel road & 5.1 km upgrade to paving.	12.07	12

3.5.5 Employee Statistics (Roads Services)

Provided by Directorate of Technical Services

Please note that this information includes funded and unfunded vacant positions in terms of vacancies.

EMPLOYEES: ROADS SERVICES					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3	2	32	20	12	37.5%
4-6	3	12	3	9	75%
7-9	11	30	11	19	63.3%
10-12	1	2	1	1	50%
13-15	1	1	1	0	0%
16-18					
19-20					
Total	18	77	36	41	56.45%

Note: The number of employees has increased due to the adsorption of previous contract staff (job creation).

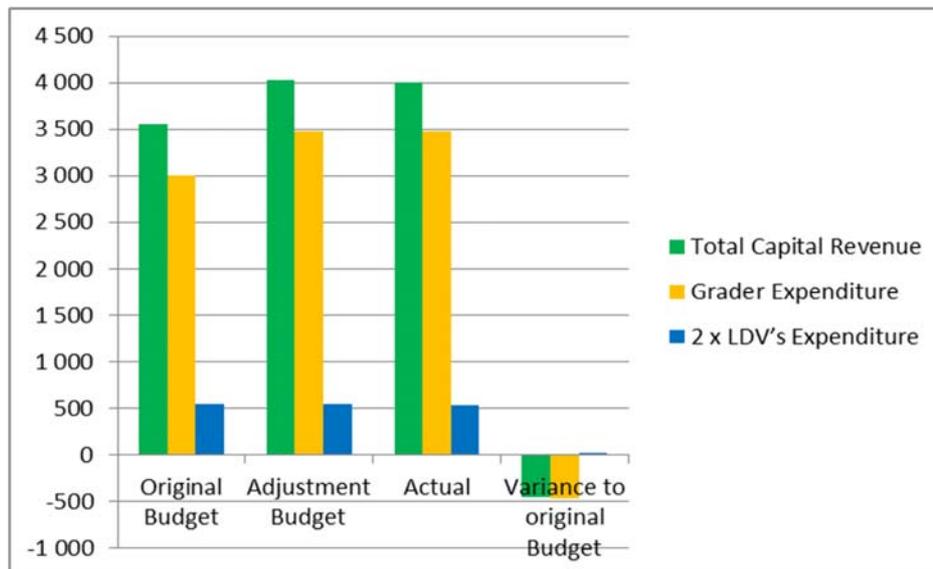
3.5.6 Financial Performance Year 2017/2018: Road Services

FINANCIAL PERFORMANCE YEAR 2017/2018: ROAD SERVICES					
R'000					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36 505	38 701	38 697	31 375	7 322
Expenditure					
Employees	3 811	4 055	4 793	4 483	7%
Repairs and Maintenance	1 965	3 061	2 893	2 785	4%
Other	12 476	12 999	12 546	9 836	28%
Total Operational Expenditure	18 252	20 116	20 217	17 104	18%

a. Table: Expenditure (Non-MIG)

Details	Year 2017/2018			
	Original Budget	Adjustment Budget	Actual	Variance to original Budget
Total Capital Revenue	3 550	4 030	4 006	-456
Expenditure				
Grader	3 000	3 480	3 471	-471
2 x LDV's	550	550	535	15

b. Expenditure (Non-MIG) - As per above



3.5.7 Comment on the Performance of Roads Overall

- Un-licensed borrow pits present an extreme compliance challenge in terms of legislation, usage by all and the fact that they are located mainly in tribal areas. This also results in access difficulties experienced by contractors due to the tribal authority/community interference;
- The quality and quantity of gravel available for roads construction is diminishing rapidly in the area and this results in over-haulage or crushing. This raises the costs of construction and maintenance. Accessibility to gravel requires roads to be constructed with borrow pits in order to procure gravel and this leads to further delays;
- The municipality is working according to a Roads Maintenance Plan and the targets set for the year were not met by 1.950 km. The reason for this is that the plant had to be split in order to complete the Eskom access roads so that electrification could continue and so that the deviation requested by the Mayor for Boxer Road in Sterkspruit could be accommodated;
- As part of the ongoing maintenance programme, Council authorized the purchase of the following plant:
 - 1 x Grader
 - 2 x LDV's
- Production of the roads team overall is negatively affected by staff arriving late on site due to the time it takes to get to site and leaving early in order to arrive home by 17H00 daily. This is being partially addressed by the payment of overtime, but is still insufficient to achieve full and required production;
- The possibility of increasing production time is being investigated through camping allowances;
- Supply Chain Management Regulations make it extremely difficult to repair plant within the rural areas;
- Applications were made to the Department of Roads and Public Works (DRPW) and approved for the amount of R 3 M for Labour Intensive Construction of paved sidewalks in Barkly East (Boyce Nondala) and counter-funded with R 500 000.00 for professional services within the 2018/2019 financial year;
- The municipality is urgently required to consider the increase of plant and staff for roads maintenance in order to meet its Constitutional and MIG mandate and to physically implement sufficient roads maintenance;

- Meetings have been held with the DRPW in order to integrate maintenance on all roads in the area and in order to obtain mutual assistance where possible. Due to insufficient resources and political priorities, this has not been proven to be successful;
- A Service Level Agreement was entered into with the national DRPW for the construction of Bailey Bridge within Senqu but this never materialised;
- The overall impact of the low-level maintenance strategy of Council has not been successful. A higher level of maintenance is required (full re-gravel and in sections, base repair as well). This will come at the cost of time as the roads team will need to be operational for a longer period of time in the identified areas which will result in only 3 - 4 wards being addressed per year;
- While it is acknowledged that Roads Maintenance may be contracted out, it is recommended that it be measured against the possibility of improving the internal roads section capacity;
- There is currently no roads inspector to assess the road conditions and to initiate appropriate action;
- Road signage is a legal issue and is dealt with by the traffic department as the roads section does not have the capacity to erect or replace a sign;
- A prioritised, costed roads and storm water master plan is critically required in order for proper budgeting and planning to take place.
- The current 'low level maintenance' strategy was unsuccessful as almost all the roads have been found to require complete re-gravelling back to a 150mm wearing course and base repairs in places;
- There is confusion within the community as to the difference between a "constructed road", an "unconstructed road" and a "track" which all have different needs and costs. This results in high expectations from the roads section which cannot meet the expectations of the community;
- The roads section is also assisting with sport fields but will no longer do so moving forward as it affects the performance of the roads team. This section is however undertaking professional repairs of an older grader in order to assist the Community Services Department, by moving the asset to that department;
- A Service Level Agreement has been entered into for an amount of R 3 M with the DRPW, for the construction of labour-intensive interlock sidewalks in Barkly East (from Boyce Nondala to Barkly East and Boyce Nodala to the

pedestrian bridge). This is counter-funded by Senqu Municipality for an amount of R 500 000.00.

3.6 TRANSPORT (MOTOR VEHICLE LICENSING)

3.6.1 Introduction to Motor Vehicle Licencing

Senqu Municipality provides a road worthy and licencing service at the Traffic Testing Station in Barkly East and Sterkspruit. The office at Sterkspruit is not yet fully operational.

More specifically, it must be noted that:

- The Grade A Traffic Test Station is situated in Barkly East. This test station is the central point at which road worthy of vehicles, driver's license testing and learners license testing occurs; and
- This NATIS motor vehicle registration facility service is also rendered by Council on an agency basis for the Department of Transport in Lady Grey, Sterkspruit and Barkly East.

3.6.2 Traffic Section Objectives:

- To provide available facilities for the licensing of motor vehicles within existing centres;
- To maintain and utilize the National Traffic Information System (Natis) on behalf of the Department of Transport;
- To establish and operate a fully compliant Motor Vehicle Registration and licensing facility within Sterkspruit following approval from the Department of Transport. It is the intention to extend the centre to include a drive test centre. Construction in this regard is complete and the required resources are available; and
- To continuously update and train staff on the operation of the Natis System.

3.6.3 Traffic and Licensing Statistics

LICENCING REVENUE	ACTUAL REVENUE	BUDGET	ACTUAL REVENUE	BUDGET	ACTUAL REVENUE
	2015 - 2016	2016 - 2017	2016 - 2017	2017 - 2018	2017 - 2018
Traffic Fines	138 875	320 000	117 389	12 000	129 550
Duplicate Permits & Registration	38 025	55 000	46 495	58 300	61 796
Commission on M/V Registration & Prodiba Driver Licence Renew	1 080 375	750 000	1 482 456	795 000	1 236 844
Learner's Drivers Licence	135 670	130 000	170 150	175 000	251 874
Drivers Licences	874 664	1 000 000	880 110	820 000	979 086
Prodiba Driver Licence Renew	-	250 000	-	-	-
Roadworthy; licences & permit	10 692	50 000	21 992	10 000	6 071
Total	2 717 119	2 555 000	2 718 592	1 870 300	2 665 221

TRAFFIC OPERATIONAL STATISTICS 2017/2018	
Vehicle Registration : Numbers Registered	690
Learners Licence: Applicants tested	906
Drivers Licence: Applicants tested	2918
Roadworthy of vehicles: Vehicles tested	14
Road Offence Tickets Issued	197

Note: The function related to roadworthy of vehicles was possible during this year due to the building having been renovated. This impacted on learner's licence testing statistics and functioning.

The roadworthy testing in both quarters 3 and 4 was not possible due to a delay in the Principle Engineer's Assessment Report from the Provincial Department of Transport.

3.6.4 Comment on the performance of Vehicle Licensing Overall

The overall performance on motor vehicles licensing has been maintained fairly consistently, notwithstanding that that the DLTC was not operational for a half of the year due to renovations, the shortfall was contained to be less than 10%.

3.7 WASTEWATER (STORMWATER DRAINAGE)

3.7.1 Introduction to Storm Water Drainage

Senqu Municipality does not use entities to maintain storm water systems within the area. When required, capital construction is outsourced through the procurement policy for the services of a consultant and contractor and these projects are funded through the MIG programme. Due to the implementation of mSCOA, the cleaning of storm water drainage was moved from the Technical Services Department to the Community Services Department, although any maintenance construction remained within the Technical Services Department.

The on-going cleanliness of the storm water system is conducted through the job creation programme as there are no designated permanent staff appointed to the storm water function.

Generally, storm water is part of a roads project but in terms of construction, the unbundling is separated, in terms of mSCOA capex requirements, depicting roads and storm water separately.

Historically there are storm water control issues throughout all the areas of Senqu, including the indigent and rural areas. The rural challenges have been caused by uncontrolled development, as tribal authorities allocate land at will and then demand services. In reality, the municipality does not have the capacity to deal with these matters.

Indigent (RDP projects) have challenges in that the roads and storm water infrastructures are poorly constructed due to budget constraints on project funding which then compounds and leads to critical issues at a later date. It is noted that people also interfere with their own constructions which then compounds the problems of blockages. In Lady Grey, Barkly East and Herschel, grey water is problematic in that it is required to be discharged into the storm water system, as there are no other options for managing this.

3.7.2 Stormwater Infrastructure

STORMWATER INFRASTRUCTURE				KILOMETRES
	Total Stormwater Measures	New Stormwater Measures	Stormwater Measures Upgraded	Stormwater Measures Maintained
Year 2014/2015	342.492	0	0	342.492
Year 2015/2016	0	35.97	0	515.694
Year 2016/2017	0	0	0	559.883
Year 2017/2018				

3.7.3 Stormwater Expenditure

COST OF CONSTRUCTION/ MAINTENANCE ACTUAL				R'000
	Stormwater Measures (Incl. Bridges)			
	New	Upgrade	Maintained	
Year 2014/2015	0	0	105	
Year 2015/2016	5 642	0	224	
Year 2016/2017	0	395	5	
Year 2016/2017				

3.7.4 Stormwater Policy Objectives

STORMWATER POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators	Outline Service Targets	Year 2015/2016		Year 2016/2017			Year 2017/2018	Year 2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(viii)	(viii)	(ix)	(x)
Service Objectives									
Storm water maintenance	Cleaning of storm water channels	200	679.8687	200	200	559,883	N/A No Target for 2017/2018		

3.7.5 Overall comments on the performance of storm water drainage:

- The storm water capital programme is being dealt with on an on-going basis, as part of the roads programme and is dependent on resources, although there have been dedicated projects in the past. These capital projects are now implemented by the Department of Development and Town Planning Services;
- The job creation programme is used for cleaning existing systems on an on-going basis. This financial year, 473.67 km of drainage was cleaned through this programme.
- Storm water infrastructure physical repairs are dealt with by the roads maintenance team and cleansing within the job creation programme, under the supervision of the Community Services Department. The lack of capacity and attempts to reduce costs have resulted in the roads and storm water function being considered to be an operational priority (with the exception of cleaning). There is a dedicated storm water section reflected in the organogram but there are insufficient resources for a storm water section;
- There are very serious storm water issues experienced within all of the villages (86 in total) and within the Kwezi Naledi and Nkululeko townships. Rossouw experiences the greatest problems as there is insufficient roads & storm water infrastructure and the cost of creating this will be extremely high compared to its benefit. As there is no town planning (historically) it is extremely difficult to control storm water, aside from the cost;
- Sterkspruit has mostly been dealt with although a few areas still require attention. These are slowly being addressed under the roads construction programme of the municipality. Realistically it will take years and an exorbitant amount of funding to address these challenges throughout the Senqu area. This on its own remains a further motivation for sustainable roads and storm water systems. In short, gravel does not work and is compounded by the lack of capacity for maintenance;
- It is noted that there is no dedicated Storm Water Department; and
- There is no Storm Water Master Plan.

Note: Roads & Stormwater is effectively considered to be one section. Only one post was able to be funded and filled within this financial year and that relates to the post of: Superintendent - Roads.

COMPONENT C: PLANNING AND DEVELOPMENT (PLANNING AND LOCAL ECONOMIC DEVELOPMENT)

3.8 PLANNING AND DEVELOPMENT

3.8.1 Introduction to Planning and Development

There is insufficient capacity (human and financial) within the Housing Unit to achieve accreditation at this point. In terms of mSCOA, the municipality will no longer be directly involved in housing, as it is no longer a core function. As a result, the staff employed within this unit have been absorbed within the Development and Town Planning Directorate.

The Spatial Development Framework (SDF) represented a shared responsibility between the IDP unit and the Town Planning unit. Despite efforts to staff this unit there have been limited dedicated resources for the SDF over the past few years. In an effort to alleviate this challenge, a service provider has been appointed in order to assist the municipality to review the SDF and Land Use Scheme, in terms of SPLUMA (Spatial Planning and Land Use Management Act). The SDF has been finalised and was adopted by Council on the 31st of March 2017. The SPLUMA Bylaws were adopted by Council and promulgated in the government gazette on 13 June 2016.

The municipality has also developed a wall-to-wall land use scheme that is compliant with SPLUMA. The Land Use Scheme (LUS) was adopted by Council on the 31st of March 2017. This is a requirement in terms of the Spatial Planning and Land Use Management Act 16 of 2013. The objective of this project is to have uniform town planning regulations for the entire municipal area that will also accommodate the needs of the rural community. This project commenced during the second quarter of this financial year and has also been finalised and is awaiting Council adoption. This tool will enable development to occur in a controlled manner and will assist in enforcing the principles of the Spatial Development Framework. Notwithstanding, challenges will still be faced as there is currently only (1) one Building Control Officer for the entire municipality.

Senqu Municipality comprises a large rural environment consisting of mountainous areas, 86 villages and the towns of Barkly East, Sterkspruit and Lady Grey as well as the hamlets of Rhodes, Rossouw and Herschel. This makes prioritised planning difficult as politically and realistically, not all parties within these areas can be fully accommodated on all levels of need.

Land invasion remains a large concern for the municipality. The Building Control unit attends to land invasion matters on a weekly basis and when an emergency arises. They issue contravention notices to the invaders and give them time to comply. Regular site visits are conducted during this time and when the invaders do not comply, matters are then forwarded to the attorneys of the municipality.

During this financial year the municipality has also developed a land invasion strategy that will guide the municipality in dealing with land invasion and also allow for proactive planning and precautionary measures to reduce land invasion. From the strategy, one of the key activities was to construct signboards advising the communities against land invasion and providing means to report land invasion. Ten signboards were also constructed in the Lady Grey, Barkly East and Sterkspruit areas. More signboards will be constructed in the next financial year.

This unit also attends to Town Planning and the National Building Regulations contraventions in order to ensure that the development occurs in a harmonious manner that will promote health, safety, social cohesion and economic development for the communities.

The challenge that the unit faces with attending to land invasion, town planning and building control is the insufficient staff, the lack of knowledge of procedures and legislation from the public and the fact that sheriffs at times do not execute the court orders to evict the illegal occupants because they are threatened by the illegal occupants and they get no assistance from SAPS.

Senqu Municipality has further been able to develop a Land Use Management System that is compliant with SPLUMA and business processes for the division. Policies are being developed for the division that will assist in operational requirements. Currently the division has one policy for the both **town planning and building control**.

Physical planning needs are based primarily on community needs which are prioritized by the IDP and Budget Steering Committee, taking all resources into account. The Technical Services Directorate is involved in the implementation of all infrastructure capital projects, although some are reported on by other departments (e.g. solid waste sites) depending where the responsibility lies. These projects are managed by the Project Management Unit (PMU) of the municipality, including implementation planning, time frames, budget and the like. In the past two years, it has become apparent that the PMU is critically under-capacitated with 28 projects being managed by two technical personal. The municipality plans to remedy the situation in the next financial year.

3.8.2 Building Plans 2017/2018

Category	Number of new applications received 2016/2017 -30 June 2017	Total value of applications received 2016/2017 - 30 June 2017 Rand	Applications outstanding 2016/2017 - 30 June 2017	Number of new applications received June 2017	Total value of applications received 30 June 2017 Rand	Applications outstanding 30 June 2017
Residential new	5	R 1 377 000	1	5	R 1 377 000	1
Residential additions	38	R 6 563 000	14	38	R 6 563 000	14
Commercial	3	R 9100 000	1	3	R 9100 000	1
Industrial	0	0	0	0	0	0
Other (specify)	3 (church) 1 Cellular mast	R 725 000 R 300 000	0	3 (church) 1 Cellular mast	R 725 000 R 300 000	0 0

3.8.3 Town Planning Applications 2017/2018

Applications outstanding 1 July 2016	Category	Number of new applications received July 2017	Applications outstanding 30 June 2018
1	Rezoning	7	1
0	Consolidation	0	0
0	Sub Division	4	0

3.8.4 Planning Policy Objectives Taken From IDP

PLANNING POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	Year 2013/2014		2014/2015			2015- 2018		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(viii)	2015/ 2016	2016/ 2017	2017/ 2018
Service Objectives									
Construction of access roads	Construction of 200 km of access roads	9.5	32	9.5	33	25	20	20	20
Construction of river crossings	Construction of 2 river crossings	2	2	2	2	0	2	2	1
Renovation and construction of municipal property	Renovation of offices, mayoral residence & construction of Fleet Bay	100%	100%	100%	100%	100%	100%	100%	100%
Sterkspruit Taxi rank	Completion of construction (multiyear)	100%	100% (1 x Taxi Rank)	80%			-	-	-
Construction of houses	1302 low cost units in Barkly East, Lady Grey, Rhodes & Rossouw.	300	1418	69.25%	0%	0%	4000	3500	3500
Reduce electricity losses	To be at acceptable limits (15% or lower)	18%	15.21%	Below 15%	15%	13%	12%	11%	10.5%

3.8.5 Capital Investment Programme

The capital project investment programme is run and managed by the PMU Unit who has been re-located to the Technical Services Department as of the 1 July 2017.

3.8.6 PMU Employee Statistics

Table: Employee Statistics (Planning Services)

EMPLOYEES: PLANNING SERVICES (MIG PMU)					
Job Level	Year 2016/2017	Year 2017/2018			
TASK	Employees No	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3					
4-6	0	0	0	0	0%
7-9	1	1	1	0	0%
10-12	2	2	2	0	0%
13-15					
16-18	1	1	1	0	0%
19-20					
Total	4	4	4	0	0%

Note: No funded vacant positions for this financial year.

An annual PMU Business Plan is submitted annually to COGTA for approval of the budget for the PMU unit.

A total MIG allocation of R 39 115 000.00 was received for the 2017/2018 FY and 5% of the allocation went to the PMU, for operational costs, to a value of R 1 955 750.00, as approved by COGTA.

All projects form part of the Integrated Development Plan.

3.8.7 Financial Performance (MIG Project Management Unit)

FINANCIAL PERFORMANCE YEAR 2017/2018: MIG PROJECT MANAGEMENT UNIT					
R'000					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Budget Adjustment	Variance Original Budget	Actual
Total Operational Revenue	1 836	1 956	1 956	-22	1 978
Expenditure (Total MIG UNIT)	1 836	1 956	1 956	-22	1 978
Total Operational Expenditure	1 836	1 956	1 956	-22	1 978
Net Operational Expenditure	0	0	0	-22	1 978

3.8.8 Comment on the Performance of Physical Planning Overall

In terms of Land Use and Town Planning issues experienced by the municipality, it must be noted that there is only one dedicated planner. The organogram is in process of being reviewed and this will be completed by March 2017. This will take into account the new SPLUMA Regulations and Scopa. It is the intention that at this time the Town Planning and PMU units will be adequately capacitated.

3.8.9 Challenges and improvements influencing projects

CHALLENGES		IMPROVEMENTS
Department Water & Sanitation not assisting timeously on EIA	1	Successful meetings held with the DWS and DEDEA
Objections during public EIA participation processes delaying implementation of projects	2	Objections can be over-ruled dependent on circumstances
Community resistance / Land matters in community lands	3	Politicians aware of the resistance
Poor performance of service providers	4	Successful meetings held with Service Providers to improve performance
PMU under capacitated	5	Council and management are aware of the under-capacity and intend to resolve in the new financial year
Non-responsive tenders requiring re-advertisement	6	CIDB and SCM are attempting to workshop contractors
Eskom infrastructure issues and poor communication	7	Issues raised
Budget estimates not always correct	8	The implementation of mSCOA is there to assist and to resolve
SCM Regulations oblige appointment of Service Provider with highest points	9	There is allowance in the regulations for SCM to investigate further service provider for appropriate appointments
Non-appointment of contractors due to funding shortages and pending confirmation leads to delays	10	The DAC meetings sit monthly
Project savings remain uncommitted and therefore contribute to uncommitted funds	11	NT will be requested that no funding be removed as all will be used in the new year with projects currently out for tender
Difficulty in start timing of multi-year projects due to budget	12	Unfortunately, this cannot be changed with exception of loans
End user departments not fully co-operating during project implementation stage	13	
There is grey area on functions between SCM & PMU from tender advertisement to tender award period	14	

3.8.10 The current financial year - MIG Project Detail 2017/2018

PROJECT TYPE	MUNICIPAL ADJUSTMENT BUDGET (2017/2018)	ACTUAL EXPENDITURE (2017/2018)	CURRENT YEAR ROLLOVER /COMMITMENT (MUNICIPAL)	FUNDING STATUS	PROJECT STATUS
Roads					
Construction of two Pedestrian Bridges Bridge in Mabele: Ward 5	3 000 000	2 668 301		MIG	Registered
Construction of Paved Roads in Wards 10: Tienbank	11 121 232	9 037 825		MIG	Registered
Construction of Paved Roads in Wards 11: Herschel	11 449 109	12 041 791		MIG	Registered
Construction of 6 km access roads with storm water control between Esilindini and Frans	1 000 000	40 025		MIG	Not Registered
Sportfields					
Kwa Gcina Sportfield	709 177	524 346		MIG	Not Registered
Naledi Sport Field	285 000	249 163		MIG	Not Registered
Halls					
Construction of Community Hall - Ward 9	1 284 840	1 161 615		MIG	Registered

MIG PROJECT DETAIL 2017/2018 (cont.)

PROJECT TYPE	MUNICIPAL ADJUSTMENT BUDGET (2017/2018)	ACTUAL EXPENDITURE 2017/2018	CURRENT YEAR ROLLOVER /COMMITMENT (MUNICIPAL)	FUNDING STATUS	PROJECT STATUS
Solid Waste Sites					
Upgrading of Existing Barkly East Solid Waste Site	3 626 945	104 198		MIG	Not Registered
Upgrading of Existing Lady Grey Solid Waste Site	3 626 945	2 251 963		MIG	Not Registered
Other					
Construction of Lady Grey Animal Pound	500 000	437 567		MIG	Registered
Planning Projects					
Planning Project: Land Fill Sites	450 000	-		MIG	Registered
Construction					
Construction of pedestrian bridge in Mabele [EIA]	66 000	-		MIG	Registered
TOTAL	37 119 248	28 516 794	3 705 611		

3.8.11 MIG Project Detail 2016/2017 (Previous Financial Year)

PROJECT TYPE	MUNICIPAL ADJUSTMENT BUDGET (2016/2017)	ACTUAL EXPENDITURE 2016/2017	CURRENT YEAR ROLLOVER /COMMITMENT (MUNICIPAL)	FUNDING STATUS	PROJECT STATUS
Roads					
Construction of Paved Roads in Wards 11: Herschel	8 589	5 665	-	Funding Committed	Procurement for consultant
Construction of Paved Roads in Wards 10: Tienbank	13 589	5 856	-	Funding Committed	Procurement for consultant
Construction of Access Roads in Ward 18 - Esilindini	--	3774	-	Funding Committed	Procurement for consultant
Construction of Access Roads in Ward 17 - Sunduza & Joveleni	--	3799	-	Funding Committed	Procurement for consultant
Construction of Access Roads in Wards 3: Erka, Qhoboshane, Hohobeng & Other	600	843		Funding Committed	Complete
Construction of Access Roads in Wards 4: Boomplaas, Mkunyzazo	600	170	-	Funding Committed	Complete
Sportfields					
Renovation of the Sport Facilities in Barkly East	80	250	-	Funding committed	Complete
Construction of Sportfields in Ward 2 - Upgrading of Sportfield in Kwa - Gcina	4 000	3 648		Funding committed	Procurement for consultant
Construction of Sportfields in Ward 13 - Upgrading of Sportsfield in Naledi	3 000	3 761	--	Funding committed	Procurement for consultant
Halls					
Construction of new Community Hall in Ward 9	--	1 248	-	Funding committed	Procurement for consultant
Construction of new Community Hall in Ward 12	--	158	-	Funding committed	Complete
Construction of new Community Hall in Ward 18	--	82	-	Funding committed	Complete

MIG PROJECT DETAIL 2016/2017 (cont.)

PROJECT TYPE	MUNICIPAL ADJUSTMENT BUDGET (2016/2017)	ACTUAL EXPENDITURE 2015/2016	CURRENT YEAR ROLLOVER /COMMITMENT (MUNICIPAL)	FUNDING STATUS	PROJECT STATUS
Solid Waste Sites					
Construction of Herschel Solid Waste Site - Ward 11	1 450	59	-	Funding committed	Procurement for consultant.
Construction of Rhodes Solid Waste Site - Ward 16	560	59	-	Funding committed	Procurement for consultant.
Construction of Rossouw Solid Waste Site - Ward 15	560	59	-	Funding committed	Procurement for consultant.
Street Lights					
Barkly East Street lights	400	582	-	Funding committed	Complete
Lady Grey Street lights	2 800	3 028			Complete
Planning Projects					
Planning Project for EIA application for Pedestrian Bridge in Ward 5 - Bebeza	100	118	-	Funding committed	Procurement for consultant.
Construction					
Construction of Hawker Stalls in Ward 10 - Sterkspruit	400	1 360	-	Funding committed	Complete
Construction of Lady Grey Animal Pound	--	378	-	Funding committed	Complete
GENERAL EXPENDITURE					
PMU (5%)	1 836 400.00	1 836 400.00	--		Ongoing
Over Expenditure (2015/16) Recovery	--	--	--		
TOTAL	36 728 000.00	36 728 000.00	0.00		

As Senqu Municipality is essentially a rural area, under tribal administration (with the exception of commercial farms and urban areas), it is extremely challenging to control land use and building control in the rural areas.

During this period, it is noted that:

- Council approves Town Planning matters only and not the Building Plans;
- An updated Building Register was kept;
- An updated Town Planning Register was kept;
- Town Planning submissions were received and processed as required;
- An increased number of Building Plans were received and processed (for domestic and business/commercial use);
- Land Invasions continue to present a challenge and are dealt with via legal counsel as required.

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.9.1 Introduction to Economic Development

The strategic direction of Senqu Municipality is informed by the Integrated Development Plan (IDP (2017-2022) and within this it's 5-year Local Economic Development Strategy (LED Strategy). The strategy was reviewed during the 2017-2018 financial year but not adopted, as Councillors requested to be workshopped on the strategy. This workshop was postponed on two occasions but was eventually held 24th May 2018. As a direct result, this strategy was eventually adopted 23rd August 2018.

3.9.2 Objectives of the five (5) year LED strategy

- Improving urban infrastructure in order to attract investments;
- Developing partnerships between the public sector and the private sector in order to encourage investment and skills development within this area;
- Improving youth entrepreneurship and participation within the mainstream economy;
- Building strong and sustainable LED institutions and resources;
- Ensuring that 30 % of all infrastructure projects benefit SMME's; and
- Alleviating unemployment by utilising labour-intensive programmes and projects such as CWP and EPWP.

Taking these targets into account, the following figures are noted as read together with the 2017 targets (as reflected within the IDP):

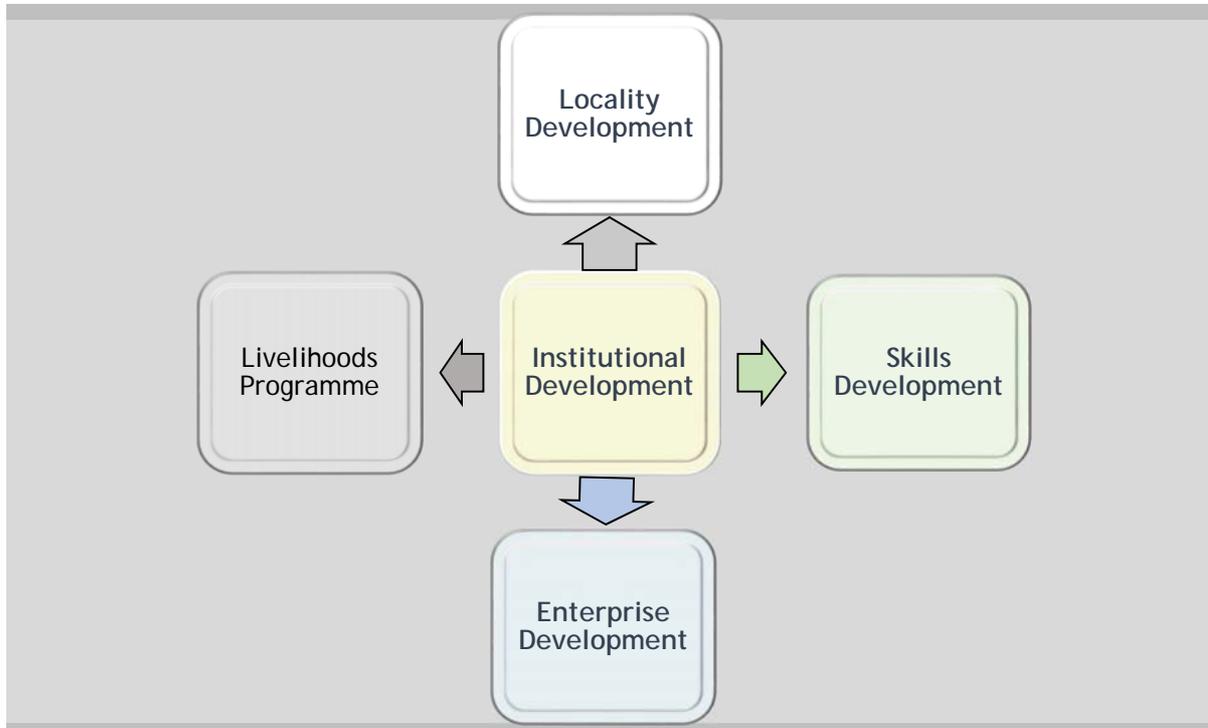
Figure: LED Strategy 2012 Performance Baseline

HIGH LEVEL LED PERFORMANCE BASELINE (2012-2017)		
Indicator	2012 (Current)	2017 (Target)
GVA Growth	3.035 p.a.	5.5% p.a. (minimum)
Unemployment	30.34%	20%
Poverty	62.93%	52%

3.9.3 LED Strategy Development Thrusts

The Senqu LED Strategy (2013) has 5 integrated LED development thrusts and priorities (strategic focus areas) as depicted within the diagram below:

LED Strategy Development Thrusts



a. Development Thrust 1: Locality Development

The Locality Development Programme will be focused on achieving the following outcomes:

- Making the municipal area more attractive to investors, tourists and individuals; and
- Improving the physical and environmental appeal of the area;

b. Development Thrust 2: Enterprise Development

The Enterprise Development Programme focuses on:

- Creating a conducive environment for existing, new and start-up businesses;
- Improve profitability, competitiveness and sustainability of locally-based enterprises; and
- Prioritising the development of key growth and employment sectors e.g. Agriculture, Tourism and the Green Economy;

c. Development Thrust 3: Sustainable Livelihoods

The purpose of the sustainable livelihoods programme is to:

- Facilitate labour intensive projects that create employment opportunities.

d. Development Thrust 4: Skills Development

The purpose of the skills development priority is to:

- Build the necessary skills base for economic growth and development;
- Improve employability and active economic participation; and
- Support key growth and employment sectors.

e. Development Thrust 5: Institutional Development

LED institutional development in Senqu is designed to:

- Foster sustainable partnerships with key and relevant stakeholders; and
- Improve monitoring and evaluation of LED projects and initiatives.

3.9.4 Economic Indicators (as reflected in the IDP)

- Senqu **local economy** generates around one quarter (25.7%) of total District GVA. This is the second largest contribution after Elundini (39.0%);
- From 2000 to 2010, the local economy has grown at an average rate of 3.0% pa. The District and provincial economies have averaged 5.6% pa and 3.2% per annum, respectively, over the same period; and
- **Total formal employment** within the District sees Senqu Municipality making a relatively higher contribution of 27.9% (i.e. ranking second to Elundini (36.7%).

3.9.5 Economic Growth, Structure and Sectors

- It is noted that of the GDP of R 3.07 billion in 2016 (up from R 1.16 billion in 2006), Senqu contributed 29.42% to the Joe Gqabi District Municipality GDP;
- Annual growth is forecast at 2.13% pa from 2016 to 2021. This is higher than JGDM and SA whose annual growth is 1,61%;

- In 2016 the community services sector represented the largest sector within Senqu Municipality and accounted for 1.23 billion or 44.2 % of the total GVA. The sector that contributed the second most to the GVA is the trade sector at 19.4 %, followed by the finance sector with 12.4 %. The sector that contributed the least was the mining sector with 7.08 million or 0.25 % of the GVA (Ecsecc,2017:26);
- During 2006 the unemployment rate was 28.3% which decreased to 27.1% in 2016;
- The poverty gap rate in Senqu Local Municipality amounted to 30.0%. This represented a decrease from 2006 at 32,5 %;
- Overall the economy is at risk because it has become over reliant on certain sectors;
- The majority of employment is to be found within community services; and
- There is a low skill level with only 69.33% of the population being functionally literate, although this has improved from the level of 58,3 % in 2006.

3.9.6 Comparative and Competitive Advantages

a. Basic Services and Infrastructure

- The local municipality performs above District average in respect of access to all **basic services** excluding refuse removal. The majority of Senqu households enjoy access to the RDP minimum levels of basic services in respect of housing, energy, and sanitation. In Senqu's favour is the considerable allocation of the local government equitable share;

b. LED Support System

- The Senqu Municipality has a dedicated LED Unit located within its planning department. This Unit is responsible for coordination and facilitation of LED processes in Senqu as well being required to advise Council regarding LED matters;
- Senqu Municipality is one of the key partners of the Joe Gqabi Economic Development Agency (JoGEDA) which is tasked to drive special economic development projects on behalf of the district municipality and the four local municipalities in Joe Gqabi. With regard to Senqu, the Agency has prioritised commercial property development and plastic manufacturing as its immediate flagship projects;

c. **Senqu local economy** generates around one quarter (25.7%) of total District GVA. This is the second largest contribution after Elundini (39.0%);

d. From 2000 to 2010, the local economy has grown at an average rate of 3.0% per annum (pa). The District and provincial economies have averaged 5.6% pa and 3.2% pa, respectively, over the same period; and

e. **Total formal employment** within the District sees Senqu Municipality making a relatively higher contribution of 27.9% (i.e. ranking second to Elundini at 36.7%).

3.9.7 Economic Growth, Structure and Sectors

- The **tertiary sector** contributes the greatest share of GVA (82.3%) and formal employment (68.8%) to the Senqu local economy. The Senqu economy claims a comparative advantage in the primary sector, with a location quotient (LQ) of 1.18, where both Agriculture (LQ: 1.15) and particularly Mining (LQ: 2.16) are claimed as advantages. A **comparative advantage** is also enjoyed in the tertiary sector, with a modest location quotient of 1.03, which is principally due to the relative strength of the Community (LQ: 1.20) and General Government (LQ: 1.23) Services;
- No comparative advantage exists in the secondary (LQ: 0.80) sector, although several **manufacturing sub-sectors are claimed as advantages** (i.e. the radio and instrumentation (LQ: 3.88);
- **Community services and General government (Services)** account for the bulk (39.8%) of local GVA and for 37.4% of all local formal employment. The dominance of services contributes to the concentration of the local economy (Tress Index: 63.48). Given that diversification is essential for a robust and resilient economy, the promotion of economic development across a range of sectors, away from the current concentration on Services, will mitigate against negative seasonal or sectoral impacts;
- Finance, like Services, is not strictly a driving sector in that no new productive value is generated, although both can play significant roles, as services, in facilitating (or limiting) an enabling environment conducive to local economic development. Beyond these dominant service-related sectors, potential local economic drivers emerge as mining and quarrying together with the Manufacturing sub-sectors of Electrical machinery and Transport equipment. The latter industries emerge as leading (GPI >100) comparative advantages (LQ >1; positive shift in share) and further claim higher than average growth rates, with the notable exception of Mining (-1.9%pa). Agriculture, while being claimed as a comparative advantage (LQ: 1.15), emerges as a lagging sector (GPI: 95.11) and reflects negative growth (-3.2%pa) as well as relative loss in share (-1.5%) of the District economy. However, agriculture's contribution to formal employment in Senqu (36.3%) and in the JGDM (36.6%) and contrasted with 19.3% provincially, represents more than one third of local formal employment. Senqu is characterised by a strong presence of subsistence agriculture, which does not contribute directly to the formal economy but does enhance local food security and survivalist economics at household level, and further presents opportunities for skills development and growth in small-scale agricultural development. Limitations to commercial agricultural development, beyond the predominance of subsistence agriculture, lie in the limited extent of arable land in Senqu - one of the most degraded areas in South Africa - although

intensive production of selected fruit, with related processing and packaging opportunities, as well as marginal production of dry beans and grain sorghum, have been identified for Senqu Municipality. (JGDM 2010; UKDM 2009);

- Tourism
 - Senqu hosts Tiffendell, the only ski resort in Africa;
 - It also contains many of the highest mountain passes in South Africa; and
 - In addition, many rare plant and bird species are found in the area.
- Agriculture
 - Senqu is one of the biggest producers of greasy wool in South Africa and this production is increasing.

3.9.8 Challenges

- Local Economic Development or LED is one of the mandates of local government which is directly derived from the Constitution, Act 108 of 1996 S 152 and is required to promote social and economic development. Senqu Municipality's 5-year LED Strategy was reviewed in 2017/18 although approved late;
- LED is one of the more difficult mandates of local government as it is holistic and involves all municipal departments and includes all spheres of government as well as the private sphere. The role of local government is therefore to provide an environment which is conducive to the development of the economy. It does this by ensuring that the necessary infrastructure is in place and maintained in order for the economy to grow and thrive;
- Due to historical factors the infrastructure which is needed to drive the economy is in a bad state of repair and the current and future budget projections do not allow for the infrastructure to reach a standard which will promote economic development. The Municipality consists of small towns which do not have any industrial output and only offer services and sell goods procured and made elsewhere. The road network is inadequate with poor linkages, poor signage and predominantly gravel. The existing main rural roads have reached the end of their lifespan and require rebuilding. However only a maintenance budget is available, and this has been likened to "trying to stem blood flow from a main artery with a piece of paper". The cellular network is patchy and fast internet connections are desired by the majority of residents;
- Whilst water and sanitation networks have improved in the past years, the service is inadequate and irregular with the result that many areas suffer from droughts. More

water storage facilities have to be built as well as increasing the education of water wise consumers. Agricultural facilities for stock have increased in the communal areas with many shearing sheds being built which has increased agricultural production. However, the lack of maintenance and vandalism of dipping and fencing together with poor veld management on highly erodible soils has led to overgrazed lands with huge dongas and increased loss of top soil;

- The lack of land for development in urban areas has led to an expansion of former rural villages to the town boundaries. This can be seen in Sterkspruit and Hershel where the former town now has an urban fringe of villages under a communal land tenure system. This has an impact on service delivery as current systems do not accommodate home owners without formal title deeds;
- Land invasions due to lack of finance for acquiring land and lack of land for sale continues to be a problem in the former RSA towns of Barkly East, Lady Grey, Rossouw and Rhodes.

3.9.9 Intergovernmental Platforms

- The LED Unit is focused on achieving LED through creating partnerships. It therefore focuses on engaging with the public and private sector to create institutions whereby engagement can take place such as LTO's and Economic Development Forums.

Name of Forum	Times met	Dates
Local Tourism Organisation (LTO)	4	11 July 2017 23 November 2017 8 March 2018 1 June 2018
Economic Development Forum (EDF)	3	27 November 2017 24 February 2018 18 May 2018

3.9.10 Promotion of Tourism

- Tourism is a growing industry and provides a growth opportunity for the local economy. As such it is one of the important drivers of the LED Strategy. The LED Unit therefore supports the local tourism industry by providing support to Community Tourism Organisations for the hosting and development of their websites. In the 2017/2018 financial year the hosting of the CTO websites was paid for and tourism information signs including one for Lady Grey town were procured and erected. Brochures were printed

for Sterkspruit and Rhodes. Rock art brochures were additionally procured for the museum;

- The tourism attractions of Senqu were marketed at the Beeld Show in Midrand. These focused on self-drive outdoor attractions from the 23 - 25 February 2018 as well as at the Rapport Show in Cape Town from the 29 September to 1 October 2017, ending with the Tourism Indaba show from the 8-10 May 2018. The Indaba in Durban was a joint ECPTA stand highlighting the Eastern Cape Highlands.

3.9.11 Support of Tourism Events and Tourism Awareness

The Passion Play which is held annually at Easter time was held in Lady Grey in order to raise funds for the Lady Grey Arts Academy. This was supported with advertisements in the Volksblad. Passports were printed for the Rhodes Stoeptsit fees in February 2018 and Tourism month celebrations were held on 8th September 2017 with a tourism seminar at the Bensonvale College complex (which was not well supported).

The junior ski championships at Tiffindell were supported with an electronic notice board to show the result of the races and any other relevant public notices.

Further community awareness of tourism was conducted through the Tourism Schools' Competition that was held on the 22 September 2017, in partnership with the Department of Education. The competition was held for senior secondary schools who have tourism as a subject.

3.9.12 Support to SMME's

Support for SMME's was conducted through the hosting of information days, financial application support and training. Accordingly:

- 1 March 2018: Agricultural Indaba held where emerging farmers received information on animal and veld management;
- 1 February 2018: LED awareness day held in conjunction with PETCO, which highlighted business opportunities in waste. Trolleys were handed over to three (3) cooperatives in order to transport waste;
- 65 people were trained by the bank SITA from 19 - 22 March 2018. The Municipality paid for the catering and provided the venue;
- 12 tourism SMME's attended a book keeping course in Sterkspruit;
- 3 Cooperatives were trained by PETCO in waste management;
- 24 November 2018: an LED Information Day was held in the form of an LED festiva, where 10 SMME's were invited to showcase their products for sale at the Sterkspruit Plaza. This

initiative was jointly funded by the Sterkspruit Plaza and the Municipality. This will now become an annual event;

- 29 Co-operatives were trained on the Co-operative Incentive Training on the 13th and 14th September 2017;
- In total, 57 co-operatives and SMME's were assisted by the Municipality; and
- An SMME policy to assist local procurement was developed but is still in discussion phase.

3.9.13 The Expanded Public Works Programme (EPWP)

The EPWP policy was reviewed in January 2016 and went to Council for adoption. Then a new framework for EPWP and Interns was adopted in the 2018/2019 financial year.

The currently approved policy outlines the institutional arrangements for implementing EPWP, roles and responsibilities, the employment opportunities, training and EPWP target, conditions of employment, target groups and reporting processes. The Director of Technical Services is responsible for implementing EPWP, but co-ordination thereof will be done by the EPWP Steering Committee.

EPWP programme objectives:

- To create job opportunities by reviewing the manner in which municipalities implement existing projects/programmes;
- To identify and propose programmes that will contribute towards additional job creation opportunities; and
- To ensure that the proposed job creation programmes forms part of the service delivery mandates of the municipality.

These principles have been incorporated into the municipality's efforts to increase employment opportunities for its residents. Projects have included: basic road maintenance, paving of streets, picking up refuse, pothole repair and stormwater channel maintenance.

To date, the Expanded Public Works Programme (EPWP), funded by the Department of Public Works, is considered to have been successfully implemented. Management and politicians review the program annually in order to ensure that sustainable work opportunities are created and that graduates from the programme acquire the necessary skills in order to increase their employment opportunities. The CWP programme has been increased to provide jobs for 2000 participants within seven (7) wards.

From its inception, internal and MIG infrastructure projects have also been registered with the EPWP and have resulted in the opportunity to provide many job opportunities and to obtain benefits from the Labour Rebate Program of the EPWP.

It is always difficult to determine how many jobs have been developed during the year as the number of employed people increases and decreases month by month. It is also difficult to determine the annual number of designated persons. In an effort to ensure maximum transparency, an average monthly total is calculated for the year by adding all the jobs reported monthly on EPWPRS and dividing them by twelve. This then gives a monthly average of 167 jobs. 33 of these were from infrastructure projects with 134 coming from the mass job creation programme. This figure is lower than expected due to a labour strike in Sterkspruit. In this instance, the 50 people that were meant to be replaced on 1 January 2018 were only replaced 1 May 2018. In addition, our contractors are slow to provide information for the registration of workers on EPWPRS with the result that more workers are engaged on projects that can be reported upon.

It is impossible to calculate an average monthly figure for males, females and youth as they will add up to more than the monthly average for workers. It was therefore decided to show these quarterly per project.

Additional jobs were created during the year but these could not be reported on due to lack of documentation such as: certified ID copies, or the fact that the person did not attend work during the reporting period. A grant of R 1,536,000 was received as the EPWP Incentive Grant. This was utilised together with the MIG and own funding.

Senqu Municipality included the CWP figures as part of the overall job creation figures. It must be realised that job figures differ throughout the year. The CWP project created a minimum of 2000 jobs during the year. This total fluctuates quarterly due to persons resigning or being dismissed. The monthly total for CWP jobs is 2136, as the programme only operated for 11 months due to COGTA appointing a new implementer for the programme. The funds for the programme are not transferred to the Municipality but paid out by COGTA to its implementing agent.

a. Table: EPWP project costs and results for the 2017/2018 period as reported on the EPWPRS

LOCATION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL	MONTHLY AVERAGE
Mass Job Creation	151	155	154	157	156	154	102	96	98	97	144	141	1605	134
Lady Grey Parking Bay	8	8	12	12	0	0	0	0	0	0	0	0	40	10
Hershel Paved Roads	12	12	13	13	16	18	10	16	13	18	15	0	156	14
Tienbank paved Roads	9	9	8	8	8	2	8	5	15	16	8	8	104	9
Total	180	184	187	190	180	174	120	117	126	131	167	149	1905	167

Note:

- There is a new electronic EPWP Reporting System currently in use. If this is not operated effectively, or if this is not managed properly, it can have very damaging consequences as the system may at times not read ID's and may then not count individuals. Challenges in respect of this system exists in many instances.

It is acknowledged that there are a number of difficulties and challenges in respect of administering and managing the EPWP projects themselves. Despite continuous movements and many different types of jobs being created, record keeping should not be an issue if managed correctly. Appropriate and proper statistics are required to be kept and updated monthly.

b. Table: Detailing the actual number of people employed per quarter in designated groups for the 2017/2018:

Location	Youth				Female				Male			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mass Job Creation	65	60	25	71	96	102	32	106	66	56	27	53
Lady Grey Parking Bay	6	6	0	0	3	3	0	0	10	10	0	0
Hershel Paved Roads	6	7	7	5	9	6	6	6	13	16	13	14
Tienbank Paved Roads	6	8	9	9	4	6	5	7	12	12	13	11
TOTAL	83	81	41	85	112	117	43	119	101	94	53	78

- c. The table below details the EPWP project costs and provides results for the 2017/2018 period as reported on the Expanded Works Programme Reporting System (EPWPRS):

EPWP PROJECTS (2017/2018)	BUDGET	AVERAGE MONTHLY NUMBER OF JOBS
Hershel paved roads	R 17 856 564.99 *	14
Tienbank paved roads	R 16 740 000 *	9
Lady Grey Parking Bay	R 2 600 000	10
Mass Job Creation	R 4 264 062	134
TOTAL		167

Note:

- *It must be remembered that Hershel paved roads and Tienbank paved roads are multiyear projects and so the budget is not only for the 2017/2018 financial year;
- The EPWP and CWP programmes are operating effectively within the municipality. The roll out of the CWP programme continues to struggle due to delays in engaging new labourers to replace outgoing labourers as well as procuring equipment for projects timeously. The reporting of EPWP on the national EPWPRS is improving, although service providers are still failing to supply ID copies and labour reports timeously. This can be improved by ensuring that it forms part of service provider's contracts;
- Enterprise development is experiencing challenges as SMME's and co-operatives struggle to become financially viable. The municipality continues to support these initiatives through its percentages in its Supply Chain Management Policy. This is proving difficult as tenderers continue to make administrative mistakes which render their tenders invalid.

d. Table: EPWP Project Resource Data:

Mass Job Creation	Department	No employed	Contract ends
Lady Grey	Community Services	50	End Dec 2017
Lady Grey	Community Services	50	End Dec 2018
Barkly East	Community Services	50	End June 2018
Rhodes	Community Services	6	End June 2018
Rossouw	Community Services	6	End June 2018
Sterkspruit	Community Services	50	End Dec 2017
Sterkspruit	Community Services	50	End May 2019
Total		162	

As per table above:

- A total 162 people were employed in a mass job creation, but 50 persons left employment in Lady Grey on 31 December 2017 and a new group of 50 were engaged from 1 January 2018;
- In Sterkspruit due to protests, a new group of 50 were only engaged as of 1 May 2018.

3.9.13 Support Social Investment Programme

The Sustainable Developmental Community/Social Development Programme (SIP) is a project that is intended to move beyond project-based community economic development. The emphasis is on “empowerment” and innovative methodologies are utilized to systematically build community competence and capacity. Under these circumstances, Senqu is required to present its plan to create the conditions required for the second economy through community-based organisations and informal business associations. Information required includes: the number of cooperatives, small business associations and women/youth associations, develop and maintain unemployment data base.

a. Expanded Public Works Programme/s (EPWP)

Annual Performance As Per Key Performance Indicators in LED 2016/2017

INDICATOR NAME	TARGET SET FOR THE YEAR	ACHIEVEMENT LEVEL DURING THE YEAR (ABSOLUTE FIGURE)	ACHIEVEMENT PERCENTAGE DURING THE YEAR
Percentage of LED budget spent on LED related activities	100		100
Number of LED stakeholder forums held	4	3	75
Percentage of SMME that have benefited from a SMME support programme	----	57	
Number of job opportunities created through EPWP	2000 (CWP) 250 EPWP	2173 CWP 167 EPWP	100 66.8
Number of job opportunities created through PPP	0		

Note:

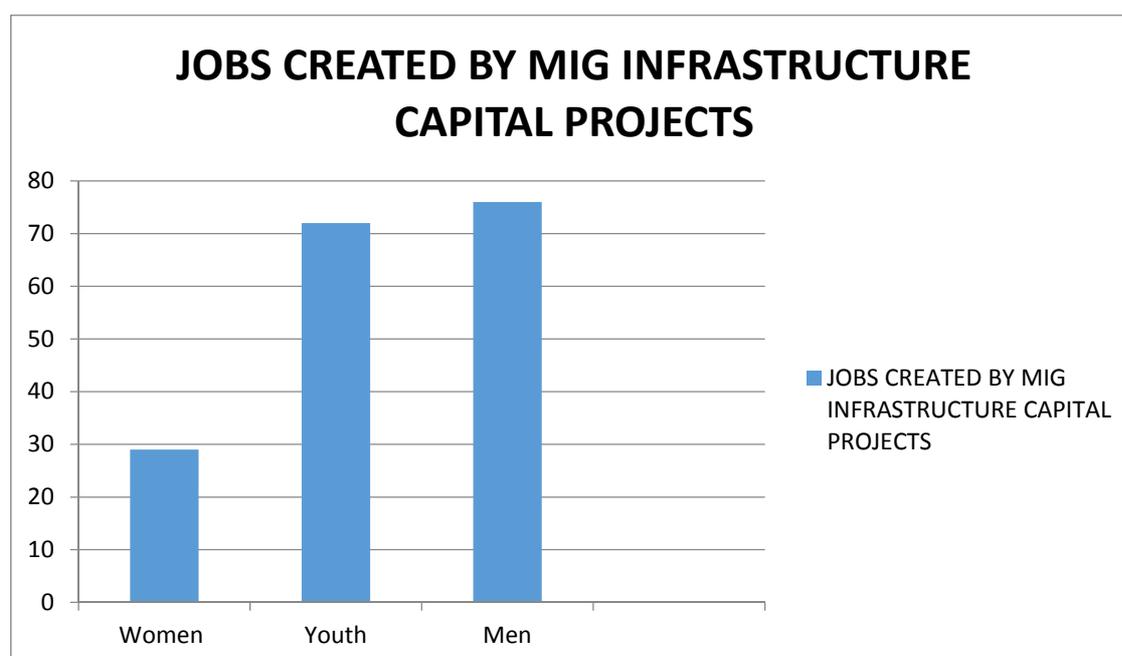
- The municipality has its own internal job creation project which uses the services of interns on a one-year contract basis and outside general staff are hired for a period of one year. This project is then registered as an EPWP project and forms part of the EPWP grant;
- All infrastructure projects are also registered as EPWP projects and the gender guidelines of the EPWP are adhered to as part of the mainstreaming programme;
- The main challenges on the job creation programme have been to ensure that there is sustainability and economic service delivery linked to lack of sufficient skills and transport. The reporting of the projects on the National system EPWPR'S has improved but under reporting still occurs due to ID copies and labour reports not being submitted timeously;
- **Expanded Public Works Programmes** are required to be informed by the need to meet specific projects and to assist with the achievement of service delivery objectives and targets;
- EPWP is an on-going programme to which the Council has dedicated as priority in order to achieve sustainable development of the area into the future; and

EXPENDITURE YEAR JUNE 2018 ON EPWP (LOCAL ECONOMIC DEVELOPMENT INITIATIVES)					
R'000					
Capital Projects	Year 2017/2018				
	Budget	Adjustment to Budget	Actual Expenditure	Variance from Original Budget %	Total Project Value
Job Creation EPWP/CWP	6 480	6 595	6 543	1%	6 543

b. Comment on EPWP Performance Overall

EPWP targets were exceptionally well achieved during this period. More specifically:

- 167 people were engaged in EPWP and MIG projects;
- 2136 job were created for CWP (this total amount is inclusive of CWP and Job Creation / EPWP);
- Despite this it is noted that job creation beneficiaries leave the programme for more permanent employment /better employment offers; and
- It is noted that job creation project participants were dismissed in Sterkspruit due to protest that went on for 2-3 months.



As can be seen above, due to the nature of infrastructure work, more men were utilized than woman.

As a matter of great urgency there exists a need to look into the main streaming of disabled persons and the incorporation of these into these programmes where at all possible. This is difficult as the majority of jobs available rely on able bodied persons to fulfil the tasks.

3.9.14 Challenges regarding LED strategy implementation

Challenges within the LED function continue and may be attributed to funding constraints and limited staff capacity in order to deal with the challenges. Taking these issues into account the following remedial action is proposed:

- Local contractors have low CIDB level ratings and do not benefit from Municipal tenders. There is a critical need to look at increasing contractor training with identified partners so that it is possible to improve the number of local firms benefitting from tenders;
- The new regulations regarding the amount of local content does not take into account the difficulties experienced by local suppliers who struggle to access the required documentation in order to be in a position to procure for the Municipality;
- The level of understanding and knowledge of the LED Strategy by internal and external stakeholders and in particular, of the role of local government in LED is extremely limited. This results in LED being seen as poverty alleviation. More effort must be extended by the LED Unit in order to expand the knowledge of ordinary citizens and influential stakeholders. This will result in a more co-ordinated and unified approach to the implementation of LED.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component is responsible for: Library Services; Community Halls and Facilities; Cemeteries; Sport & Recreation; Bio-Diversity & Landscapes (Parks and Public Open Spaces); Environmental Protection; Commonages and Public Safety.

3.10 LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, OTHER

3.10.1 Introduction to Libraries

- Number of Libraries: 5
- Areas of operation: Lady Grey, Barkly East, Sterkspruit and satellite libraries in Rhodes and Rossouw;
- Resources include: books, large-print books, newspapers and periodicals, audio-books, DVDs, videos, music CDs and scores, and CD ROMs for all age groups;
- Libraries Services operate as an agency function and receive funding in terms of the DSRAC Government Grant;
- The SLA with DSRAC was signed by the Municipality, although DSRAC delayed signing the SLA which in turn delayed the transferring of funds. This in turn resulted initially in poor service delivery initially; and
- The promotion of libraries within rural areas takes place through the organisation of library promotion events.

3.10.2 Comment on Library Service Performance Overall

- The 2017/2018 SLA was signed by the Municipal Manager in July 2017 and in November 2017 by the DSRAC Head of Department. This was then sent to the Department of Sports, Arts and Culture;
- Inadequate funding still remains a challenge as the grant from DSRAC does not cover all library expenditure;
- 4 Reports on the Implementation of the SLA were compiled and submitted as required;
- The report on the Research Exercise conducted was not reported on as required but was be tabled to top management during the following quarter. The first quarter in 2018/2019 was utilized for this purpose;
- The reporting on the statistics of books loaned and returned within all libraries was completed and submitted as required. These Library circulation and activity reports were submitted monthly to the Director and to the Standing Committee;

- Book clubs and the Library Committee were established during the financial year;
- New books were delivered to libraries by DSRAC;
- Library promotion events were held mostly in rural and farm schools in order to promote library usage to those in disadvantaged areas;
- Systems and procedures have been developed for libraries in order to effect controls on the administration of libraries;
- Two modular libraries were placed by DSRAC in Sterkspruit (Hillside and Herschel) and are operated by DSRAC;
- Mini libraries for the blind were launched in Barkly East and Sterkspruit effectively; and
- Manual systems were and are used to record data and reporting.

a. Library Services Statistics

LIBRARY	NUMBER OF FACILITIES	USERS	CIRCULATION OF BOOKS
Rhodes	1	148	1447
Rossouw	1	92	1969
Barkly East	1	912	3084
Lady Grey	1	811	2816
Sterkspruit	1	413	5759

b. Library Services Employees

EMPLOYEES: LIBRARIES					
Job Level	Year 2016/2017	Year 2017/2018			
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3				-	0%
4-6	3	3	3	-	0%
7-9	2	2	2	-	0%
10-12	1	1	1	-	0%
13-15				-	0%
16-18				-	0%
19-25				-	0%
Total	6	6	6	-	0%

c. Financial Performance: Library Services

FINANCIAL PERFORMANCE YEAR JUNE 2018: LIBRARIES					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 503	1 504	1 591		
Expenditure					
Employees	1 705	1 520	1 652		
Repairs and Maintenance	-	3	3		
Other	164	339	219		
Total Operational Expenditure	1 869	1 862	1 873		

NOTE: It is to be noted that there was no capital expenditure on Libraries

3.11 CEMETERIES

3.11.1 Introduction to Cemeteries

This unit is responsible for the management, maintenance and development of Cemeteries and Crematoria. It requires that ongoing efforts be made to improve the manner in which cemeteries function and are maintained. Burials are required to be controlled within the framework of the Health Act and within the prescripts of community records and administration, while ensuring that there are sufficient sites operating.

The 8 cemeteries in towns are well managed. These are to be found in: Steve Tshwete; Khwezi Naledi; Nkululeko old cemetery; Zola; Rhodes-Zakhele; Barkly East Town; Lady Grey Town; and Sterkspruit Town Cemetery. Notwithstanding it is noted that Senqu still utilizes the manual out-dated approach to administrative functioning in this area.

It must be noted that the cemeteries developed within the rural areas were also maintained quarterly during the financial year and a total of ten (10) rural cemeteries were maintained quarterly as planned.

A new cemetery is planned for Barkly East but this project and the identification of suitable land and appointed service providers will be handled in 2018/2019.

3.11.2 Service Statistics for Cemeteries & Crematoriums

Closed Cemeteries:

- Khwezi Naledi Cemetery; and
- Sterkspruit Town Cemetery.

Operating Cemeteries:

- Rhodes: two Cemeteries;
- Rossouw Cemetery;
- Lady Grey: two Cemeteries;
- Barkly East two cemeteries;
- and remaining Cemeteries in Rural Areas that are currently operational.

3.11.3 2017/2018 Cemetery Performance Overall:

- 253 Burial Plots were provided as per request. These are demand driven targets;
- Minor repairs to the fences in Cemeteries were conducted;
- Town and rural cemeteries were maintained;
- The maintenance of cemeteries was also extended to rural cemeteries;

- The greatest challenges experienced in respect of maintenance relates to the fact that in Lady Grey the cemetery is reaching its full capacity;
- The municipality is in the process of establishing a new cemetery in Barkly East as this area is experiencing a shortage of burial land. While groundwork has been done, a consultant could only be appointed during 2018/2019;
- All planned 10 rural cemeteries were maintained as planned;
- A Cemetery Database is constantly updated during the financial year;
- It is noted that the acquisition of land is required to be fast tracked in order to alleviate the problems of burial space; and
- The identification of new land for new cemeteries is vital to accommodate burials for the next 20 years.

a. Nature and Extent of Facilities Provided: Cemeteries

LOCATION	2016/2017	2017/2018
Barkly East	3 Facilities	3 Facilities
Lady Grey	3 Facilities and one facility is closed	3 Facilities one facility is closed
Sterkspruit (Urban)	1 Facility and The facility is closed	1 Facility The facility is closed
Rhodes	2 Facilities	2 Facilities

b. Financial Performance

FINANCIAL PERFORMANCE YEAR 2017/2018: CEMETERIES AND CREMATORIUMS					
R'000					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23	37	37	20	17
Expenditure					
Employees	526	691	682	613	11%
Repairs and Maintenance	233	8 22	1 029	826	25%
Other	482	199	304	581	-48%
Total Operational Expenditure	1241	1 713	2 015	1 408	43%
Net Operational Expenditure	1 219	1 675	1 978	2 000	-0.11%

c. Capital Expenditure

<u>CAPITAL EXPENDITURE YEAR JUNE 2017/18 CEMETERIES R'000</u>					
Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	700	700	-	700	700
EIA's Senqu Cemeteries	700	-	-	-	-
Construction of New Cemetery in Barkly East	-	700	-	700	700

3.12 CHILDCARE, AGED CARE AND SOCIAL PROGRAMMES

3.12.1 Introduction to Childcare, Aged Care and Social Programmes

Special Programmes have been undertaken by the Special Programmes Unit in order to provide assistance to those in need/those who have been disadvantaged in some way and in this manner to ensure a better quality of life for all. To this end it must be noted that:

- Local authorities have a legal mandate in terms of the Constitution (Schedule 4B) regarding their duty to provide facilities for early childhood development, but other imperatives can be gleaned from their responsibility towards promoting social and economic development. In terms of child care, it is required that the municipality:
 - Inspect the facilities utilized in order to ensure that they meet the minimum requirements - in this manner ensuring the child's safety by the actions of the District Municipality;
 - Environmental Health Practitioners are required to inspect identified facilities and to report on their status and whether any interventions are necessary; and
 - The Environmental Health Practitioners' are required to assist with the monitoring of the quality of early childhood development, facilities, services and programmes rendered within those facilities.
- **SPU projects:** projects such as World Aids Day and "16 days of activism against child and woman abuse" are required to be organised;
- Efforts are required to be made in order to facilitate the upliftment of: children, youth, women, people with disabilities and the like; and
- HIV/Aids programmes and related interventions are required to be mainstreamed through effective planning and successful execution.

3.12.2 2017/2018

Despite the number of challenges, many positive interventions have been held and are reflected in the table that follows. This table details the manner in which the intervention occurred and the activity and date at which the intervention took place. These are reflected as follows:

a. The 2017/2018 period is reflected on as follows:

- It must be noted at the outset that the SPU Officer fell ill during November 2017 and sadly passed away on 2 January 2018. Understanding the challenges associated with filling a position of this nature it is noted that this position was re-filled only in August 2018;
- The HIV/Aids Strategy was implemented and reported on monthly;
- It must be noted that the formal SPU Plan was not reviewed and submitted as was required. Notwithstanding, all required reporting regarding SPU issues were submitted to the Standing Committee as per the SPU Activity Plan; and
- SPU structures meetings for all structures were held in each quarter barring Quarter 3 due to budget constraints. The tables below reflect meeting attendance for each structure i.e. Women, Youth, People with Disabilities; and Local Aids Council Meetings.

b. SPU structures meetings

MEETING	DATE	COUNCILLORS	OFFICIALS	COMMUNITY MEMBERS
WOMEN				
Formation of Ward Women Forums in all wards	<ul style="list-style-type: none"> ▪ 2-29 June 2017 ▪ 13 - 21 July 2017. 	6	2	356
SALGA Women Lekgotla - Fish River Sun	<ul style="list-style-type: none"> ▪ 12-14 September 2017 	5	1	0
Women's Month Commemoration and Official Closing of Women's Month	<ul style="list-style-type: none"> ▪ 23 August 2017 ▪ 24 August 2017 ▪ 30 August 2017 	17 17 17	3	20
YOUTH				
Database Collection for Unemployed Young Graduates and undergraduates	Annual program			
SAMSRA Games - Rustenburg	24-29 September 2017		16	
Women and Youth Programme - Handing over of Sanitary Towels and Toiletries to Nkopane School - Ward 13 - Eight schools benefitted	September 2017	4	5	306
Ezabatsha - Youth Dialogue Programme	20 October 2017	1	2	63
District Mayoral Tournament - JGDM Barkly East	14 October 2017	6	2	All Sporting Codes participated.
Steve Vukile Tshwete Games - East London	28 November - 1 December 2017	0	4	All District Mayoral Cup Winners
Interactive Youth Camp between Belgium and JGDM Youth	3-6 APRIL 2018	-	1	10
Mayoral Cup - Senqu Municipality	27-30 April 2018	25	10	351
Senqu Youth Council Meeting	22 June 2018	1	11	66

c. SPU structures meetings /continued from previous page

MEETING	DATE	COUNCILLORS	OFFICIALS	COMMUNITY MEMBERS
YOUTH (CONT.)				
JGDM Sports Council Meeting	09 May 2018	5	2	164
National Development Agency Presentation	23 May 2018	2	2	16
Schools Safety Meeting	29 May 2018	0	2	20
PEOPLE WITH DISABILITIES (DISABLED)				
Database Collection for Unemployed Young Graduates and undergraduates	Annual program			
SAMSRA Games - Rustenburg	24-29 September 2017		16	
Women and Youth Programme - Handing over of Sanitary Towels and Toiletries to Nkopane School - Ward 13 - Eight schools benefitted	September 2017	4	5	306
HIV/Aids				
Local Aids Council Meeting	28 July 2017	7	2	24
	12 December 2017	1	2	47
	8 June 2018			
District Planning Meeting for HIV/AIDS Implementation Plan	13-15 February 2018			
Condom Distribution	Quarterly throughout Senqu Municipality		1	
District Aids Council	3 May 2018	2	34	0
Meeting with NACOSA	22 May 2018	1	2	0

COMPONENT E: ENVIRONMENTAL PROTECTION

3.13 BIODIVERSITY AND LANDSCAPE (INCLUDING PUBLIC OPEN SPACES) AND OTHER

3.13.1 Introduction Bio-Diversity and Landscape

Bio-Diversity and Landscape is an area of service delivery involving the management, maintenance and development of parks, open spaces and the beautification of municipal areas. Horticultural practices that are undertaken include: beautifying, landscaping of town entrances, maintenance of sidewalks and grass cutting.

a. Parks and Public Open Spaces

It is the objective of this function to provide and maintain the presence of parks and public open spaces so as to ensure that a pleasant and appealing environment is created for the community.

This function has been well-achieved, and it is noted that:

- The Cleaning Operational Plan was implemented. On-going maintenance occurs according to available budget and schedules (in respect of grass cutting/mowing, grading/ploughing and cleaning);
- Parks are maintained on a monthly basis and reports submitted timeously to standing Committees as required. Three parks have been maintained - two in Lady Grey and one in Barkly East;
- The construction of the Lady Grey park was achieved (a carry-over from the previous year) where: 4 braai areas were constructed; grass was planted; four (4) water tanks were installed; construction and completion of the perimeter palisade fencing was undertaken; and four (4) thatched shelter areas and fifteen (15) meters of paved walk ways were constructed;
- Grass cutting occurred in towns and townships between September and May;
- 4 reports (1 per quarter) on the public open spaces maintained in Barkly East, Lady Grey, Sterkspruit and Rhodes. More specifically, 29 public open spaces were maintained and reported on (12 in Lady Grey, 11 in Barkly East, 1 in Sterkspruit and 5 in Rhodes); and

- The municipality received funding of R 5 million during the previous financial year from the National Department of Environmental Affairs in order to develop a park in Steve Tshwete Township (Lady Grey). This project has been delayed until this financial year subject to the approval of the business plan by the DEA.

b. Capital Projects Environmental Protection

Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	--	1 100	555	545	1 100
Park in Lady Grey (carry over from previous Financial year)	--	1 100	555	545	1 100

COMPONENT F: HEALTH

3.14 HEALTH INSPECTION

3.14.1 Introduction to Licensing and Regulation Control

It is the intention of this function to improve the economic development within the community in respect of both formal and informal businesses. It is also the intention to regulate the trading activities of the licence holders.

3.14.2 Strategic Objectives:

- Promotion of the development of strategic sites within the municipality by marketing these to the developers;
- Formulating an informal trading policy and using this to promote trading facilities as required; and
- Issuing of licenses and controlling of trading within the municipality.

3.14.3 2017/2018 Licensing and Regulation Performance Overall

- Business and Street Trading was monitored during the financial year that Business licenses were issued;
- Income was generated through the issuing of business licenses, temporary licenses during pension pay out days and the annual renewal of Hawkers licenses;

- Control and compliance was monitored in order to ensure compliance with legislation;
- Workshops and information sharing was conducted with street traders;
- The Environmental Health Practitioners evaluate business premises to ensure compliance as they may only issue licenses based on the compliance aspects being met. All qualifying businesses were issued with licences; and
- The Licensing and Regulations Officer also dealt with a number of issues including, the control of advertising within the Municipality, where he ensures that permits are issued for people wishing to advertise and a prescribed fee is paid.

COMPONENT G: SECURITY AND SAFETY

3.15 INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES

3.15.1 Introduction to Disaster Management, Animal Licencing and Control, Control of Public Nuisances

Within this area, the functions of Disaster Management, Commonage Management and Pounds and Control of Public Nuisances will be examined.

a. Disaster Management

The municipality does not have its own functional Disaster Management Unit. Disaster Management is the responsibility of the Joe Gqabi District Municipality. The District Municipality has conducted a section 78 process and has come up with proposals to hand the function over to Senqu Municipality.

Senqu Municipality have decided to conduct their own section 78 process to determine what it would cost to manage and run this said function. This was undertaken as a result of uncertainties within in the 78-report presented by the Joe Gqabi District Municipality

The s 78 process would address issues related to -

- Financial Implications of the municipality taking over the service (human capital and required resources); and
- personnel that must be taken /absorbed from the Joe Gqabi District Municipality.

The Director Community Services attends Disaster Management meetings in an advisory capacity and liaises with the district on issues of common interest.

b. Commonage Management and Pounds

- Commonage land is required to be exclusively used for agricultural activities as described within the Commonage Management Plan. A Commonage Management Plan highlights the issues that must be looked at and managed on a day to day basis. This involved the management of commonage including: resting and rotation of camps; maintenance of fences and water; development of permanent pastures; water provision in camps and erosion control;
- **During the 2017/2018 period, it was ensured that:**
 - Four Commonage Management Awareness Campaigns were held quarterly in collaboration with other Government Departments in order to educate farmers about the use of commonage and how to overcome challenges of overgrazing and overstocking;
 - Stock registers were developed, maintained and updated quarterly. These were developed, and counting was completed as required and reporting was submitted to the Standing Committee monthly;
 - The maintenance of commonage fences and pounds was carried out during the financial year and collectively 23 483,16 meters of fencing maintained and repaired in Wards 14,15,16 and 19 during this financial year; and
 - Stray animals were impounded as and when they were caught and monthly reports detailing these statistics were submitted to the standing committee.
- **Challenges**
 - Insufficient budget to implement the Commonage Management Plan;
 - Overgrazing and continuous grazing in the commonage is still a challenge together with a number of "small farmers" who are not willing to pay the grazing fees for the use of commonages;
 - The municipality is facing challenges of impounding animals when there is no suitable and approved pound. This makes it difficult to impound animals as they are stolen after hours in the pound; and
 - Fences are being repaired in the commonage by the Municipality. The greatest challenge relates to fences being stolen and this creates a situation where it is

impossible to maintain the commonage and practice rotational grazing according to the Commonage Management Plan.

▪ **Impounding of Animals**

The overall objective is to ensure that stray animals are removed from the roads and streets and are impounded. Pounds are to be established and maintained accordingly. Due to budget constraints, this service is provided at a very basic level.

▪ **During the 2017/2018 period, it is noted that:**

- Due to budget constraints the Lady Grey Pound could not be finalised and this project will be completed during June 2019;
- Income was derived from the selling in auction of unidentified impounded animals;
- Due to budget constraints, this service is provided at a very basic level; and
- Income is derived from pound fees.

Income for the pound's function is reflected as follows:

FINANCIAL PERFORMANCE YEAR JUNE 2017: DISASTER MANAGEMENT, BY LAW IMPLEMENTATION (ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES) R 347 768					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	41	--	--	--	--
Expenditure					
Employees	335	--	--	--	--
Repairs Maintenance	--	--	--	--	--
Other	73	--	--	--	--
Total Operational Expenditure	408	--	--	--	--
Net Operational Expenditure	-367	--	--	--	--

CAPITAL EXPENDITURE YEAR JUNE 2017/2018 POUNDS R'000					
Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	-	-			
Pound Project Lady Grey	-	-			

COMPONENT H: SPORTS AND RECREATION (Includes community halls, sports fields, sports halls, stadiums, swimming pools and camp sites)

3.16 INTRODUCTION TO SPORT AND RECREATION

The municipality is required to provide basic sport and recreation facilities within its area of jurisdiction:

Nature and extent of facilities provided:

LOCATION	FACILITIES
Barkly East	1 x Multipurpose field 1 x Soccer field
Lady Grey	1 x Multipurpose field 2 x soccer fields 1 x golf Course run by the Golf Club on a lease agreement
Sterkspruit	1 x multipurpose field renovated
Rhodes	1 x soccer field 1 x tennis court

3.16.1 2017/2018 Sport and Recreation Performance Overall:

- Sports fields were maintained in terms of the approved maintenance plan;
- Gcina and Naledi Sport fields were finalised in terms of the renovations and upgrade during the financial year;

- Damaged and stolen fence was maintained at the sports fields; and
- While acknowledging that vandalism of the stadium fences is rife, these were addressed as and where required in a number of areas.

a. Financial Performance

FINANCIAL PERFORMANCE YEAR 2017/2018: SPORT AND RECREATION					
R'000					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2	-	-	-	-
Expenditure					
Employees	925	693	988	1 094	-10%
Repairs and Maintenance	42	35	116	58	100%
Other	454	619	547	693	-21%
Total Operational Expenditure	1 420	1 348	1 651	1 844	-10%
Net Operational Expenditure	1 418	1 348	1 651	1 844	-10%

b. Capital Expenditure

CAPITAL EXPENDITURE YEAR JUNE 2017/18 SPORT AND RECREATION R '000					
Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	-	994	774	220	10 404
Sport Field Ward 2	-	709	524	185	5 167
Sport Field Ward 13	-	285	249	36	5 237
Total All	-	994	774	220	10 404

3.17 INDOOR RECREATIONAL COMMUNITY FACILITY (HALLS)

3.17.1 Introduction to Indoor Community Facilities (Halls)

The organization was required to manage maintenance and develop all municipal sports facilities and the promotion and development of sports and recreation. Maintenance plans for the sports facilities were developed.

a. Service Statistics for Community Halls

The table below details the use and accessibility of community halls.

LOCATION	FACILITIES
Barkly East	3 x Facilities: Nkululeko Hall in good working condition Barkly East Town Hall is in good working condition Fairview was demolished due to poor state of repair
Lady Grey	3 x Facilities: Khwezi Naledi Hall in good working condition Lady Grey Town Hall needs renovation Transwilger in good working condition
Sterkspruit (Urban)	1 x Facility in good working condition. Most of these facilities needs renovations
Sterkspruit (rural areas)	19 x Facilities.
Rossouw	1 x Facility. Rossouw Hall in good working condition
Rhodes	1 x Facility in good working condition

There are 28 multipurpose centres (inclusive of rural areas) and it must be noted that there are facilities rural areas which needs maintenance though there is no revenue generated.

- The Barkly East Community Hall Facility was budget for renovations, a consultant was appointed for the project;
- 6 Halls were maintained and repaired as planned i.e. Lady Grey Town Hall, Bhunga Hall, Khwezi Naledi, Nkululeko Hall, Rhodes Town Hall and Rossouw Hall;
- The following 6 Halls were maintained and repaired Phelandaba, N dofela, Musong, Sunduza, Makhumsha, and Majuba Community Halls;
- The following halls were cleaned: Bhunga Hall, Lady Grey Town Hall, Khwezi Naledi Hall, Barkly East Town Hall, Nkululeko, Fairview, Rhodes, Herschel and Rossouw;

b. Financial Performance

FINANCIAL PERFORMANCE YEAR JUNE 2018: COMMUNITY HALLS					
Details	Year 2016/2017	Year 2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	50	51	82	100	-18
Expenditure					
Employees	2 913	2 682	2 836	3 183	-10%
Repairs Maintenance	451	471	665	560	18%
Other	837	1 184	1 409	1 284	10%
Total Operational Expenditure	4 200	4 338	4 910	5 027	-2%
Net Operational Expenditure	4 151	4 287	4 827	4 927	-2%

CAPITAL PROJECTS

CAPITAL EXPENDITURE YEAR JUNE 2017/18 COMMUNITY HALLS					
					R'000
Capital Projects	Year 2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	1 950	2 336	1 795	541	3 383
Community Hall - Ward 9	1 200	1 585	1 162	423	1 962
Renovations (Barkly East Town Hall)	750	750	633	117	1 421

COMPONENT I: MISCELLANEOUS

3.18.1 ICT

Notwithstanding the IT Governance Framework being reviewed it was not tabled as planned by quarter 4 in 2016. Similarly, while reviewed, the IT Security Policy was not timeously tabled and adopted by Council. The ICT Disaster Recovery Plan forms part of the ICT Governance Framework. Back - ups are completed in terms of this and back up registers are provided in order to validate this.

During this period, it was reported that there were no hardware or network failures causing system downtime. Down time of the server is managed, monitored and reported on if this exceeds 3 hours and is related to hardware and software. Monitoring and maintenance of servers are done regularly.

As required, 12 monthly reports were tabled to the finance standing committee. The IT Steering Committee meets regularly to discuss matters of concern, challenges and opportunities relating to IT.

It must be noted that this excludes downtime associated with electricity outages or any general server reboots. Monthly reporting in respect of systems downtime (for emails and internet as a result of hardware or network failure) is reported to the Standing Committee. In addition, it must be noted that four (4) quarterly reports on IT Audit issues are presented to Standing Committees and management in order to ensure that any IT issues raised within the IT Audit are formally addressed and reported on.

3.18.2 Supply Chain Management

Within the last financial year, the Supply Chain Management (SCM) process flow has improved and the scheduling of meetings has resulted in improvements in the SCM turnaround time (improvements are required ongoing). Notwithstanding, certain Directorates have indicated that their progress in terms of achieving targets had been affected by "red tape" and / or slow SCM processes;

It has long been recognized that improvements in the manner in which service providers are managed are required to occur. It does appear that in a number of instances Directorates are not co -operating and are still not ensuring that that the required level of commitment is being given to managing service providers appointed within their directorates. The importance of this process cannot be overemphasized. Generally, it must be noted that the reports received by SCM from directorates and or project managers in terms of service providers and vendors is not at the required level. This is a critical function - not only for operational reasons but also for compliance.

It is the responsibility of the SCM Manager and or SCM Unit to provide this reporting

accurately and correctly and SCM staff are there to assist in the collation and reporting of data. The performance management function of these service providers and vendors remains the responsibility of the relevant line managers as part of their day to day operational and management function.

This is not taking place and is an area of great concern that requires attention. Failure to comply may lead to an audit query and an audit qualification which may have far reaching consequences overall.

Moving forward it must be noted that all directorates will be required to manage service providers /contractor's/ consultant's performance and in the absence of that - the necessary compliance notices will issued and the disciplinary action will be taken where required.

A system to manage and rate service providers has now been incorporated in the revised Performance management policy / framework. Currently the SCM Manager in conjunction with relevant Directorates will ensure that certain performance protocols are followed before an invoice is processed. The performance of service providers will for some time remain an ongoing challenge.

Historically irregular expenditure has been experienced as a result of non-compliance with SCM regulations. This is regarded in a very serious light by the Municipality and has resulted in many and an ongoing effort to strengthen the SCM's control environment in order to ensure that irregular expenditure is eliminated completely. Strict controls and the invitations for competitive bidding as per the Supply Chain Management Policy are undertaken. Additionally, the Sebata system now alerts one when a vote has insufficient funds.

Efforts to manage the adjudication turnaround time and to manage reporting timeframes are required to be met. Reporting on contracts awarded has improved and the related targets for reporting on this have been met while acknowledging that variations in timeframe submissions have occurred. It is recognized overall that the supply chain function and its effectiveness is also dependent on the cooperation of other directorates and the quality of their reporting. Emphasis on improvement continues to be placed on the need to ensure that reporting remains of a high quality and is specific to providing valuable information regarding suppliers and related contracts. The Supply Chain Manager is capacitating the staff and directorates regarding SCM prescriptions and greater cooperation between the supply chain section and other directorates, will undoubtedly facilitate more effective reporting and SCM practices and control moving forward. Overall there is stricter adherence to the prescriptions of the Supply Chain Management Policy and every effort is made ongoing to continue to improve in this regard.

3.18.3 Conclusion: Key Performance Result Areas (Snapshot). Progress in terms of target achievement between targets within Key Performance Areas between 2016/2017 and 2017/2018

KPA: Result areas (Snapshot)	2016/2017	2017/2018	I - Improvement R Regressed	2016/2017	2017/2018	I - Improvement R- Regressed
KPA	Results	Results	Overall	Results	Results	overall
KPA AND NUMBER OF TARGETS	KPA Targets Met and Exceeded 2016/2017	KPA Targets Met and Exceeded 2017/2018		Targets not Met and met with variances 2016/2017	Targets not Met and met with variances 2017/2018	
Service Delivery <u>Number of Targets</u> 16/17 Targets 121 17/18 Targets 80	63.64%	56.25%	Regressed	31.40%	42.50%	Regressed
LED <u>Number of Targets</u> 16/17 Targets 11 17/18 Targets 11	50.00%	72.73%	Improved	50%	27.27%	Improved
Financial Viability <u>Number of Targets</u> 16/17 Targets 34 17/18 Targets 35	79.41%	88.57%	Improved	20.59%	11.43%	Improved
Municipal Transformation and Development 16/17 Targets 52 17/18 Targets 49	61.54%	73.47%	Improved	38.46%	26.53%	Improved
Good Governance & Public Participation <u>Number of Targets</u> 16/17 Targets 32 17/18 Targets 32	56.26%	65.63%	Improved	43.75%	34.38%	Improved

It must be emphasized that notwithstanding Senqu Local Municipality having achieved a clean audit with other matters, if a comparison is made between the current financial year 2017/2018 and the previous financial year 2016/2017, Senqu Municipality's performance has improved overall. More specifically it must be noted that only one key performance area has regressed by 7.39%. There are however still identified challenges and areas requiring much improvement. These identified areas must be addressed moving forward into the new financial year.

COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARDS AND S46 PERFORMANCE REPORT 2017/2018

The s46 performance report is attached as an Annexure - Appendix T - pages 1 to 72.

s46 of the Municipal Systems Act, Act 32 of 2000 informs this report directly and requires that:

- The Annual Performance report forms part of the municipality's Annual Report as per Chapter 12 of the Municipal Finance Management Act;
- The Annual Performance Report is required to reflect:
 - The performance of the municipality and all external service providers utilised within the current financial year;
 - Comparisons of all performance between the current and previous financial years (comparing targets against actual performance); and
 - Detail regarding all measures taken to improve performance;

This s46 Performance Report will detail all issues as required and based on the information accessed via municipal reports, records, statistics and the like. It will be noted that this information is provided as a draft that incorporates the previous, current and future performance management targets and performance is reflected for the previous and current years (based on information provided by management).

Note:

- Information is provided in this first draft. Information has been accepted at face value and may be required to be amended during the final draft of the Annual Report.
- Challenges were experienced with reporting information. More specifically it is noted that:
 - When considering the targets, and reporting on milestones (these targets) there is often no alignment or correlation between the two. Often a specific technical and quantifiable answer is required (e.g. work performed) and the reporting states "Report". This clearly does not define anything;
 - Often reporting is inadequate and not enough information is provided. If meetings were held - the dates are required and any other pertinent facts;
 - It is strongly recommended that when setting IDP targets it is ensured that these are set in a realistic and achievable manner. It is hard to adjust targets after the fact and sometimes a "continuous" or long-term target will be more realistic;
 - Discrepancies are at times noted and it is not always clear which information is correct. Information must be provided accurately. The collators of the information

depend totally on documentation provided and it is the responsibility of all Directors to ensure that;

- The IDP is required to show projected reporting that spans five (5) years - in this instance reporting does not cover this period - making it extremely difficult to compile the s46 report; and
- Correct reporting on performance is beneficial for all other performance reporting and performance assessment (i.e. reporting at both the institutional and individual). In order to assist it is suggested that the content is updated regularly in order to ensure accuracy of content - ensuring too that this is available and able to be used and accommodated within all other reporting required.

DISCLAIMER

The information provided within this report is reliant on the information provided by the various Directorates. Difficulties in validating data continues to be experienced and as such, the accuracy of all information provided cannot be assured.

It is the responsibility of all Directorates to provide the required information which is then required to be collated and submitted within the correct format. While it is acknowledged that certain directorates have attempted to provide this information as requested, many have not complied or submitted information incorrectly and/or extremely late. This situation may have been exacerbated due to recent issues that have surfaced in respect of certain contracts. Despite this, all parties are still within the employ of Senqu Municipality and are thus bound to provide required information and not to impede progress - especially in an area such as this, which has compliance responsibilities.

In particular it is noted that the Internal Audit section appears to have reservations about providing required oversight and opinions - in a sense believing that their oversight role precludes them from providing opinions and offering/providing required information. This is a serious concern and certainly a grave misconception. In terms of their role and function it is imperative that they provide required input and support to the organization as requested, as required and timeously.

The greatest response to date has been from the Development and Town Planning Services Directorate and the Budget and Treasury Directorate. In addition to the dynamics currently at play, it appears that staff within other directorates' appear to believe that it is the responsibility of the collators and the co - coordinators' to provide all required information. This is unacceptable as the report is that of Senqu Municipality (with each directorate taking full responsibility for information relating to their specific directorate). Content and the accuracy thereof is not the responsibility of the collators' and the coordinators' - their role is simply to obtain, collate, align and restructure information provided and not to verify this in any way. In addition, it is the technical responsibility of all relevant directorate staff to provide inputs regarding performance and issues within their own directorates. They are required to take responsibility for any inputs provided as they are aware on a functional level as to what information is applicable / relevant. Under these circumstances the

collators and the coordinators cannot be held accountable for the quality/accuracy/absence of information provided or the lack thereof.

As this is the first draft of this report, it is understood that certain information is still lacking from the information provided. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents. Notwithstanding, it must be noted that at times the manner in which the information is presented in these other documents may not align with the detail contained within this report, especially where additional detail is provided. Under these circumstances the collator is reliant on the information provided by the departments and is not able to validate this.

In instances where information is found to be lacking or inadequate you are hereby advised that the coordinator of this report has only been able to work with the information provided to them - and as much as they have attempted to validate this where possible they cannot be held accountable - for the reasons reflected above.

This is an extremely serious situation and must be regarded and handled as such ---- failure to comply and provide accurate data may have serious consequences for Senqu Municipality - not the least of which will relate to an audit qualification.

Under these circumstances it is advisable that this situation be taken up formally with MPAC and following investigation - those persons who are found to be non-compliant in this regard need to be issued with the relevant compliance order so that this matter may be addressed formally, appropriately and once and for all.



CHAPTER THREE

COMPONENT J : IDP PREDETERMINED TARGETS

**ORGANIZATIONAL SCORECARD
2017/2018**

COMPONENT J

IDP PREDETERMINED TARGETS

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT								
TRAFFIC & LAW ENFORCEMENT - BSD01	To ensure that the traffic section operates effectively and efficiently	Construction and operating a licensing a licencing centre in Sterkspruit by 30 June 2020		Investigation of the feasibility of constructing and operating a Sterkspruit licencing centre				Community Services
		5192 people tested on learners' licences	644 (BE)	644 (BE)	1288 (BE & SS)	1288	1288	
		6845 Number of Road Offense Tickets issued within Senqu Municipality to road users	1369	1369	1369	1369	1369	
		235 vehicles tested for roadworthiness in Barkly East	47	47	47	47	47	
		452 vehicles registered annually	452	452	452	452	452	
		4874 Vehicles licenced annually	4874	4874	4874	4874	4874	
		2573 tested on drivers licence annually	2573	2573	2573	2573	2573	

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department	
			2017/18	2018/19	2019/20	2020/21	2021/22		
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)									
ROADS, BRIDGES, STORMWATER AND TRANSPORT INFRASTRUCTURE- BSD02	To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	1 annual implemented access road maintenance plan	1 annual implemented access road maintenance plan	1 annual implemented access road maintenance plan	1 annual implemented access road maintenance plan	1 annual implemented access road maintenance plan	1 annual implemented access road maintenance plan	Technical Services	
		Construction of roads and stormwater in annually identified wards as per the budget & Capital Investment Plan	No of km: Paved & gravel Roads No of km of stormwater	No of km: Paved & gravel Roads No of km of stormwater	No of km: Paved & gravel Roads No of km of stormwater	No of km: Paved & gravel Roads No of km of stormwater	No of km: Paved & gravel Roads No of km of stormwater		No of km: Paved & gravel Roads No of km of stormwater
		Construction of pedestrian and vehicle bridges in annually identified wards as per the budget & Capital Investment Plan	No of bridges:	No of bridges	No of bridges	No of bridges	No of bridges		No of bridges
		Construction of speed control humps in identified area		Construction of 3 speed control humps in Rhodes Construction of 10 speed control humps in Lady Grey					

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
ROADS, BRIDGES, STORMWATER AND TRANSPORT INFRASTRUCTURE - BSD02	To provide sustainable infrastructure development by building and maintaining access roads, bridges and storm water	Establish a roads & storm water master plan		Appointment of PSP for Roads & storm water master plan	Continued appointment until completion			Technical services
		Start process of registered borrow pits				Continued PSP appointment for borrow pits	Continued PSP appointment for borrow pits	
INDOOR RECREATIONAL COMMUNITY FACILITIES - BSD03	To ensure effective management and maintenance of indoor recreational community facilities	All wards to have 1 central indoor recreational facility and maintenance of existing facilities	1 new hall and maintenance and upgrading of existing facilities	Maintenance and upgrading of existing facilities	maintenance and upgrading of existing facilities	maintenance and upgrading of existing facilities	maintenance and upgrading of existing facilities	Community Services & Technical services
CEMETRIES AND PAUPER BURIAL BSD04	To ensure effective management, construction and maintenance of cemeteries and pauper burials	Construct 7 cemeteries	0	1	0	3	3	
		Maintain cemeteries as per the maintenance plan	Maintained cemeteries	Maintained cemeteries	Maintained cemeteries	Maintained cemeteries	Maintained cemeteries	Maintained cemeteries
		Facilitate Pauper burials as and when required	No of pauper burials	No of pauper burials	No of pauper burials	No of pauper burials	No of pauper burials	No of pauper burials

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
SPORTS BSD05	To construct, maintain, identify, establish and upgrade existing urban sportsfields	1 annually implemented municipal sportsfield maintenance plan	No of sportsfields maintained	Community Services				
		Develop 1 central sportsfields by 2021/2022					Bluegums	
		Municipal sports audit on utilised sportsfields in rural areas		Municipal sports audit				
LIBRARIES – BSD06	To provide library services to all residents	All urban areas to have well maintained libraries with staff	Quarterly reports on individual libraries regarding usage					

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
PARKS AND PUBLIC OPEN SPACES - BSD07	To create a healthy and sustainable environment by maintaining and developing public open spaces	To develop and maintain parks and caravan parks through an annual maintenance plan	No of parks maintained No of caravan parks	Community Services				
		1 implemented annual operation plan by 30 September on greening, street sweeping and cutting of grass	1 implementation plan & quarterly implementation reports					

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
LICENSING AND CONTROL OF ANIMALS - BSD08	To maintain and control the municipal commonage	No municipal commonage to exceed its annual animal carrying capacity as per the adopted commonage management plan	No of animals as per the commonage management plan	No of animals as per the commonage management plan	No of animals as per the commonage management plan	No of animals as per the commonage management plan	No of animals as per the commonage management plan	Community Services
		Fenced camps and constructed water points as per the commonage management plan annual implementation plan	1 Annual Commonage management plan implementation plan adopted by 31 August. Quarterly implementation reports	2 Annual Commonage management plan implementation plan adopted by 31 August. Quarterly implementation reports	3 Annual Commonage management plan implementation plan adopted by 31 August. Quarterly implementation reports	4 Annual Commonage management plan implementation plan adopted by 31 August. Quarterly implementation reports	5 Annual Commonage management plan implementation plan adopted by 31 August. Quarterly implementation reports	
	To maintain and effectively operate the pounds	1 constructed, functional and compliant central municipal pound in Lady Grey			Construction of Pound in lady Grey	Quarterly Lady Grey pound reports	Quarterly Lady Grey pound reports	Community Services with Technical Services
		Upgrading of animal collection points in Barkly East, Rhodes and Sterkspruit			Upgrading of Lady Grey Pound	Upgrading of Sterkspruit animal collection point		Community Services

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
WASTE MANAGEMENT BSD 09	To improve the quality of life for residents by increasing the % of households receiving basic refuse collection	Increase h/hold refuse collection in all urban areas through annual operational plan	Increase h/hold refuse collection in all urban areas through annual operational plan	Increase h/hold refuse collection in all urban areas through annual operational plan	Increase h/hold refuse collection in all urban areas through annual operational plan	Increase h/hold refuse collection in all urban areas through annual operational plan	Increase h/hold refuse collection in all urban areas through annual operational plan	Community Services
	To reduce waste through awareness campaigns	Quarterly waste education and awareness campaigns in a community. (4 per year)	4 waste education and awareness campaigns	4 waste education and awareness campaigns	4 waste education and awareness campaigns	4 waste education and awareness campaigns	4 waste education and awareness campaigns	
	To effectively manage and reduce waste	2 Operational Weighbridges at landfill sites in Lady Grey & Barkly East to indicate amount and type of waste.	Quarterly reports on weighbridge operations	Quarterly reports on weighbridge operations	Quarterly reports on weighbridge operations	Quarterly reports on weighbridge operations	Quarterly reports on weighbridge operations	
		Construction of 4 solid waste sites, upgrading of 1 site, closure of 2 sites, 2 lined sites in BE & LG in accordance with NEMWA	2 lined sites in BE & LG in accordance with NEMWA	Start Construction on Herschel, Rhodes & Rossouw sites Complete Start lining of Lady Grey and Barkly East SWS.	Complete construction of Herschel & Rossouw sites Start construction of new SWS for Sterkspruit Begin closure process of Sterkspruit old SWS	Completion of Rhodes SWS Completion of new SWS for Sterkspruit Complete closure of old Sterkspruit SWS Planning for closure of old Rhodes SWS	Completion of Rhodes SWS closure Completion of Rhodes SWS closure	Community Services & Technical Services

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
FREE BASIC SERVICES BSD10	That all registered indigent households receive free basic electricity and refuse removal	Compilation of an indigent register and annual updating of the indigent register through the BVFBS Indigent Committee by 15 December	Data Collected & captured	Data updated	Data updated	Data updated	Data updated	Finance
		Annually report on the % of households earning less than 2 state pensions with access to free basic electricity of 50 kw per month and refuse removal by 30 June	Annual report					
ELECTRICITY AND STREET LIGHTING BSD11	To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment in order to reduce losses and ensure compliance	Installation of AMI meter system, upgrading of distribution networks, maintenance on infrastructure and street lighting. Installation and replacement of 485 fittings	Replace electrical meters and a conductor Install new fittings	Replace electrical meters and a conductor Install new fittings	Replace electrical meters and a conductor Install new fittings	Replace electrical meters and a conductor Install new fittings	Replace electrical meters and a conductor Install new fittings	Technical Services

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 1: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT (cont.)								
ELECTRICITY AND STREET LIGHTING BSD11	To reduce Senqu electricity backlogs by assisting Eskom with electrification of rural areas as identified by Council.	690 rural connections	R 5 000 000 approved by DoE for pre-engineering & construction (323 new connections in wards 2 &3)	Pre-engineering & Construction (DoE dependent)	Pre-engineering & Construction (DoE dependent)	Pre-engineering & Construction (DoE dependent)	Pre-engineering & Construction (DoE dependent)	Technical Services
OFFICE SPACE BDS12	To provide office space and parking by building new offices and renovating existing buildings	Construction of parking bay in Lady Grey	Construction completion for parking bay	Construction for LG Reports on Implementation of annual maintenance plan	Completion for LG Reports on Implementation of annual maintenance plan	Reports on Implementation of annual maintenance plan	Reports on Implementation of annual maintenance plan	Corporate Services & Technical Services
		Renovation of 2 nd Floor Offices in LG						
LICENSING OF BUSINESSES BSD 13	To ensure that all businesses operating in the Municipality have licences and are operating according to legislation by 2022	Annual audit of businesses in urban areas by 30 June	Annual audit of businesses in urban areas by 30 June	Annual audit of businesses in urban areas by 30 June	Annual audit of businesses in urban areas by 30 June	Annual audit of businesses in urban areas by 30 June	Annual audit of businesses in urban areas by 30 June	Community Services
		Demarcation of informal trading areas in Sterkspruit by 30 June 2020	*	*	Demarcation of informal trading areas in Sterkspruit by 30 June 2020	*	*	
PRE-SCHOOLS BSD 14	To construct pre-schools in accordance of a Municipal conducted Audit on usage and maintenance of facilities	Municipal Audit on pre-schools conducted	Undertake municipal audit					Community Services

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 2: LOCAL ECONOMIC DEVELOPMENT								
TOURISM LED 01	To promote responsible tourism, arts and heritage through continued support to local initiatives	1 Reviewed and implemented tourism plan	Reviewed tourism plan by 30 June 2018	Signage of tourism sites, marketing, support of local events and improving tourism infrastructure	Signage of tourism sites, marketing, support of local events and improving tourism infrastructure	Signage of tourism sites, marketing, support of local events and improving tourism infrastructure	Signage of tourism sites, marketing, support of local events and improving tourism infrastructure	D & TPS
	To promote and attract development in the local economy through implementation of the LED strategy	1 Reviewed and implemented LED strategy	Reviewed LED strategy plan by 30 June 2018	No of jobs created through the LED initiatives including capital projects (250) i.e. EPWP & CWP	No of jobs created through the LED initiatives including capital projects (250) i.e. EPWP & CWP	No of jobs created through the LED initiatives including capital projects (250) i.e. EPWP & CWP	No of jobs created through the LED initiatives including capital projects (250) i.e. EPWP & CWP	
LED 02				4 meetings with LED structures	All			
				Quarterly reporting on 30 % of all infrastructure projects to go to SMME'S through sub-contractors & buying of products	Quarterly reporting on 30 % of all infrastructure projects to go to SMME'S through sub-contractors & buying of products	Quarterly reporting on 30 % of all infrastructure projects to go to SMME'S through sub-contractors & buying of products	Quarterly reporting on 30 % of all infrastructure projects to go to SMME'S through sub-contractors & buying of products	
KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY								
SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING) - MFMV01	To ensure the efficient and effective procurement of goods and services	To ensure that bid committees' function in accordance with SCM legislation	Quarterly reports on bid committee functionality	Quarterly reports on bid committee functionality	Quarterly reports on bid committee functionality	Quarterly reports on bid committee functionality	Quarterly reports on bid committee functionality	Finance
		Legislative compliance of supply chain management	Quarterly reports	Quarterly reports	Quarterly reports	Quarterly reports	Quarterly reports	
		1 roadshow a year in LG, Sterkspruit & BE	Annual roadshow in LG, BE & Sterkspruit	Annual roadshow in LG, BE & Sterkspruit	Annual roadshow in LG, BE & Sterkspruit	Annual roadshow in LG, BE & Sterkspruit	Annual roadshow in LG, BE & Sterkspruit	
		Annual stock count report to CFO.	Annual stock count.	Annual stock count.	Annual stock count.	Annual stock count.	Annual stock count.	

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY (cont.)								
ASSET MANAGEMENT - MFMV02	To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting	Annual asset count & fleet management report. Quarterly Departmental stock counts undertaken by departmental staff and reported to Department Directors	Annual asset count & fleet management report. Quarterly Departmental asset counts undertaken by departmental staff	Annual asset count & fleet management report. Quarterly Departmental asset counts undertaken by departmental staff	Annual asset count & fleet management report. Quarterly Departmental asset counts undertaken by departmental staff	Annual asset count & fleet management report. Quarterly Departmental asset counts undertaken by departmental staff	Annual asset count & fleet management report. Quarterly Departmental asset counts undertaken by departmental staff	Finance
		Fully GRAP Compliant Asset register	Fully GRAP Compliant Asset register				Development of asset management plan	
ASSET MANAGEMENT - MFMV02	To ensure monitoring of Municipal Assets per Department through regular asset checks and reporting (cont.)	Annual insurance portfolio update and monthly claim reports	Monthly reports of claims to CFO					
		Updated asset management plan by 30 June	Updated asset management plan by 30 June	Updated asset management plan by 30 June	Updated asset management plan by 30 June	Updated asset management plan by 30 June	Updated asset management plan by 30 June	
		Annual disposal sale by May	Annual disposal sale by May	Annual disposal sale by May	Annual disposal sale by May	Annual disposal sale by May	Annual disposal sale by May	

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY (cont.)								
FINANCIAL MANAGEMENT - MFMV03	To annually assess and report on the % of the budget spent on implementing its WSP and financial viability as expressed by the following ratios: A(debt coverage) = B (total op rev received) - C (op grants) divided by D (debt service payment due within the FY) A (outstanding service debtors to revenue) = B (total outstanding debt) divided by C(actual rev received for services) A (cost coverage) = B (all available cash at a particular time) + C (investments) divided by D (Monthly fixed opl expenditure)	Annual report on financial ratios and norms by Q3 for previous year	Annual report on financial ratios and norms by Q3 for previous year	Annual report on financial ratios and norms by Q3 for previous year	Annual report on financial ratios and norms by Q3 for previous year	Annual report on financial ratios and norms by Q3 for previous year	Annual report on financial ratios and norms by Q3 for previous year	Finance
FINANCIAL MANAGEMENT - MFMV03	To annually report on the % of the Municipality's budget actually spent on capital projects identified a particular financial year in terms of the Municipality's IDP	Annual report by CFO						

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department	
			2017/18	2018/19	2019/20	2020/21	2021/22		
KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY (cont.)									
FINANCIAL MANAGEMENT - MFMV03	To expand and protect the municipal revenue base by providing accurate bills for services rendered	All bills are accurate and delivered and processed monthly	Monthly processing and delivery of bills by 15th of following month	Monthly processing and delivery of bills by 15th of following month	Monthly processing and delivery of bills by 15th of following month	Monthly processing and delivery of bills by 15th of following month	Monthly processing and delivery of bills by 15th of following month	Finance	
		All electricity meters in urban areas to be read 100 % by 30 of each month	All electricity meters in urban areas to be read 100 % by 30 of each month	All electricity meters in urban areas to be read 100 % by 30 of each month	All electricity meters in urban areas to be read 100 % by 30 of each month	All electricity meters in urban areas to be read 100 % by 30 of each month	All electricity meters in urban areas to be read 100 % by 30 of each month		All electricity meters in urban areas to be read 100 % by 30 of each month
		Revenue enhancement strategy that will incorporate the moving of all residential customers and small business using below 60 Amp to prepaid	Adopted strategy	Moving all residential customers to prepaid including small businesses using below 60Amp	Implementation	Implementation	Implementation		Implementation
		To comply with the MFMA prescripts by submitting various documents such as the AFS	Submission of MFMA required documents timeously		Submission of MFMA required documents timeously				
		Ensure financial viability by regular reports on the amount of expenditure on the capital and operational budget including conditional grants by 10th of following month on expenditure of capital and operational budget including grants	To report monthly by 10th of following month on expenditure of capital and operational budget including grants	To report monthly by 10th of following month on expenditure of capital and operational budget including grants	To report monthly by 10th of following month on expenditure of capital and operational budget including grants	To report monthly by 10th of following month on expenditure of capital and operational budget including grants	To report monthly by 10th of following month on expenditure of capital and operational budget including grants		

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY (cont.)								
FINANCIAL MANAGEMENT	To expand and protect the municipal revenue base by providing accurate bills for services rendered	To expand and protect the municipal revenue base by implementing the valuation roll and increasing % of actual revenue collected	Annual supplementary and develop valuation roll	Develop roll	Implement roll 1 July 2018/19 FY	Supplementary roll	Supplementary roll	Finance
		To expand and protect the municipal revenue base by increasing % of actual revenue collected to 95 %	95%	95%	95%	95%	95%	
		To decrease unauthorised, irregular, fruitless, wasteful expenditure and minor breaches through regular reporting	Decrease in unauthorised, irregular, fruitless, wasteful expenditure (Council Q) and minor breaches (MM) monthly	Quarterly reports	Quarterly reports	Quarterly reports	Quarterly reports	
PAYROLL MFMV04	To ensure good payroll management and implementation	All salaries paid timeously as per Council schedule	All salaries to be paid by the 1st of the following month	All salaries to be paid by the 1st of the following month	All salaries to be paid by the 1st of the following month	All salaries to be paid by the 1st of the following month	All salaries to be paid by the 1st of the following month	
BUDGET COMPILATION MFMV05	To ensure compliance with the MFMA and MSA requirements regarding the adjustment budget and annual budget development and submission requirements	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	Draft annual budget adopted by end March annually, final annual budget adopted by end May and adjustment by end February.	

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 3: LOCAL MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY (cont.)								
REPORTING - MFMV06	To develop and submit S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	To develop and submit financial part of S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	To develop and submit financial part of S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	To develop and submit financial part of S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	To develop and submit financial part of S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	To develop and submit financial part of S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	To develop and submit financial part of S 71, S 72 & S 52 reports as per MFMA guidelines and prescripts	Finance
IT - MFMV07	To ensure a continually secure, effective and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment	Reports if there is more than 3 hours of downtime on the primary domain controller, email server, financial server (EMS) and backup server	Reports	Reports	Reports	Reports	Reports	
		Upgraded security of IT & server rooms and equipment including servers in all buildings	Procurement of server & reports	Reports	Reports	Reports	Reports	
		To ensure that disaster recovery plans are fully implemented	Reports	Reports	Reports	Reports	Reports	

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT (cont.)								
SKILLS DEVELOPMENT - MTID01	To develop and implement an effective HR strategy	To align the HR strategy with the IDP priorities	Annual alignment of HR strategy with IDP priorities	Annual alignment of HR strategy with IDP priorities	Annual alignment of HR strategy with IDP priorities	Annual alignment of HR strategy with IDP priorities	Annual alignment of HR strategy with IDP priorities	Corporate Services
	To develop, adopt and implement the workplace skills plan (WSDP).	To develop, adopt and implement the workplace skills plan (WSDP).	To submit the skills plan and annual training report as legislated	To submit the skills plan and annual training report as legislated	To submit the skills plan and annual training report as legislated	To submit the skills plan and annual training report as legislated	To submit the skills plan and annual training report as legislated	
	To submit the skills plan and annual training report as legislated	To submit the skills plan and annual training report as legislated						
EMPLOYMENT EQUITY - MTID02	To develop and implement the employment equity plan as per the set targets in accordance with the Employment Equity Act	To develop and implement the employment equity plan as per the set targets in accordance with the Employment Equity Act. To submit the annual report as legislated	Quarterly reports on EE plan implementation. Submission of annual report	Quarterly reports on EE plan implementation. Submission of annual report	Quarterly reports on EE plan implementation. Submission of annual report	Quarterly reports on EE plan implementation. Submission of annual report	Quarterly reports on EE plan implementation. Submission of annual report	Corporate Services
	No of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	No of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	Annual report on no of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	Annual report on no of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	Annual report on no of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	Annual report on no of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	Annual report on no of people from employer equity target groups employed in the 3 highest levels of organogram in compliance with a municipal approved employment equity plan	

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT (cont.)								
RECRUITMENT, SELECTION AND EMPLOYEE MANAGEMENT - MTID03	To ensure that the organisational structure of the Municipality is aligned to its present and future staffing needs and requirements	Annual review of organogram	Annual review of organogram	Annual review of organogram	Annual review of organogram	Annual review of organogram	Annual review of organogram	Corporate Services
	To ensure effective management of staff and policy and procedure processes through job descriptions, leave management and clock in systems	Effective implementation of HR policies such as leave	Quarterly reports on adherence to HR policies such as leave, recruitment etc	Quarterly reports on adherence to HR policies such as leave, recruitment etc	Quarterly reports on adherence to HR policies such as leave, recruitment etc	Quarterly reports on adherence to HR policies such as leave, recruitment etc	Quarterly reports on adherence to HR policies such as leave, recruitment etc	
EMPLOYEE WELLNESS PROGRAMME - MTID04	To ensure the physical and mental well-being of employees through the implementation of an employee wellness programme	Annual employee wellness programme by the end of Quarter 1	Annual employee wellness programme by the end of Quarter 1	Annual employee wellness programme by the end of Quarter 1	Annual employee wellness programme by the end of Quarter 1	Annual employee wellness programme by the end of Quarter 1	Annual employee wellness programme by the end of Quarter 1	Corporate Services

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT (cont.)								
OCCUPATIONAL HEALTH AND SAFETY - MTID05	To ensure that all Senqu buildings and staff adhere to and implement OHS legislation	4 OHS meetings. Quarterly reports on adherence of staff and buildings to OHS. Annual OHS awareness campaign	4 OHS meetings. Quarterly reports on adherence of staff and buildings to OHS. Annual OHS awareness campaign	4 OHS meetings. Quarterly reports on adherence of staff and buildings to OHS. Annual OHS awareness campaign	4 OHS meetings. Quarterly reports on adherence of staff and buildings to OHS. Annual OHS awareness campaign	4 OHS meetings. Quarterly reports on adherence of staff and buildings to OHS. Annual OHS awareness campaign	4 OHS meetings. Quarterly reports on adherence of staff and buildings to OHS. Annual OHS awareness campaign	Corporate Services
LOCAL LABOUR FORUM - MTID 06	To ensure a good relationship between management and employees through regular interactions on labour issues	Functional LLF meetings quarterly	Corporate Services					

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department	
			2017/18	2018/19	2019/20	2020/21	2021/22		
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT (cont.)									
LEGAL SERVICES - 07	To ensure that the Municipality implements sound management controls in order to mitigate against unnecessary litigation	Annual report on the status of municipal lease agreements & litigation	Annual report on the status of municipal lease agreements & litigation	Annual report on the status of municipal lease agreements & litigation	Annual report on the status of municipal lease agreements & litigation	Annual report on the status of municipal lease agreements & litigation	Annual report on the status of municipal lease agreements & litigation	Annual report on the status of municipal lease agreements & litigation	Corporate Services
POLICIES AND BY-LAWS - MTID 08	To review and implement departmental policies, procedures, procedure manuals and bylaws annually	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Annual review of identified municipal policies, bylaws, procedures and procedure manuals annually by the end of Quarter 4	Corporate Services & DTPS
BUILDINGS - MTID 09	To ensure that municipal buildings and assets are maintained and secured	Development of annual maintenance plan by 30 August and quarterly implementation reports	Development of annual maintenance plan by 30 August and quarterly implementation reports	Development of annual maintenance plan by 30 August and quarterly implementation reports	Development of annual maintenance plan by 30 August and quarterly implementation reports	Development of annual maintenance plan by 30 August and quarterly implementation reports	Development of annual maintenance plan by 30 August and quarterly implementation reports	Development of annual maintenance plan by 30 August and quarterly implementation reports	Corporate Services

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT (cont.)								
RECORDS MANAGEMENT - MTID10	To ensure that Municipal information is kept secure and filed and archived according to legislation	Fully functional document system by 2022	Document system	Corporate Services				
PERFORMANCE MANAGEMENT AND REPORTING - MTID11	To ensure that a system of departmental and individual performance management system is implemented	An implemented system of departmental and individual performance management system in implemented by 2022	Implemented PMS	D & TPS				
SPATIAL PLANNING - MTID12	TO implement SPLUMA regulations	Implemented adopted SPLUMA schedule						D & TPS
	To ensure adherence to town planning and building control legislation	Implemented town planning and building control legislation						
		Land invasion strategy & implementation thereof						
	To manage urbanisation of existing urban areas	To extend town boundaries to incorporate former communal villages to increase the rate base (Vision 2030)						

Focus area and IDP No	Strategic Objective	New 5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT (cont.)								
INTEGRATED DEVELOPMENT PLANNING - MTID13	To ensure development and adoption of the IDP and budget process plan and IDP s per legislated timeframes	Adopted IDP and budget process plan and reviewed IDP	Adopted IDP and budget process plan and reviewed IDP	Adopted IDP and budget process plan and reviewed IDP	Adopted IDP and budget process plan and reviewed IDP	Adopted IDP and budget process plan and reviewed IDP	Adopted IDP and budget process plan and reviewed IDP	D & TPS
	To co-ordinate meetings of the IPPF and IDP and Budget steering committee Meetings	Quarterly meetings of IPPF and IDP & budget Steering Committee Meetings	Quarterly meetings of IPPF and IDP & budget Steering Committee Meetings	Quarterly meetings of IPPF and IDP & budget Steering Committee Meetings	Quarterly meetings of IPPF and IDP & budget Steering Committee Meetings	Quarterly meetings of IPPF and IDP & budget Steering Committee Meetings	Quarterly meetings of IPPF and IDP & budget Steering Committee Meetings	
PMU REPORTING MTID14	To ensure capital infrastructure management and reporting	To ensure capital infrastructure management, implementation and reporting	Annual reporting on the MIG expenditure	Ongoing	Ongoing	Ongoing	Ongoing	Technical services
HOUSING MTID15	To ensure equitable access to housing for communities	To review and implement the housing sector plan by 30 June 2018	Housing sector plan					D & TPS
		Develop and implement a strategy on accreditation for the housing unit by 30 June 2020			Develop and implement a strategy on accreditation for the housing unit by 30 June 2020			
		To develop a strategy for bulk infrastructure for the development of integrated human settlements by 30 June 2019		Bulk infrastructure plan				

Focus area and IDP No	Strategic Objective	5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 5: PUBLIC PARTICIPATION & GOOD GOVERNANCE								
RISK & FRAUD PREVENTION GGPP01	To promote and instill good governance practices within Senqu municipality	Developed and implemented departmental risk action plans including quarterly risk reports						D & TPS
		Implemented fraud prevention policy						
COMPLIANCE GGPP02	To ensure compliance with all legislated deadlines such as MFMA & MSA, mSCOA regulations, IDP and budget dates	Developed annual compliance register						D & TPS
OVERSIGHT - GGPP03	To ensure quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report	Quarterly sittings of MPAC and the Audit and Performance Committee and the annual preparation of an annual oversight report by end of March						Office of the MM
	To ensure that Council, Exco and Top Management meetings are held regularly and that resolutions are implemented.	Quarterly sitting of Council, monthly sitting of Ex-Co, Quarterly Top Management & Quarterly Broad Management with tracked resolutions						Corporate Services

Focus area and IDP No	Strategic Objective	5-year Target	Annual Goals					Responsible Department
			2017/18	2018/19	2019/20	2020/21	2021/22	
KPA 5: PUBLIC PARTICIPATION & GOOD GOVERNANCE								
OVERSIGHT - GGPP03	To ensure good governance through the monitoring of the implementation of the OPCAR and Audit action plan	Annual development and implementation of the audit action plan & dashboard						Office of the MM & DTPS
		Annual development and implementation of an OPCAR						Finance
CUSTOMER CARE & PUBLIC PARTICIPATION GGPP04	To promote interactive communication with customers around service delivery issues	4 quarterly meetings of ward committees & 4 IPPF meetings	4 quarterly meetings of ward committees & 4 IPPF meetings	4 quarterly meetings of ward committees & 4 IPPF meetings	4 quarterly meetings of ward committees & 4 IPPF meetings	4 quarterly meetings of ward committees & 4 IPPF meetings	4 quarterly meetings of ward committees & 4 IPPF meetings	Corporate Services
		Implemented computerised customer care compliant system by 30 June 2018 and annual customer satisfaction surveys	Implemented computerised customer care compliant system by 30 June 2018	Annual customer levels of satisfaction external service provider	Annual customer levels of satisfaction external service provider	Annual customer levels of satisfaction external service provider	Annual customer levels of satisfaction external service provider	
	To ensure regular participation of the public and interaction with the public through the public participation plan, Imbizos and meetings such as IPPF etc	Annual adopted annual public participation plan by December. Annual update of stakeholder register. 4 IPPF & 2 outreaches. Mayoral budget speech	Annual adopted annual public participation plan by December. Annual update of stakeholder register. 4 IPPF & 2 outreaches. Mayoral budget speech	Annual adopted annual public participation plan by December. Annual update of stakeholder register. 4 IPPF & 2 outreaches. Mayoral budget speech	Annual adopted annual public participation plan by December. Annual update of stakeholder register. 4 IPPF & 2 outreaches. Mayoral budget speech	Annual adopted annual public participation plan by December. Annual update of stakeholder register. 4 IPPF & 2 outreaches. Mayoral budget speech	Annual adopted annual public participation plan by December. Annual update of stakeholder register. 4 IPPF & 2 outreaches. Mayoral budget speech	

Focus area and IDP No	Strategic Objective	5-year Target	Annual Goals					Responsible Department	
			2017/18	2018/19	2019/20	2020/21	2021/22		
KPA 5: PUBLIC PARTICIPATION & GOOD GOVERNANCE (cont.)									
MAINSTREAMING - GGPP05	To promote the mainstreaming and upliftment of HIV and AIDS, women and children, youth, people with disabilities and the elderly into municipal Socio-Economic Programmes and Projects	4 awareness campaigns, monthly condom distribution LAC meetings. Reviewal of strategy	Reviewal of strategy	4 awareness campaigns, monthly condom distribution LAC meetings. Reviewal of strategy	5 awareness campaigns, monthly condom distribution LAC meetings. Reviewal of strategy	6 awareness campaigns, monthly condom distribution LAC meetings. Reviewal of strategy	7 awareness campaigns, monthly condom distribution LAC meetings. Reviewal of strategy	Corporate Services	
		4 youth meetings, 4 women meetings and 4 elderly meetings	4 youth meetings, 4 women meetings and 4 elderly meetings	4 youth meetings, 4 women meetings and 4 elderly meetings	4 youth meetings, 4 women meetings and 4 elderly meetings	4 youth meetings, 4 women meetings and 4 elderly meetings	4 youth meetings, 4 women meetings and 4 elderly meetings		4 youth meetings, 4 women meetings and 4 elderly meetings
		Annual Mayoral cup to develop sport in the Municipality and annual Youth Festival to promote community cohesion	Annual mayor cup to be held by 30 June	Annual mayor cup to be held by 30 June	Annual mayor cup to be held by 30 June	Annual mayor cup to be held by 30 June	Annual mayor cup to be held by 30 June		Annual mayor cup to be held by 30 June
			Annual Youth festival to be held by end of September	Annual Youth festival to be held by end of September	Annual Youth festival to be held by end of September	Annual Youth festival to be held by end of September	Annual Youth festival to be held by end of September	Annual Youth festival to be held by end of September	Office of the MM
COMMUNICATIONS & MARKETING, GGPP06	To ensure that the communication strategy is implemented so that the public are kept informed about municipal activities and programmes	Development of social media platforms and a policy by June 2018							
		Update & maintain the Municipal website so it is complaint and user friendly							
		4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	4 stakeholder engagements a month, 16 radio engagements per year and 4 media opinion pieces	



CHAPTER FOUR
ORGANIZATIONAL
DEVELOPMENT
PERFORMANCE
(PERFORMANCE REPORT
PART 2

2017 /2018

Chapter 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART 2)

4.1 INTRODUCTION

Senqu Municipality engages in all reasonable efforts to ensure that it is able to meet the IDP objectives and day to day operational needs. This is achieved by ensuring that it is staffed correctly and appropriately, so that it can meet its functional needs. Organizational support becomes critically important in order to ensure that staff and relevant departments function optimally and achieves this by monitoring the use and implementation of relevant policies and procedures. Every effort is made to ensure that there is compliance in respect of this and in respect of related legislative issues (Recruitment, Workplace Skills Plan, Employment Equity and the like). Careful monitoring is undertaken in order to ensure that all aspects of staff recruitment, selection, appointment and retention are handled correctly and strictly in accordance with stated policy, procedures and legislation. Effective employee relations is maintained and enhanced where possible by ensuring that: staffing is managed effectively; labour is managed by engaging in effective employment practices; staff are trained and developed according to structured needs; optimal organizational structures are developed and job descriptions for all posts are developed in accordance with the principles of correct division of work and the manner in which performance will be monitored.

ORGANISATIONAL DEVELOPMENT PERFORMANCE: (PERFORMANCE REPORT PART 2)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.2 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEE TOTALS					
Description	Year June 2016	Year June 2017/2018			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No. (funded)	Vacancies %
Municipal Manager	10	9	8	1	0.36
Human Resource	6	6	6	0	0
Admin & Council Support	14	16	16	0	0
IGR/ Stakeholder Engagement	8	9	8	1	0.36
Roads & Stormwater	18	36	36	0	0
Fleet	1	1	1	0	0
Housing	3	6	5	1	0.36
PMU	4	4	4	0	0
Governance & Compliance	4	5	5	0	0
Local Economic Development & Planning	6	3	3	0	0
Communications	6	2	2	0	0
Community & Social service	31	35	34	1	0.36
Electricity	11	17	14	3	1.09
Budget & Treasury	3	4	4	0	0
Information Technology	2	3	3	0	0
Traffic	14	15	14	1	0.36
Supply Chain & Expenditure	10	14	13	1	0.36
Revenue	11	11	9	2	0.72
Waste Management	71	70	70	0	0
Technical: Administration	1	1	1	0	0
Department Coordinators	3	3	3	0	0
Section 56 & MM	6	6	6	0	0
Totals	241	276	265	11	4

EMPLOYEE VACANCIES

Task / Job Level	June 2016		June 2017/2018			
	Employees No	Posts	Employees	Posts (Funded)	Vacancies Full time equivalent funded posts	Vacancies as % of total posts
0-2	72	72	104	104	0	0
3	15	15	13	13	0	0
4	3	3	4	4	0	0
5	5	14	6	6	0	0
6	29	80	24	29	5	1.8
7	22	21	25	25	0	0
8	4	13	2	2	0	0
9	11	12	9	10	1	0.36
10	15	25	14	14	0	0
11	20	30	21	24	3	1.08
12	8	16	10	11	1	0.36
13	7	7	7	7	0	0
14	3	3	3	3	0	0
15	4	3	4	3	0	0
16	5	4	5	6	1	0.36
17	0	-			0	0
18	5	5	6	6	0	0
19	1	1	1	1	0	0
20	0	-	-	-	-	-
21	0	-	-	-	-	-
22	0	-	-	-	-	-
23	0	-	-	-	-	-
Section 56	6	6	6	6		
TOTAL	246	379	265	276	11	4

VACANCY RATE: YEAR AS AT JUNE 2017			
Designations	*Total Approved Posts	*Vacancies (total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
Chief Financial Officer (CFO)	1	0	0
Other s56 Managers	4	0	0
levels 16-25 (excluding Finance posts)	9	0	0
levels 16-25 (Finance posts only)	4	1	0.38
levels 13-15 (excluding Finance posts)	9	0	0
levels 13-15 (Finance posts only)	5	0	0
levels 9-12 (excluding Finance posts)	31	5	1.89
Levels 9-12 (Finance posts only)	23	0	0
Levels 4- 8	61	5	1.89
Levels 1-3	117	0	0
Other (Finance Only)			
Total	265	11	4.2

TURN-OVER RATE			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
July 2017 to June 2018	265	13	4.9%
July 2016 to June 2017	234	9	3.8%
July 2015 to June 2016	225	15	6.7%
July 2014 to June 2015 (previous Financial year)	219	13	5.9%

Within this area of planning and control it must be noted that within both financial years

Senqu Municipality has performed exceptionally well as detailed below:

- During 2015/2016: 97.95% of all funded posts were filled;
- During 2016/2017: 96.29% of all funded posts were filled; and
- During 2017/2018: 96.01% of all funded posts were filled.

Staff Establishment Figures:

2016/2017				2017/2018			
Total No. of posts on organogram	Filled posts	Funded & Vacant	Unfunded & Vacant	Total No. of posts on organogram	Filled posts	Funded & Vacant	Unfunded & Vacant
379+	243	9	133	316	265	11	40

The table below details the approved, filled and vacant funded posts within Senqu Municipality for 2016/2017:

Approved and Funded Posts in the entire Institution	Number of Employment Contracts and Performance Agreements	Filled Posts	Total Number of Vacant funded posts in the Entire Institution	Total Number of Vacant <u>unfunded</u> posts in the Entire Institution
243	7	234	9	133

The table below details the approved, filled and vacant funded posts within Senqu Municipality for 2017/2018:

Approved and Funded Posts in the entire Institution	Number of Employment Contracts and Performance Agreements	Filled Posts	Total Number of Vacant funded posts in the Entire Institution	Total Number of Vacant <u>unfunded</u> posts in the Entire Institution
276	7	265	11	40

4.2.1 Organization Structure

The municipality has a total of 316 posts on its organogram. 265 posts have been filled and 11 funded positions remain vacant. There are 40 unfunded and vacant positions. An analysis of posts during the year under review provides the following detail:

Organizational Structure (2017/2018)

Department / Function	Posts Filled	Posts Funded But Vacant	Posts Unfunded	Total Number of Posts
Council and Executive	10	1	0	11
Corporate & Support Service	33	1	10	44
Budget & Treasury Service	38	3	4	45
Community & Social Service	113	1	23	137
Technical & Engineering Service	55	4	2	61
Planning and Development	16	1	1	18
Total	265	11	40	316
Percentage (against total no. of posts)				

Staff appointments during this time: 25

Staff terminations: 13

4.2.2 Levels of education and skills (2014/2015 - 2017/2018)

Period	Total Number Of Staff	Number Of Staff Without Grade 12	Number Of Staff With Senior Certificate Only	Number Of Staff With Tertiary/Accredited Professionals Training
2015/2016	241	98	58	69
2016/2017	236	78	52	106
2017/2018	265	141	41	129

4.2.3 Comment on Vacancies and Turnover

It must be noted that the turnover rate moved from 3.8% to 4.9%. Staff appointments moved from 236 to 311. During the year under review an additional 16 appointments were made. The 13 terminations are detailed as follows: 5 x resignations, 3 x deceased, 4 x retirements and 1 x dismissal.

4.2.4 Employment Equity Statistics:

This reflects the following target groups i.e. staff employed in *the three highest levels of management* in compliance with the Municipality's approved Employment Equity Plan (2016/2017)

Occupational Levels	Male				Female				TOTAL
	A	C	I	W	A	C	I	W	
Legislators	27				11				38
Top Management	2	1		1	2				6
Senior Management Targets	5	1		2	5	1		4	18
Senior Management Targets Met - June 2017		1			1				2
Professionally Qualified and Experienced Specialists and Mid Management	17	1			15	3			36
Professionally Qualified and Experienced Specialists and Mid Management met - June 2017	2	1			2	3			8
Skilled Technical and Academically Qualified Workers	11				4				15
Skilled Technical and Academically Qualified Workers Target met - June 2017	1								1

Despite notable successes, the scarcity of skills challenge remains. More specifically it is noted that:

- There is an under-representation within the category of the disabled, but this issue must be understood within its particular context. This situation is to a large extent due to factors beyond one's control. More specifically, it must be noted that in the event that candidates applying for these posts do not meet the Employment Equity criteria/are not from the designated /targeted groups within the labour market, then there is little one can do aside from marketing to these groups/producing attractive remuneration packages; and
- Due to the geographical location and the rural nature of the municipality it is often challenging to find applicants that meet the required criteria.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.3 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Day to day functioning and management of the Municipal Workforce is governed and directed by the Labour Relations Act; the Basic Conditions of Employment Act; the Employment Equity Act; the Municipal Finance Management Act; the internal Disciplinary

Policy and Procedures; the Performance Management Policy and many related policies, procedures and legislation. In order to ensure that these are implemented correctly and to ensure that management and staff have the required level of commitment, stakeholders are involved in the compilation of these policies and relevant staff are well trained on these in order to ensure that they can be effectively applied.

Following suitable induction at the beginning of employment within Senqu Municipality, all staff, management and Councillors receive a Code of Conduct and undergo suitable induction training (both on and off the job --- i.e. as a general and task induction). Policies and procedures are reviewed annually in order to ensure that they are managed and remain applicable to the current context at all times.

It remains the intention of the organization at all times to create a personnel administration that is administered and managed in a manner that is: fair, efficient, effective and transparent. To this end, management are required to manage and support staff appropriately and according to legislative prescripts. By so doing, a supportive management and administrative structure is created, enabling successful outcomes and enhancing performance optimization at every level.

4.4 POLICIES

4.4.1 Human Resource Plans that have been developed and/or reviewed:

HUMAN RESOURCES POLICIES AND PLANS				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Essential User Car Scheme	100	New policy	29 September 2014
2	Scarce Skills Remuneration Policy	100	100	6 June 2016
3	Housing Subsidy Policy	100	New Policy	6 June 2016
4	Cellphone & 3G	100	100	6 June 2016
5	Bursary	100	100	28 March 2015
6	Training & Development	100	100	6 June 2016
7	Employee Assistance / Wellness		100	28 March 2015
8	Affirmative Action and Employment Equity		100	28 March 2015
9	Attraction and Retention		100	28 March 2015
10	Training and Development	100	100	28 March 2015
11	HIV/AIDS		Due for Re-view	November 2005

4.4.1 Human Resource Plans that have been developed and/or reviewed
continued:

HUMAN RESOURCES POLICIES AND PLANS				
Name of Policy		Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
12	Career Development & Succession Planning	100	100	28 March 2015
13	Promotion, Demotion & Transfers	100	100	28 March 2015
14	Leave	100	100	28 July 2017
15	Occupational Health & Safety	100	100	28 July 2017
16	Official Housing	100	100	27 March 2015
17	Subsistence & Travelling	100	Under review	28 July 2017
18	Telephone	100		27 March 2013
19	Recruitment, Selection & Appointments	100		28 July 2017
20	Remuneration Policy	100	100	28 July 2017
21	Relocation	100	100	6 June 2016
22	Perks Scheme	100	100	31 March 2015
23	Termination of employment	100	100	28 July 2017
24	Sexual Harassment	100	Under review	29 September 2015
25	Bereavement Policy	100		28 March 2015

4.4.2 Organization -wide Policies and Plans that have been developed and/or reviewed 2017/2018:

POLICIES (ORGANIZATION WIDE)				
Newly Developed	Revised	Consultation Top Management LLF (through circular for comment or at LLF meetings)	Dates Ratified by Council By	Policies Implemented (Yes or No)
No	Supply Chain Management	Yes	30 May 2018	Yes
No	Debt Collection and Credit Control	Yes	30 May 2018	Yes
No	Cash Management Banking and Investment Policy	Yes	30 May 2018	Yes
No	Performance Management & Development	Yes	06 June 2016	Yes
No	Asset Management and Insurance Policy	Yes	30 May 2018	Yes
No	Property Rates & Valuation Policy	Yes	30 May 2018	Yes
No	Security Policies	Yes	30 May 2018	Yes
No	Tariff & Services Policy	Yes	30 May 2018	Yes
No	ICT Corporate Governance Framework	Yes	30 June 2017	Yes
No	Borrowing Funding & Reserve	Yes	30 May 2018	Yes
No	Virement Policy	Yes	30 May 2018	Yes
No	Performance Management	Yes	6 June 2016	Yes
No	Risk Management Policy and Framework	Yes	30 May 2017	Yes
No	Delegation Framework and Register	Yes	30 May 2018	Yes
No	Internal Audit Charter	Yes	30 May 2017	Yes
No	Audit Committee Charter	Yes	30 May 2017	Yes

NOTE: Within all of these instances extensive consultation processes were undertaken & reviewed policies were presented to top management and LLF and workshops were conducted with staff & councilors.

4.5 INJURIES, SICKNESS AND SUSPENSIONS

The tables below reflect the statistics for both the current and the previous financial year i.e. 2017/2018 and 2016/2017 reflecting sick leave related statistics:

4.5.1 Current Financial Year Sick Leave related costs: 2017/2018

Number of Days and Costs of Sick Leave (Excluding IOD) 2017/2018						
Salary Band	Total Sick Leave Days	Proportion of sick leave without medical certificate %	Number Employees using sick leave	Total number of employees in post	Average sick leave per employee Days	Estimated cost R '000
Levels 1-3	459	0	46	117	9.97	R 3 184 083
levels 4-8	580	0	32	61	9.50	R4 424 240
Levels 9-12	534	0	30	54	9.80	R 7 728 048
Levels 13-15	112	0	7	14	8	R 3 301 312
Levels 16 - 25	247	0	9	12	20.58	R 206 332
MM and s56	15	0	4	6	2.50	R 406 325

NOTE: Calculations are made against the lowest earnings on each level, multiplied by the total sick leave days and reflected as a total ie. the total estimated cost.

4.5.2 Previous financial year Sick Leave related costs: 2016/2017

Number of Days and Costs of Sick Leave (Excluding IOD) 2016/2017						
Salary Band	Total Sick Leave Days	Proportion of sick leave without medical certificate %	Number Employees using sick leave	Total number of employees in post	Average sick leave per employee Days	Estimated cost R '000
Levels 1-3	107	-	12	79	-	-
levels 4-8	150	-	39	69	-	-
Levels 9-12	151	-	40	46	-	-
Levels 13-15	67	-	12	14	-	-
Levels 16 - 25	45	-	6	12	-	-
MM and s56	12	-	4	5	-	-

4.5.3 Comment on Injury and Sick Leave

While sick leave patterns do not appear excessive, they are required to be monitored closely as a matter of course and emerging patterns handled appropriately.

When sick leave is taken, the Leave Policy must be strictly applied and Sick Leave must be claimed prior or after the illness (depending on its nature). As per the prescriptions of policy, a doctor's certificate is not required for a period less than 3 days unless there is a history of sick leave having been taken (ie. sick leave that has been taken twice in a continuous 8-week period). If this is the case a doctor's certificate is required. A certificate is also required if patterned behaviour begins to emerge and management may then justifiably request a sick leave certificate, should this become evident. For any period, greater than 2 consecutive days, a sick leave certificate is required.

Injury on Duty (IOD's) are required to be reported and managed strictly in accordance with the Occupational Health and Safety Policy in which the procedure is clearly stated. In instances where injuries / sick leave extends for long periods or are in question, the organization reserves the right to have the injury/aspect of sick leave examined by a doctor of choice.

NOTE: If it becomes apparent that an employee is likely to be off for an extended period of time, or medically boarded, the Pension Fund is required to be notified within 6 months of this "potential disability". Failure to do so could result in non-approval of

future disability claims and liability from the municipality. It is suggested that notification conservatively begin at 3 months.

Suspensions and Cases of Financial Misconduct:

Number and Period of Suspensions 2017/2018				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	Date Finalized
N/A	N/A	N/A	N/A	N/A

Position	Nature of Alleged Misconduct and Rand Value of any loss to the municipality	Disciplinary Action taken	Date Finalized
N/A	N/A	N/A	N/A

4.6 PERFORMANCE REPORTING AND REWARDS

4.6.1 Performance Management Context and Guiding Principles

The Performance Management Framework, Policy and Procedure was updated, revised and aligned to the Competency Framework within the current period. The Competency Framework has replaced Regulation 26(8) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (Government Notice No. 805) as published in the Government Gazette No. 29089 of 1 August 2006. Under these circumstances, any person appointed as a senior manager is now required to possess all the specific leadership and management related competencies as set out within this framework. As such, when appointing any such manager, the suitability for any such position must incorporate assessment of the applicants’ proven ability within all of these specified areas. Training and development should also take these competencies into account and inform any such training.

In order to comply with the prescriptions of the Competency Framework, these competencies have been incorporated into Senqu Municipality’s current policy. As this policy is translated into operational targets and performance targets for individuals to whom the policy applies (as part of the policy “roll-out”), the specific performance targets that relate to Leading Competencies and Core Competencies are now included within the Employee Scorecards (to whom these apply i.e. to the s56 Directors and middle managers). This is also detailed within the Employee Performance Management System and related policy.

It must be fully understood that in terms of legislation, all municipalities are legally required to develop a performance management system that will enhance the organisations levels of efficiency and effectiveness, account for the use of municipal resources and clearly indicate the achievement of outcomes. That being said and **in terms of the Systems Act** it was understood and accepted that **municipalities were required to develop and utilize systems that were best suited to their environment, circumstances and available resources.** It is under these conditions and with this express understanding that Senqu Municipality developed its PMS Framework and Policy (revised continuously since 2011 and most recently in June 2017 and October 2018).

It must be noted and understood that a Performance Management Framework and System is required not only in order to achieve compliance (in terms of legislative prescripts), but in order to assist and facilitate the manner in which performance objectives and targets are met throughout the organization. The existence of a framework and system of this nature, facilitates a process where service delivery objectives can be successfully achieved overall, in a specific, realistic and planned manner - taking available resources and current challenges into account.

As indicated, the Performance Management System exists in order to provide the organisation with the framework and tools necessary to ensure the development of a performance management culture throughout. As a management tool the performance management system, enables the organization to achieve its strategic objectives which are aligned to the IDP and institutional scorecard - facilitating effective and efficient service delivery.

“Performance Management” is not an isolated event. It represents a “means to an end” in the efforts undertaken to achieve a state and culture of performance optimization throughout the organization. In order to achieve this it is recognized that performance management must be regarded as an integrated approach that combines the manner in which both **individual employee performance** and **institutional performance** is managed and reported on, in accordance with the relevant legislative prescripts. It is further acknowledged that the one cannot be successfully achieved in the absence of the other.

Note:

- The “roll -out of the current system is in progress. As with any such system it is imperative that the timing of the roll-out ensures successful completion and desired outcomes;
- Over the years and despite the fact that the system has not been rolled out to a level lower than middle management, the basic management principles have been followed within the day to day work environment. Line managers at all levels are required to ensure that staff are appropriately managed; that targets are understood; that staff performance and performance that fails to meet the required standard is suitably

addressed (through performance counselling and discipline where appropriate and required); and reporting and record keeping is taking place and is certainly improving;

- In this way a culture of performance management is being instilled within the organization over time;
- Staff on all levels (Councillors; s56 Directors'; Middle Managers and staff reporting to these levels have all already received formal training on the Performance Management System, on the way forward and on the manner in which Performance Management will be rolled out and their role and function within this process; and
- Through these practices, the roll - outs planned over the next three years will have greater impact and opportunities for success.

4.6.2 Performance Management System Framework

The Performance Management Framework and System relies very heavily on the importance of the setting of performance targets - at both the Individual Employee level and at the Institutional level. There is interdependency at every level and it is critical that the system and its many and related tools, and targets reflect accurately the performance results and needs at any single period of time.

4.6.3 Relationship between the Performance Management System and targets and issue of alignment

The relationship between the performance management system and process and the performance targets is explained diagrammatically below:

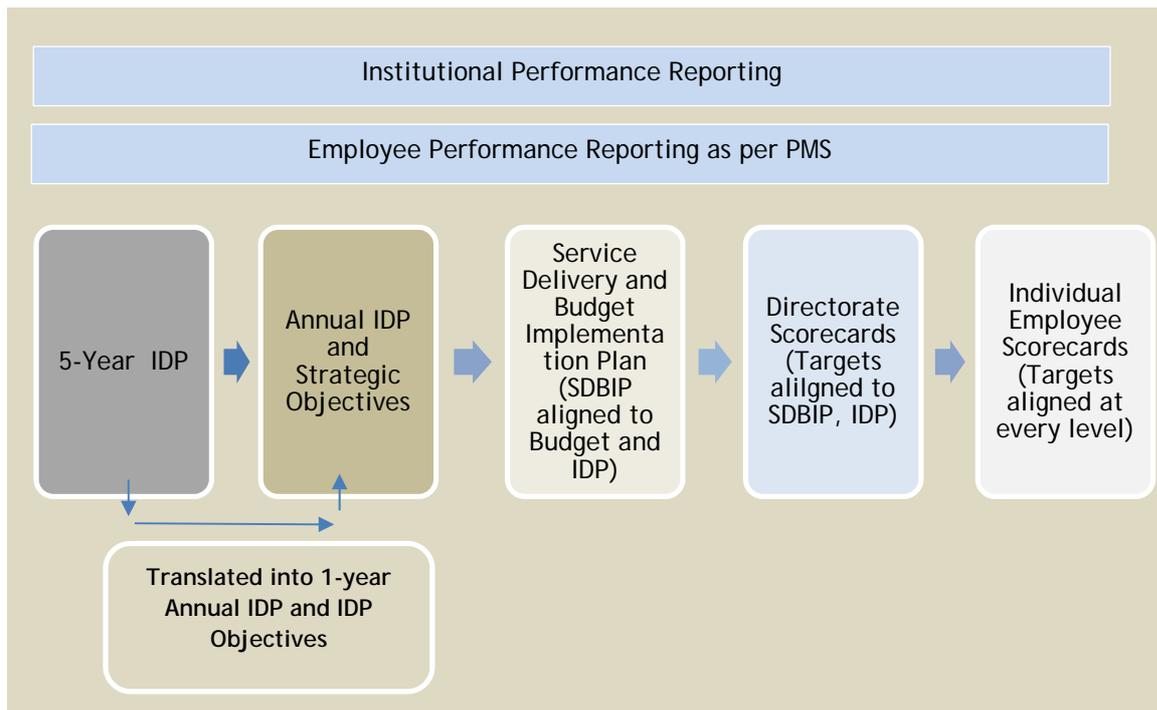


Figure: Integration of Institutional and Employee Performance Management and alignment of objectives and targets with IDP and Budget

As per the figure above, the following points are noted:

- The Five (5) year Integrated Development Plan (IDP) is developed with community input;
- From this, a realistic annual IDP is developed with specific strategic objectives that are taken from the IDP and prioritized, recognizing that Budget has to be taken into account and available resources (so as to ensure realistic and achievable outcomes);
- A Service Delivery and Budget Implementation Plan (SDBIP) is developed for the organisation and this is aligned to both IDP and Budget. This ensures that all performance targets are incorporated and reflected correctly (institutionally and individually) - thereby ensuring success. The SDBIP is also required to incorporate all pre-determined targets as prescribed;
- Directorate performance scorecards reflect the strategic objectives which are incorporated and aligned to the IDP, Budget and SDBIP. Competency Framework Standards are also included within the s56 Director's scorecards and those of middle management; and
- The performance scorecards are similarly developed for middle management and all required targets (from SDBIP and competency framework) are included as dictated by policy. This continues throughout the organisation to all staff levels, although this has not cascaded further than middle management level during 2017/2018.

Current scenario and Way Forward (context provided)

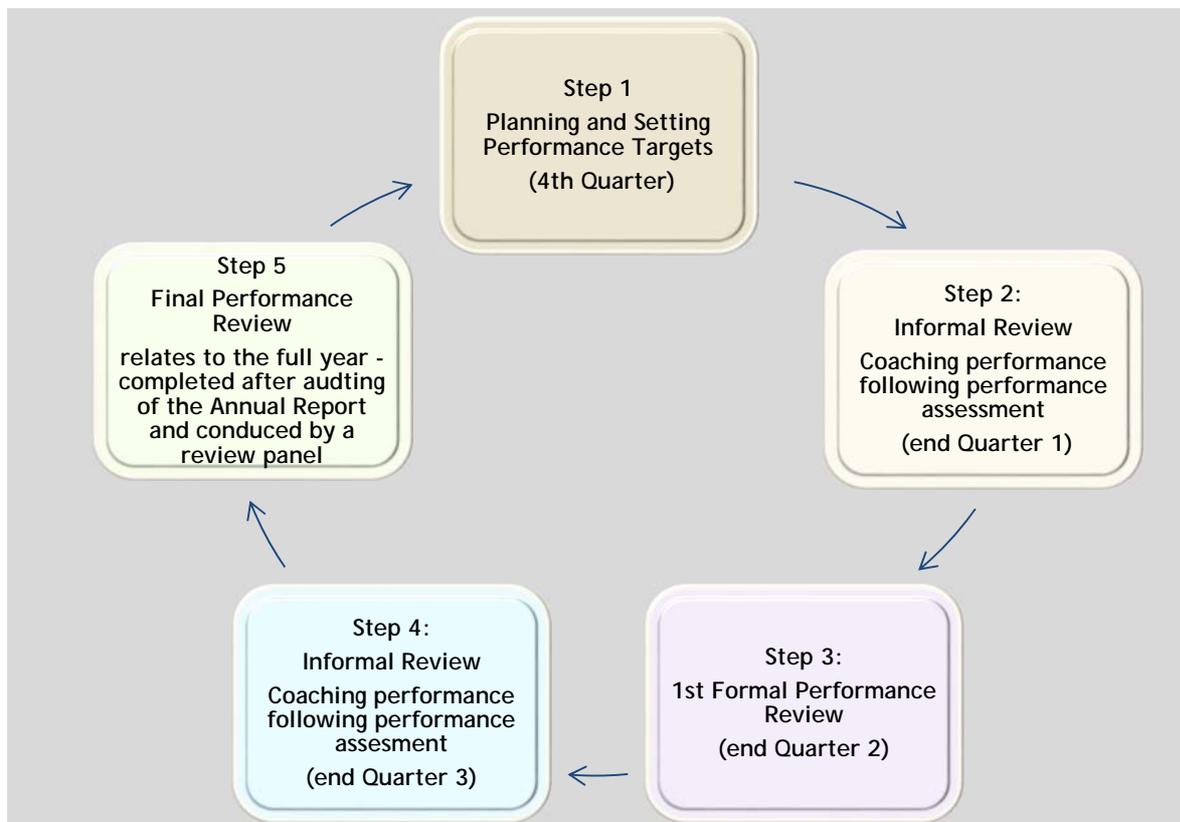
- During 2017/2018 the system was applicable to the level of s56 Director and middle management (accepted as being taken down to a TASK level 15). Moving forward and as from 2018/2019 it is the intention that the system would be cascaded down to lower levels ie. from TASK levels 14 to TASK levels 12. In effecting this change in 2018/2019, the following significant changes have been required to take place as preparation:
 - What was once a single policy has now be split into two policies in order to accommodate both Groups of Staff to whom it will be applicable. This first half of the policy will be applicable as Group 1, to all staff at the level of the Municipal Manager, s56 Directors' and those staff considered to be at the Middle Management level (i.e. those staff reporting directly to s56 Directors) and generally considered to be at a TASK Level that is not lower than a level 15. When assessing performance of directors and middle management at these levels, all assessment processes and criteria as detailed within policy are to be adhered to as prescribed;
 - This policy will also incorporate Institutional Performance Management and performance assessment of service providers, as these functions and responsibilities apply at these levels of management and staff;
 - The policy for Group 2 will be applicable to all remaining staff (from TASK Level 14 and below). It will also include the performance management and assessment of any interns;
 - The split into two groups was necessitated by the practical application of the policy at these different levels and is intended in this manner, to ensure that any confusion as to processes will be minimized;
 - It is the intention for the policy to be rolled out (budget permitting and in terms of what is practically possible) over a reasonable period of time. Accordingly the policy roll out process is proposed as follows (although this may be amended due to prevailing circumstances):
 - 2018/2019: Rolled out down to TASK level 12 (TASK 14 - 12 now accommodated);
 - 2019/2020: Incorporation of TASK levels 11 - 8; and
 - 2020/2021: Incorporation of all remaining staff - budget permitting;
 - Different Scorecards are detailed for Group 1 (Senior Staff); Group 2 (levels 14 to 12) and from levels 11 and below - in order to accommodate the practicalities of the work situation and ability to report and gather required evidence;
 - The Dispute resolution mechanism has been accommodated more thoroughly and is detailed specifically for staff at all three designated levels;
 - Rating calculators and applicable bonus structures relating to Middle Management and other staff below Middle Management (according to all designated levels) have been specified in the new policy in order to accommodate the phasing in of performance management.

- While these changes are anticipated and require forward planning the period of 2017/2018 required the existing policy and roll out only to the level of middle managers to be implemented. In essence, the greatest change in policy for 2017/2018 related to the accommodation of the Competency Framework within the policy. Following performance assessments and reporting (conducted individually and institutionally, as per the PMS Framework and Policy), the extent to which targets were met and more specifically the IDP targets and Competency targets are met were ascertained as per standard policy practices. Appropriate action was taken as and when required - in order to ensure that targets were ultimately achieved.

NOTE: Both the Employee and Institutional Performance Management System will be detailed separately and in the case of the Employee Performance Management process - the issue of rewards also will be covered.

4.6.4 Employee Performance Management (Assessment and Management)

The Employee Performance Management System operates within a cycle which extends from 1 July - 30 June annually - divided into quarterly activities as depicted below:



a. **Steps in The Performance Management Cycle (as depicted in the diagram above)**

- **1st Quarter (July to September): Informal Review** between manager and direct report. Discussion, agreement and development of Personal Plan (scorecard); development of Personal Development Plan (PDP) and SDBIP Reporting.
- **2nd Quarter (October to December): Formal review/assessment** between manager and direct report. Assessment on PDP and SDBIP Reporting culminating in s72 formal performance assessment report.
- **3rd Quarter (January to March): Informal Review** between manager and direct report. Discussion and agreement regarding achievement of performance regarding Personal Plan; Personal Development Plan (PDP) and SDBIP Reporting.
- **4th Quarter (April to June): Final formal review** with panel (occurring after AG audit of s46 and approved Annual Report).

Annually, the following steps are taken:

Step 1: Fourth Quarter (Planning for the next cycle)

- Scorecards (**Personal Plans**) for staff are developed and all targets are written according to the prescriptions relating to the setting of performance targets. It is critical that there is alignment between scorecards, the SDBIP, Budget and IDP;
- Manager and subordinate discuss and agree on targets;
- Areas for development are identified and reflected in a Personal Development Plan (PDP) or customized action plan that is signed by both parties in order to show commitment to achievement. This reflects the training and development needs that must take place in order to ensure that the subordinate is able to meet the required targets; and
- The Municipal Manager and s56 Directors and Middle Manager's sign annual performance agreements, applicable for this period.

NOTE: Changes specific to Groups 1 and 2 of the Policy will be implemented moving forward as indicated in 4.2.1 as the "roll out" processes continues and as the policy incorporates from July 2018.

Step 2: First Quarter Informal Review (Coaching and Reinforcement)

- At the end of this quarter the manager and subordinate meet to discuss actual performance against required performance. Achievements are commended and appropriate Action Plans developed in order to address any highlighted performance issues; and
- Action Plans are monitored so that appropriate action occurs and targets are met.

Step 3: Second Quarter Formal Review/Assessment

- Manager and subordinate meet to discuss the formal assessment and the rating of actual performance against expected performance for all performance indicators. (The manner of ratings follows below). Agreement is reached on ratings and commitment (action plans) to required action to ensure that required targets are achieved.
- Institutional Performance Targets, including Directorate individual targets, are formally assessed through the s72 performance report in quarter 2.

Third Quarter: Informal Review (Coaching and Reinforcement)

- At the end of this quarter the manager and subordinate meet to discuss actual performance against required performance;
- Achievements are commended and appropriate Action Plans developed in order to address any highlighted performance issues; and
- Action Plans are monitored so that appropriate action occurs.

Fourth Quarter: Final Formal Review (Formal Panel Assessment)

- This assessment occurs after the auditing of the s46 / Annual Report. This is necessitated in order to be able to verify (from an external source) the achievement of targets/the extent to which targets have been achieved.
- Assessment of performance for all performance indicators is undertaken and in this instance assessment is undertaken by a panel, constituted according to the Framework and detailed below;
- As detailed within the Framework and Policy and amendments to the two groups as indicated in 4.2.1, differences will ultimately be observed in the final assessment (panel constitution and process).

Note:

- Two informal assessment occur twice a year - after the first and the third quarter; and
- Two formal assessments occur twice a year - relating to the second and fourth quarters. The 2nd quarter is formalized through the s72 performance report and the 4th Quarter assessment (which reflects an annual assessment) may only occur after the Auditor General has audited the s46 / Annual Report; and
- Portfolios' of Evidence are kept by all applicable participants to this process - the Municipal Manager, the Directors and other identified Managers and staff, in order to allow them to validate claims of performance.

b. Developing Personal Plans and Scorecards for employees

When developing scorecards (**Personal Plans**), it is critically important to ensure that:

- Each scorecard for the Municipal Manager, s56 Directors and Middle Manager's (for whom this policy is applicable during the current period roll out) is compiled of **Key Performance Areas** (that make up 80% of the scorecard weighting) and **Leadership and Core Competencies** (that make up 20% of the scorecard weighting). Each area of assessment shall be weighted and shall contribute a specific part to the total score. The KPA's will total 100 points and the Leadership and Core Competencies will total 100 points, despite their total weightings of 80% and 20% respectively.
- Senqu Municipality has adopted the **five National Key Performance Indicators** as contained within the 5-year Local Government Strategic Agenda as their Key Performance Areas (KPA's) within the organisational performance scorecard;
- Accordingly, the following Key Performance Areas (KPA's) apply:
 - **Basic Service Delivery** (all service delivery related activities and functions);
 - **Local Economic Development** (relating to all activities and functions that promote economic development and alleviate poverty);
 - **Governance and Public Participation** (relating to organizational and administrative governance and all aspects of public participation);
 - **Municipal Transformation and Organisational Development** (this relates to the manner in which the institution is capacitated to conduct its affairs with required levels of conformance); and
 - **Municipal Financial Viability and Management** (ensuring strict adherence to the MFMA and standard accounting and financial management practices).
- Performance Agreements and current scorecards/Personal Plans are concluded annually for the Municipal Manager; s56 Directors' and middle managers';
- In terms of policy there are differences in the manner in which performance scorecards/personal plans are structured for different levels:

Level of: Municipal Manager, s56 Directors and middle managers

- These all incorporate **Key Performance Areas** that are appropriate to the positions' themselves (accounting for 80% of the weighting) and relate to the National Key Performance Indicators;
- The Municipal Manager and s56 Directors will have scorecards that includes in terms of policy "**Leadership and Core Competencies**" that make up 20% of the scorecard weighting);

- Middle Managers' will have scorecards that have the 20% weighting made up of three (3) Compulsory Core Management Competencies.

Other staff (not yet applicable but planned for 2018/2019)

- All remaining staff will have **generic scorecards** and this aspect of the Performance Management System will be scheduled for roll out during 2018/2019. Roll out may take longer to effect throughout all levels and needs to follow a structured approach. Its success will depend largely on finances, available budget allocations and training of all relevant staff in order to ensure that it is implemented correctly.

At the time of "roll out" to lower levels, scorecards and specifics in terms of the manner of scorecard composition as detailed within the updated policy will be adhered to. Ultimately staff at lower levels will make use of a generic scorecard that will be utilized to evaluate performance, comprising **Technical Competencies** (applicable to three or four areas of specific technical competence and weighted as 80 points of the scorecard total) and Section B: **Standardized Behavioural and Performance Targets** (weighted as 20 points of the Scorecard total). This will become effective at the time that the PMS is applicable to them, and will be signed annually;

In this instance the total scorecard is weighted out of 100 points and no panel interview occurs. Assessment is between the incumbent and the direct line supervisor. This occurs quarterly and each indicator is rated by both incumbent and line manager according to the **5-point rating scale** as per policy. The HOD/Director signs off on this and the PMS Facilitator conducts spot checks in order to verify correctness.

The proposed reward system is totally dependent on budget and is linked to the overall rating received for the year in question and related to the terms and conditions as specified within the policy for the time in question.

Note: In the case of the Municipal Manager, the s56 Directors and middle managers, the scorecards are populated with the **Key Performance Areas** that are appropriate to the positions' themselves. The amount of emphasis that a National KPA would carry within this particular Directorate /Department/Division and the position is key to the degree of its use. Under these circumstances, certain scorecards/performance plans will be populated with all five (5) of the national key indicators and some may only consist of three (3) or four (4) of the **five National Key Performance Indicators**. The weightings may vary/ differ, depending entirely on the responsibilities of the position itself.

c. Leadership and Core Competencies

The competencies that now appear in the Competency Framework Structure are detailed in the table that follows- defined as Leading Competencies and Core Competencies:

Leadership and Core Competencies

LEADING COMPETENCIES	
<p>Strategic Direction and Leadership “Provide and direct a vision for the institution, and inspire and deploy others to deliver on the strategic mandate” .</p>	<ul style="list-style-type: none"> • Impact and Influence • Institutional Performance and Management • Strategic Planning and Management • Organisational Awareness
<p>People Management “Effectively manage, inspire and encourage people, respect diversity, optimise talent and build and nurture relationships in order to achieve institutional objectives” .</p>	<ul style="list-style-type: none"> • Human Capital Planning and Development • Diversity Management • Employee Relations Management • Negotiation and Dispute Management
<p>Programme and Project Management “Able to understand programme and project management methodology; plan, manage, monitor and evaluate specific activities in order to deliver on set objectives” .</p>	<ul style="list-style-type: none"> • Programme and Project Planning and Implementation • Service Delivery Management • Programme and Project Monitoring and Evaluation
<p>Financial Management “Able to compile, plan and manage budgets, control cash flow, institute financial risk management and administer procurement processes in accordance with recognised financial practices. Further to ensure that all financial transactions are managed in an ethical manner” .</p>	<ul style="list-style-type: none"> • Budget Planning and Execution • Financial Strategy and Delivery • Financial Reporting and Monitoring
<p>Change Leadership “Able to direct and initiate institutional transformation on all levels in order to successfully drive and implement new initiatives and delivery professional and quality services to the community” .</p>	<ul style="list-style-type: none"> • Change Vision and Strategy • Process Design and Improvement • Change Impact Monitoring and Evaluation
<p>Governance Leadership “Able to promote, direct and apply professionalism in managing risk and compliance requirements and apply a thorough understanding of governance practices and obligations. Further, able to direct the conceptualisation of relevant policies and enhance cooperative governance relationships” .</p>	<ul style="list-style-type: none"> • Policy Formulation • Risk and Compliance Management • Cooperative Governance

CORE COMPETENCIES
Moral Competence
Planning and Organising
Analysis and Innovation
Knowledge and Information Management
Communication
Results and Quality Focus

Note:

- The Municipal Manager and s56 Directors are requested to have all of these competencies written into their scorecards/personal plans as SMART targets (written in a way that is considered to be: Simple to understand; Measurable; Achievable; Realistic and Time bound). Performance is assessed against all of these competencies in accordance with well set standards.
- The Middle Managers' (those managers reporting directly to s56 Directors') were required to have the following compulsory Core Leading Competencies written into their scorecards/personal plans:
 - Strategic Direction and Leadership
 - People Management
 - Financial Management
- As with the KPA's the targets for the Leading and Core Competencies (CC's) must be reflected within the institutional scorecard, the SDBIP and the individual scorecards. The targets contained within the Leading and CC's must be different to those reflected within the KPA's. If necessary, targets that have already been agreed to may be removed from the KPA's and reflected within the CC's. Under no circumstances may targets be duplicated between the two. Alignment of all KPA's and CC's and the various scorecards must occur. **Evidence of performance achieved must be reflected in the Portfolios of Evidence in respect of Leading Competencies, CC's and KPA's.**

In all instances - **whether for KPA's or Leading Core Competencies, Portfolios of Evidence must include evidence to validate claims of performance.** Historically, less attention has been paid to validating performance on Core Competencies. This is an issue as the failure to supply supporting documentation will invalidate any assessment and must result in a rating of "1" for that particular indicator i.e. the lowest possible rating.

d. Rating of Employee Performance

The rating of an employee's level of performance, whether in the category of s56 Director, as a middle manager or general staff member, requires that ratings occur in terms of the rating calculator reflected within the stated and currently applicable policy.

Within the current year this has been aligned to the levels attached to the Competency Framework i.e. Basic (Level 1 and 2), Competent, Advanced and Superior Performance:

LEVEL	TERMINOLOGY	DESCRIPTION
5	Outstanding performance "SUPERIOR"	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against <u>all</u> performance criteria and indicators as specified in the Performance Agreement and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations "ADVANCED"	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective "COMPETENT"	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
2	Performance not fully effective "BASIC LEVEL 2"	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the Performance Agreement and Performance Plan.
1	Unacceptable performance "BASIC LEVEL 1"	Performance does not meet the standard expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the Performance Agreement and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

Performance is rated in accordance with this scale for each target. In addition to the level descriptors above, the following factors and descriptions must also be considered when assigning achievement levels and related ratings:

ACHIEVEMENT LEVELS	DESCRIPTION
Basic	Applies basic concepts, methods, and understanding of local government operations, but requires supervision and development intervention
Competent	Develops and applies more progressive concepts, methods and understanding. Plans and guides the work of others and executes progressive analyses.
Advanced	Develops and applies complex concepts, methods and understanding. Effectively directs and leads a group and executes in-depth analyses.
Superior	Has a comprehensive understanding of local government operations, critical in shaping strategic direction and change, develops and applies comprehensive concepts and methods.

Note: To ensure consistent application of these level descriptors, attention to the wording of the descriptors must be taken into account. Allowances for extenuating circumstances and actions out of the norm/over what was required, must be taken into account. This may be used to justify a change in rating, or effectively to accommodate the target being considered to have been achieved - **with a variance**.

Example:

- If 4 meetings were required **per quarter** and 4 took place but two of these were held in the same quarter (timings out but justified) - this would be considered to have **been met - with a variance** (which is then explained).

In these instances, the reason for the variance and the remedial action taken must be justified accordingly. A degree of flexibility when determining the applicable rating - providing it can be warranted/justified must be allowed. These factors must be considered during the auditing process as if not applied this can be challenged

NOTE: When assessing an individual's performance external factors may be considered as the employee is able to use initiative in order to ensure that the job gets done. Targets may then be met "with a variance" and extenuating circumstances will be taken into account. When it comes to institutional performance this does not apply and targets are either rated as "achieved" or "not achieved".

As per the previous Regulations, assessment of actions taken must also take the following issues into account:

Duration of Task	Was the target achieved within the projected timeframe?
Level of Complexity	<ul style="list-style-type: none"> ▪ What problem-solving techniques occurred? ▪ What innovative action was taken? ▪ What level of operation/complexity occurred?
Cost	<ul style="list-style-type: none"> ▪ To what extent were costs maintained within budget? ▪ Was the budget exceeded? ▪ Were savings apparent?
Constraints	<ul style="list-style-type: none"> ▪ What constraints were expected: ▪ Did these occur? ▪ To what extent did this affect the desired outcome? ▪ What actions /especially proactive where taken to resolve the issue?

NOTE:

e. Assessment and Rating for the Municipal Manager, s56 Directors and Middle Managers

- During the first “formal” review (December) the “Manager” will assess the subordinate’s performance by using the rating scale of 1 to 5 and the reasons for variances. Similarly, the subordinate will conduct a self- assessment. When meeting, both parties will attempt to reach agreement on the ratings. Where no agreement is reached as to the final score, the decision will be made by the next higher level of authority (as per the dispute resolution mechanism). The results of the assessment will guide the manager and subordinate to take appropriate steps to improve performance ongoing (through the development of action plans); and
- During the final review assessment (formal panel assessment for the period 1 July to 30 June), performance will also be rated according to these level descriptors **although it will be rated by the relevant performance assessment panel and consolidated ratings will be translated into appropriately weighted scores by the Performance Management Facilitator.** Variances are taken into account and examined/motivated appropriately.

NOTE:

- KPA’s are assessed **by the panel**, as stipulated, but leading and core competencies are assessed only by the incumbent, the relevant Director/Municipal Manager and the Performance Management Facilitator; and
- No final assessment should take place prior to the Annual Report being approved. At this point all the performance information has been audited and considered to be a true reflection of reality. Only verified evidence of claims of performance are considered to be true and can be taken into account.

- Assessments are based on the degree to which a performance indicator has been met. Failure to produce adequate evidence will result in the lowest rating being awarded i.e. a rating of the number "1".

f. Assessment and Rating for other Staff (at the time of roll out)

Staff will be rated according to performance on a set of stipulated targets (generic and technical issues) as stipulated within the approved policy. A different rating scale as applicable and specified within the policy at that time will be utilized.

In both assessment reviews, the immediate manager and related subordinates will discuss assessments and validate all assessments made via a suitably prepared Portfolio of Evidence. Spot checks will be conducted by the PMS Facilitator. The relevant Head of Department/Director will sign off on the final outcome.

g. Scoring of Employees Performance (applicable to the Municipal Manager, s56 Directors and Middle Managers')

Note: Rating and Scoring are two distinct processes.

The **rating** is used to determine the actual score from the total possible score for each output. Each performance scorecard is made up of 200 points. 100 points for the KPA's which are then weighted as a total of 80% and 100 points allocated to the Leading and Core Competencies (only Leading Competencies for Middle managers) which are then weighted as 20% - This is adjusted to finally reflecting the 80:20 = 100% scorecard value, that is refereed to later when scoring.

It is the responsibility of the PMS Facilitator to translate the ratings into final weighted scores.

Note: Terminology Consistency.

- It is noted that there are occasions where for all intents and purposes targets are met, but with a justifiable variance. No longer may the term "partially met" be used - it is required that the reason for the variance/deviation is explained and motivated, together with any remedial action that may have been taken to address it, i.e. "Target met with a variance in that (Insert what had occurred) and the following remedial action was taken to remedy the situation.....";
- The extent of the remedial / pro-active action required and taken may impact on the fact that a target will be regarded as having been met with "a variance".

h. Self-Scoring

The principle of self-scoring has been used throughout the performance management system and policy. Issues have been raised historically regarding the fact that incumbents engage in "self-scoring" when assessing performance. This issue continues

to be raised and argued by the Audit Unit and Committee and is cause for concern as it is clearly impeding progress and adding unnecessarily to operational costs as workshops and meetings on this manner are required and numerous reports to justify this action and practice. This practice has been justified due to reference to “best practice principles”, legal opinion, Auditor General sanction through the Auditor General’s Report incorporating Performance Management, practical show and tell illustrating that the use of self-scores has no material impact on final outcomes and the fact that this practice is recommended for “buy in” and commitment from staff, and the fact that this practice has been sanctioned by Council.

The internal audit has in the past made an interpretation/argument against this practice and makes reference to section 28 (3) of the Regulations which states that performance feedback is required to be based on the employer’s assessment of the employee’s performance. They state quite categorically that no self-scoring should occur and suggest that bias will become a major issue with incumbents scoring themselves far too high - thus skewing the final rating and outcome. This has been disproved through practical examples. At this point the motivation behind this ongoing issue is questioned and one can also assume that this might be occurring due to misinterpretation and lack of experience within this field. It is a situation that must be put to rest once and for all.

Research will show that self-scoring is used widely in both the private and public sector and is considered to be best practice in so far as individual performance assessment is concerned. The “beauty” of a panel interview is the fact that each parties score are taken into account/consolidated. Scores **should not differ dramatically** if the ratings are understood and applied correctly - attempting to obtain high levels of objectivity based on facts (hence the Portfolio of Evidence - POE). The very fact that a self-rating/score is required to be justified by the employee based on the evidence in the POE, will mean that the rating will most likely be more accurate and conservative. Panel members (who the background knowledge and insight into related issues don’t always have that they score on) will be able to ask questions for insight and clarity and this will allow them to make a better-informed rating.

The overriding issue is that the Performance Management Policy has been approved (and thus the process of self-scoring) and in fact the Municipal Systems Act (MSA) allows for this. This has been incorporated within Senqu Local Municipalities performance agreements for all participating staff and in terms of current policy, this has been applied to the letter. Under these circumstances there is no formal reason why this practice should not continue as it has done in the past.

When interpreting the Regulations, the prescriptions of the MSA are clear ---- the Municipality may and has chosen a policy that suits its situation and circumstances. This is perfectly in order and a Council Resolution to accommodate and allow self-scoring was passed. In addition, the performance agreements entered into for the year in question

relate to the current policy and approved process. In terms of this any changes to the policy at this point would be considered to be in breach of the said contract and performance agreement that was signed with the s56 Directors, the Municipal Manager and Managers reporting to the s56 Directors. It would also be contrary to a Council Resolution which is ignored would be considered to be an act on non-compliance - that would most certainly raise an audit query. The failure to allow self-scores at this point would be an act on non-compliance and would open the organization up to serious issues relating to misconduct and non-compliance.

It must be noted that best practice nationally and internationally finds employees self - scoring as with any transparent process. The employee would look quite bad if they simply used this exercise to give themselves the highest possible score. Scoring (completed by whichever member of the panel) is directly based on supporting evidence contained within the Portfolio of Evidence. The employee is given the opportunity to state their case based on the evidence, and the panel members may resolve queries directly with the employee. Issues requiring clarity are clarified and if there are mitigating or extenuating circumstances these can be clearly explained and justified, or not - these factors are incorporated into the regulations referred to. This process is as transparent as can be and avoids panel members basing their rating/score on a **lack of understanding and/or insight** about the context that presents itself. This situation would be even more dangerous and has the ability to throw the credibility of the process into question.

Each member of the rating panel is briefed on how the rating scale works and notwithstanding this it is noted that when rating, differences in ratings may occur between different panellists. Most often ratings are close but there are occasions where these differ across the entire spectrum (from 2 - 5 for example). This is **not a pure science** and we strive to be as objective as is humanly possible. Rightly or wrongly, each panellist has an individual score. All parties are warned that their scores can be challenged, so as to encourage them to rate carefully. Reality shows that the panellists do rate differently amongst each other in terms of score but in most cases scores are not too far apart.

i. Performance Bonuses

Performance Bonuses applicable to Municipal Manager and s56 Directors

- In order for the Municipal Manager, s56 Directors and Middle Managers to qualify for a performance bonus, the ratings of all panellists are required to be consolidated and changed into averaged scores (representative of the entire panel) for all KPA related targets; and
- **Leading Competency scores** are evaluated according to ratings provided by the incumbent, immediate supervisor/manager/audit committee member and the performance management expert who are deemed as being most appropriate to rate these areas - measuring aspects of leadership. Total ratings and scores per incumbent are consolidated by the Performance Management Facilitator appointed for this purpose.

Figure: Assessment panel constitution for the Municipal Manager and s56 Managers

Assessment Panel of the Municipal Manager (MM)	Assessment Panel of S56 Directors accountable to the Municipal Manager (MM)
Mayor	MM
Chairperson of the audit committee or Audit Committee Member	Chairperson of the audit committee or Audit Committee Member
Mayor or Municipal Manager from another municipality	Municipal Manager from another municipality
Ward committee member nominated by Mayor	Portfolio Councillor or Exco Member as nominated by the Mayor
Exco Member as nominated by the Mayor	Governance and Compliance Manager
Governance and Compliance Manager	PMS Facilitator
PMS Facilitator	

- The Municipal Manager and s56 Directors are required to prepare and present a Portfolio of Evidence - substantiating claims of performance for each and every Performance Indicator for KPA's, Leading Competencies and CMC's. This, together with the audit of the Annual Report will validate /authenticate claims of performance - necessary in order to justify/verify the final consolidated score and any applicable bonus. Bonuses are awarded according to the following sliding scale - achieved by doubling the final total score out of 100 - as adjusted down in 80:20 ratio to reflect our of 100 from 200. This 80:20 adjusted figure out of 100, is then doubled to reflect a figure out of 200- so that it can apply strictly in accordance with the rating scale.

The sliding scale for bonuses applicable to s56 Managers is reflected as follows:

<u>Score / 200</u>	<u>% Bonus for s56 Managers</u>
130 (65%)	5 % of total annual remuneration package
134	6 % of total annual remuneration package
138	7 % of total annual remuneration package
142	8 % of total annual remuneration package
146	9 % of total annual remuneration package
150	10 % of total annual remuneration package
154	11 % of total annual remuneration package
158	12 % of total annual remuneration package
162	13 % of total annual remuneration package
166+ (83% +)	14 % of total annual remuneration package

As per the Performance Regulations, the Municipal Manager and s56 Directors will be able to qualify for performance bonuses according to the following ratings (reflected in the table below):

- A score of 130% to 149% is awarded a performance bonus ranging from 5 - 9%, and
- A score of 150 and above is awarded a performance bonus ranging from 10% - 14%.

Merit awards applicable to the Municipal Manager and s56 Directors (budget permitting)

- Merit awards for the Municipal Manager and s56 Directors' are determined by assessing performance against required targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit award. The merit award is calculated as a percentage of the **total annual remuneration package** of the employee, as indicated in the table hereunder.

Score / 200	Merit Award for s56 Managers
130 to 141 (65% - 70%)	1% of total annual remuneration package
142 to 149 (71% - 74%)	2% of total annual remuneration package
150 to 161 (75% - 80%)	3% of total annual remuneration package
162 to 165 (81 - 82%)	4% of total annual remuneration package
166+ (83% +)	5% of total annual remuneration package

Performance Bonuses applicable to Middle Managers

- Middle Managers are required to prepare and present a Portfolio of Evidence - substantiating claims of performance for each and every Performance Indicator for KPA's at 100 points and Leading Competencies at 100 points but reflected finally as an 80:20 ratio and a final rating out of 100 points taking the weightings into consideration. Bonuses are awarded according to the following sliding scale - achieved by doubling the score out of 100 as calculated by the PMS Facilitator, so as to reflect a total out of 200 - applicable to the rating scale;
- In order for Middle Managers to qualify for a performance bonus, the ratings of all panellists are required to be consolidated and changed by the Performance Management into averaged scores (representative of the entire panel) for the KPA's. Leading competencies are evaluated and rated by the incumbent, the immediate supervisor/manager, member of the Audit Committee and the Performance Management Facilitator;
- The assessment panel for middle managers is constituted as follows:

ASSESSMENT PANEL FOR MIDDLE MANAGERS
Director (for relevant Directorate)
Manager (Relevant to Division) being reviewed (self-score and motivation /POE).
PMS Facilitator
Member of the Audit Committee

- All Middle Managers are required to prepare and present a Portfolio of Evidence - substantiating claims of performance for each and every Performance Indicator for KPA's and Leading Core Management Competencies (CMC's). This, together with the audit of the Annual Report will validate /authenticate claims of performance - necessary in order to justify/verify the final consolidated score and any applicable bonus.

- It must be noted that each KPA is individually weighted according to the level of importance and the amount of emphasis that this KPA would carry within this particular Directorate / Department/Division and position. Between positions and Directorates / Departments the weightings may vary/ differ, depending entirely on the responsibilities of the position itself. The only prescription is that , the total number allocated for the weights of the KPA's is 80%. The remainder of the scorecard adds up to 20% and made up of Core Management Competencies (CMC's). there are three (3) compulsory CMC's and one other, that are required to be evaluated in terms of the PMS policy. The consolidated scores reflecting the 100 points per each and 80:20 ratio are determined by the PMS Facilitator out of 100 total points and then doubled out of 200. Bonuses are applicable as per the following sliding scale:

The sliding scale applicable to Middle Managers' is reflected as follows:

Score / 200	% Bonus of Middle Manager's Basic Salary
130-133	10 % Middle Manager's Basic Monthly Salary
134-137	20% Middle Manager's Basic Monthly Salary
138-141	30% Middle Manager's Basic Monthly Salary
142-145	40% Middle Manager's Basic Monthly Salary
146-149	50% Middle Manager's Basic Monthly Salary
150-153	60% Middle Manager's Basic Monthly Salary
154-157	70% Middle Manager's Basic Monthly Salary
158-161	80% Middle Manager's Basic Monthly Salary
162-165	90% Middle Manager's Basic Monthly Salary
166	100% Middle Manager's Basic Monthly Salary

Merit Awards applicable to middle managers (budget permitting)

- Merit awards for middle managers may be determined by assessing performance against required targets. Once performance criteria have been established, performance targets are reviewed regularly. At the end of the financial year, actual performance is compared against the agreed performance targets to determine the magnitude of the merit increase. The merit increase (budget permitting) is calculated as a percentage of the total annual remuneration package of the employee, as indicated in the table hereunder:

Score / 200	Merit Award for Middle Managers
130 to 141 (65% - 70%)	1% of Basic Monthly Salary package
142 to 149 (71% - 74%)	2% of Basic Monthly Salary package
150 to 161 (75% - 80%)	3% of Basic Monthly Salary package
162 to 165 (81 - 82%)	4% of Basic Monthly Salary package
166+ (83% +)	5% of Basic Monthly Salary package

Performance Bonuses applicable to all other staff (below Middle Management level)

- It is the intention to roll out the award of Performance Bonuses to all other staff providing the required criteria are met. This will be implemented by agreement over time. In accordance with this, all other staff will only be eligible to achieve a performance bonus providing they qualify to be assessed in this manner and providing they achieve a stipulated rating during the final review that is applicable to the assessment of annual performance and is detailed in the table that follows. Assessments will occur quarterly between the line manager and incumbent. While this is not a legislated requirement it is important to assess performance throughout the organisation and daily. Using the applicable rating scale of 1 to 5 for achievement on targets as specified in terms of a standardized scorecard, the ratings of all parties to the formal evaluation (the incumbent and the direct supervisor/manager) will be averaged and an average rating for each incumbent will be obtained which will translate to an overall rating that ranges from 1 to 5;
- The scorecard will amount to a total of 100 points and the weightings attached to each generic indicator will determine the highest rating/score possible for each specific post. The **first section** of the generic scorecard relates to **standard behavioural and performance targets** that must be met by all incumbents. These can be customized slightly under the same headings to suit the specific nature of each job. All must be covered. The **second part of the scorecard incorporates three of the most important technical competencies** that are required to be met by all staff generally. These targets written according to the “SMART” principle must be set by the manager/line supervisor and incumbent and must translate specifically to the job in question. The rating of performance must be validated by a Portfolio of Evidence that is able to justify ratings on each and every indicator;

- The rating calculator and standard definitions are reflected as follows:

Level	Terminology	Description
5	Outstanding performance	Performance exceeds targets in 80% of indicators.
4	Performance above expectations	Performance is higher than the standard expected in terms of the target. Consider action over and above what is expected/use of initiative.
3	Meets the Standard	Performance fully meets the standard required by the targets.
2	Not fully effective	Performance is below the standard.
1	Unacceptable performance	Performance does not meet the standard expected for the job.

Performance Rewards

- Although the Annual Cycle runs from 1 July - 30 June annually, the final formal assessment only occurs after the final approval of the Annual Report and the auditing of the Annual Financial Statements. After auditing these represent verified documents - all detail provided within these documents being recognized as being credible (having been assessed); and
- In terms of the PMS Policy, a deserving and qualifying employee may receive a performance bonus, providing the terms and conditions of policy are met. Following the outcomes of the ratings and consolidated scores (from the assessment panel) the final score will be considered against the sliding scale relating to performance bonuses.

j. Management of Poor Performance

- Poor performance is required to be managed on-the-job through performance /behavioral assessment and coaching. Performance/behavioral issues will be handled according to the terms /conditions of any fixed term contract of employment and/or in terms of the applicable Disciplinary and Procedure Code.

k. **Final Reporting: Employee Performance**

- Final reporting in terms of performance assessments of s56 Directors and others takes place through formal record and is contained with the Performance Report that is submitted to Council.

In the case of the Municipal Manager, these results are submitted to the MEC for Eastern Cape Local Government and the National Minister for Local Government.

NOTE: Final Performance Assessments are only concluded after the Annual Report has been audited and finally approved. At this point, all statistics and performance claims on which assessments will be based will have been verified. No final assessment is conducted until the annual report is finally approved i.e. after data contained within the Annual Report has been audited and verified. By doing so the credibility is maintained and data is verified. In keeping with this, 2017/2018 Performance Rewards will only be paid out during the next financial year.

The table below reflects the final outcomes of the performance assessed and details statistics regarding those that received an award (detailed by Gender). This can only be completed following the assessment for this period and this in turn can only be conducted following the final draft and approval of the Annual Report.

Performance Rewards for the previous financial year 2016 /2017

PERFORMANCE REWARDS BY GENDER 2016/2017					
Designations	BENEFICIARY PROFILE S56 DIRECTORS				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R*000	Proportion of beneficiaries within group %
MM & s56 managers	Female	2	2	R 463 021	32.07%
	Male	4	4	R 980 627	67.92%
Total		6	6	R1 443 648	100%
Has the statutory municipal calculator been used as part of the evaluation process?					Yes

Performance Rewards for the current financial year 2017 /2018 (TBD)

PERFORMANCE REWARDS BY GENDER 2017/2018					
Designations	BENEFICIARY PROFILE S56 DIRECTORS				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R*000	Proportion of beneficiaries within group %
MM & s56 managers	Female	2	2	Not Yet Paid	0%
	Male	4	4	Not Yet Paid	0%
Total		6	6	Not Yet Paid	0%
Has the statutory municipal calculator been used as part of the evaluation process?					Yes

4.6.5 Institutional Performance Management

The following institutional reporting is required in terms of legislative prescriptions and provides the required information that leads to appropriate action:

Assessment Report	Timeframe	Submitted to	Required by
SDBIP's	Quarterly	Exco	MFMA, Circular 13
Budget Statements	Monthly	Mayor (in consultation with Exco)	S71 & s54 of the MFMA
Organizational Scorecard	Quarterly	Exco	PMS Framework
SDBIP Mid-year budget & Performance Assessment	Annually during January each year	Mayor (in consultation with Exco)	S71 & s54 of the MFMA
Performance Report	Annually	Council	S46 of MSA as amended. Incorporated into Annual Report
Annual Report	Annually	Council	Circular 63 and Chapter 12 of the MFMA

4.6.6 Institutional PMS Progress 2017/2018

The following performance reporting was completed in order to meet all aspects of compliance:

- The draft SDBIP (aligned to the IDP) was developed and tabled to the Mayor 14 days after the budget was tabled;
- The Mayor approved the SDBIP within 28 days of the adoption of the budget;
- The SDBIP was developed and signed by the Mayor on 3 July 2018 and was tabled to Council during July for noting;
- Quarterly SDBIP reports were developed and submitted;
- As required the s72, s46 and Annual Report for this period were compiled and submitted as required:
 - The Midyear Budget and Performance Report (s72) was developed and presented prior to the Accounting Officer on the 23 January 2018 and to the Mayor for consideration. Council then approved this report on the 31 January 2018. It is specifically noted that in terms of MFMA, Section 54(1) f, the Mayor must consider the report first and table the report to council by 31 January each year;
 - The draft annual report was prepared and tabled to council on the 31 January 2018 and Final Annual Report was approved by Council on 27 March 2018;
- While improvements were certainly noted regarding the alignment between the IDP, Budget, SDBIP and related documents, it was noted that the pre-determined targets were not included in totality within the SDBIP. Financial ratios as prescribed in terms of reporting and Employment Equity targets in terms of the three highest levels are historically absent or not phrased according to SMART principles. This is a serious compliance matter that should have been addressed by the internal audit and was retrospectively addressed by being added to the s46 report;
- As in with previous years, despite wanting to use the opportunity in developing the SDBIP and scorecards as a capacitation exercise, SMART targets are not always correctly achieved and relevant staff are required to be additionally workshopped in this regard;
- Three workshops on the Performance Management Framework and amendments, were arranged during the 2017/2018 financial year (1 for the Political arm ie. for the Councillors, 1 for Senior Management and Middle Management and 1 for all staff below the middle management level. It is to be noted that notwithstanding all the effort put into arranging these sessions, very little interest was shown in participating in these sessions that were very poorly attended to overall. This is a major source of concern. It appears that the only time that staff are motivated to attend would be at times when bonuses come into question or when opportunities are being sought for financial gain. It appears that these instances and looking at ways to manipulate scoring and dispute not receiving a 100% bonus seem to be the greatest motivators

for showing interest in the system and this is clearly contrary to the point of this exercise - despite any compliance obligation;

- There is an all-round lack of interest and a sense of general apathy from Senior Management within the various Directorates with regard to provision of performance reporting. Moving forward we need to instill a performance culture within day-to-day functioning and to create an understanding that performance management is an effective tool and benefits both the individual and the institution. It must be regarded as so much more than just a matter of compliance;
- The 2017/2022 IDP was developed and approved by Council timeously and in both the previous and current years the IDP was timeously reviewed and submitted to Council;
- MPAC and Audit Committee meetings were held during this period (to provide required oversight). Challenges were experienced with the Internal Audit Unit due to the absence of the Chief Audit Executive due to illness. Internal reporting was a challenge as a result and this related to reporting such as: reporting on the implementation of the Audit Action Plan; completion of an Internal Audit External Quality Review; the execution and reporting on the IT Security Audit and reporting quarterly on the Institutional Audit dashboard;
- The Mid-Year performance report for the previous and current financial year were completed and tabled timeously and correctly as required; and
- The Annual Performance Report (s46) 2017/2018 will be tabled to Council in January 2018 and the final Annual Report is scheduled to be approved by Council by 31 March 2019.

NOTE: Verification of all data reported on occurs through the various auditing processes conducted. No assessment of individuals takes place until the Annual Report has been finally approved i.e. after all data within this report has been audited and verified. In so doing it must be noted that the credibility is maintained and data verified as required.

4.6.7 Service Provider Reporting

Section 76 b of the MSA states that KPI's should inform the indicators set for every municipal entity and service providers with whom the municipality has entered into a service delivery agreement. Although the Municipality has introduced a performance rating system managed by the Supply Chain Management Unit, the Municipality is also in the process of enhancing the system in order to ensure that it effectively evaluates the performance of the service providers.

The Council and management remain committed to ensuring that all SCM legislation and regulations are complied with in order to ensure that fair and transparent tender processes are followed at all times and to ensure full compliance with the applicable legislation. In support of this, the Municipal SCM Policy has been reviewed and approved by Council as part of the review of all budget related policies.

In order to comply with section 119 of the MFMA all members serving on Bid Specification, Evaluation and Adjudication Committees and all SCM staff are required to attend National Treasury approved training in order to ensure that they meet the prescribed minimum competency levels relating to SCM.

Various other control measures are also being implemented in order to ensure that SCM practices are affected in a fair, equitable and transparent manner. Supply Chain Management continues to be seen as an area of priority for top management.

The new Performance Management Policy makes provision for Service Provider/Vendor performance assessment and reporting. The manner in which this is required to occur is strictly prescribed. To date, while improvements in reporting have occurred it is clear that additional training in this regard is required. Directorates are required to recognize the importance of this reporting and that it is not just in terms of compliance but to ensure effective service delivery on every level and to prevent wasteful, fruitless and irregular expenditure.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Senqu Municipality continues to place strong emphasis on the development of a well capacitated workforce. This incorporates all efforts to capacitate all Councillors, management and staff. As reflected within the statistics presented below, Senqu Municipality has demonstrated both in the current and preceding years the extent of its commitment to fulfilling all planned training as reflected within the Workplace Skills Plan (WSP). The WSP itself was informed to a large extent by the results of the skills audit, requirements in terms of the IDP objectives and determining the gaps and the developmental needs of Councillors, management and employees.

Reports on the implementation of the WSP are compiled and submitted to the LGSETA quarterly. The WSP was compiled for the 2016-2017 period and was adopted by Council (having been ratified by SAMWU and IMATU). The SDF was appointed, the WSP developed, approved and successfully implemented.

Notwithstanding the successful development of the WSP and its implementation, one has to acknowledge the very real limitations in respect of financial resources. Accordingly, notwithstanding the fact that training and development takes place, it must be acknowledged that this will never be considered to be sufficient in terms of current need.

The training function is centralized and all related expenditure is authorised by the Director of Corporate Services.

4.7 SKILLS DEVELOPMENT AND TRAINING

4.7.1 Comment on Skills Development Expenditure 2017/2018

The institutional training budget:	R 2 966 409.00
Actual expenditure	R 2 074 653.96 (Including Bursaries for unemployed)
Variance:	R 891 755.04

EXPENDITURE PER DEPARTMENT 2017/2018	
Municipal Manager's Department	
Budgeted amount	R 150 000.00
Amount spent	R 104 018.75
Variance:	R 45 981.25
All the required training programmes were implemented in the Municipal Manager's office.	
Internal Auditing Section	
Budgeted amount	R55 000.00
Amount spent	R30 918.42
Variance:	R24 081.58
Corporate Services Department	
Budgeted amount	R193 000.00
Amount spent	R119 757.08
Variance:	R 73 242.92
Legislators	
Budgeted amount	R468 528.00
Amount spent	R424 662.29
Variance:	R 43 865.71
Planning and Development Department	
Budgeted amount	R349 449.00
Amount spent	R129 305.25
Variance:	R220 143.75
Finance Department	
Budgeted amount	R880 030.00
Amount spent	R591 813.43
Variance:	R288 216.57
Traffic Section	
Budgeted amount	R35 000.00
Amount spent	R0
Variance:	R0

EXPENDITURE PER DEPARTMENT 2017/2018	
Community Services Department	
Budgeted amount	R 379 402.00
Amount spent	R 251 162.25
Variance	R 128 239.75
Technical Services Department	
Budgeted amount	R456 000.00
Amount spent	R423 016.49
Variance	R 32 983.51

4.7.2 Areas of training priority (as reflected in the IDP) for 2017/2018 are reflected as follows:

- National Diploma: Payroll
- National Diploma: IT
- Higher Certificate in Public Administration
- National Diploma: Local Government Law and Administration
- SAMTRAC Training
- Labour Law
- TLB Operator and Excavator Renewals of Licences
- BA Honours: Public Administration
- B Com Financial Management
- Facilities Management
- Local Economic Development Learnership
- Occupational Health and Safety Training
- Financial Management Training
- Social Media and Networking for efficient Public Relations
- Supply Chain Management Training
- Finance for Non- Financial Managers training
- Public Sector Forum Training
- Hazardous and Waste Management Training
- CPMD Programme
- Basic Records and Archives Training
- Facilities Management Training
- Performance Management Training
- OHVS Electrical Training
- Leadership in Municipal Governance Programme
- Brush Cutting Training
- Handling and Disposal of Waste Training
- Customer Care Training
- Veld Management Training

- 6th Biennial SAMEA Conference
- Basic Archives and Records Management
- Moderators Training
- SCoA for Budget Managers
- Effective Report Writing
- Intermediate Records and Archives
- Employment Equity Planning and Reporting
- Contract Management Training
- NEBOSH Training
- Report Writing
- Rules and Ethics Training
- Veld Management
- Electrical Trade Test
- Management and Leadership Training
- Media and Stakeholder Engagement Training
- Construction Contract Management
- Municipal Public Accounts Committee Training
- ND: Financial Management
- Introduction to SAMTRAC
- ADT Training
- Grader License Renewal
- TLB Renewals
- Excavator Renewals
- Basic Fire Fighter and First Aid Level 1 Training
- Office Management
- Training of Training Committees

4.7.3 Skills Matrix (refer to table on following page)

SKILLS MATRIX 2017/2018

Management Level	Gender	Number of Employee in post as at 30 June 2018.	Learnerships			Skills Programme and other Short Courses			Other Forms of Training			Total		
			Actual End of Year June 2018	Actual End of June 2017	Year 2017/18 Target	Actual End of Year June 2018	Actual End of June 2017	Year 2017/18 Target	Actual End of Year June 2018	Actual End of June 2017	Year 2018 Target	Actual End of Year June 2018	Actual End of June 2017	Year 2018 Target
MM and s56	Female	2	-	-	-	1	-	2	-	-	-	1	-	2
	Male	4	1	-	1	-	1	1	-	-	-	1	1	5
Councillors	Female	14	4	-	4	15	15	15	-	-	-	15	15	15
	Male	20	4	2	4	19	19	19	-	-	-	19	19	19
Senior Managers	Female	9	-	5	-	7	7	7	-	-	-	7	7	7
	Male	8	2	2	3	3	3	3	-	-	-	3	3	3
Technicians	Female	21	1	1	1	1	4	4	-	-	-	1	4	4
	Male	8	1	1		2	2	9	-	-	-	2	2	9
Professionals	Female	10	-	2	-	12	14	14	-	-	-	12	14	14
	Male	4	1	2	1	12	10	12	-	-	-	12	10	12
Sub Total	Female	56	5	8	5	36	40	42	-	-	-	36	40	42
	Male	44	9	7	14	36	35	44	-	-	-	37	35	48
Total		100	14	15	8	73	75	86	-	-	-	73	75	90

*Register with professional Associate Body e.g. CA (SA)

Note: The reason behind more senior managers and professionals doing learnerships than was planned was due to the fact that top management took a decision that all middle managers should do CPMD as they are members of the Specifications and Evaluations Committee.

4.7.4 Financial Competency Development Report 2017/2018

FINANCIAL COMPETENCY DEVELOPMENT REPORT 2017/2018*						
Description	A Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated total A & B	Consolidated Competency Assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated Total Number of Officials whose Performance Agreements Comply with Regulation 16 (Regulation 14(4)(f))	Consolidated Total Number of Officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	-	-	-	-	-	-
Accounting Officer	1	-	1	-	1	1
Chief Financial Officer	1	-	1	-	1	1
Senior Managers	4	-	4	-	-	4
Any other Financial Officials	17	-	17	-	-	15
SCM Officials	-	-	-	-	-	-
Heads of SCM Management Units	1	-	1	-	-	1
SCM Senior Managers	-	-	-	-	-	-
Total	24	-	24	-	2	22

Note: The National Treasury template focuses on the financial officials and senior managers/directors only . The information that has been populated in the template this financial year reflects reporting as per the treasury template.

4.7.5 Comment on the Financial Competency Regulations

On 15 June 2007, National Treasury published the Municipal Regulations on Minimum Competency Levels in Government (Gazette No. 29976). These Regulations went on to prescribe the higher education qualifications, work related experience and Financial and Supply Chain Management (SCM) competency areas that were required to be met by all officials of South African municipalities/municipal entities who exercise financial management responsibilities.

The Certificate Programme in Municipal Finance Development was required to be obtained by the following officials to whom the competency level prescriptions apply nationally within local authorities:

- Accounting Officers - Municipal Managers;
- Chief Financial Officer's (CFO's);
- Senior Managers - Executive Directors;
- Heads of Supply Chain Management (SCM) Units - Directors: SCM;
- Managers of Supply Chain Management Units - Assistant Directors: SCM.
- SCM Officials; and
- Any other financial officials

As of 2017/2018 it must be noted that all senior manager were declared competent.

a. Staff Training conducted 2017/2018

Quarter 1	50 employees
Quarter 2	39 employees
Quarter 3	42 employees
Quarter 4	61 employees

b. Councillor training was conducted as follows:

Quarter 1:	3 Councillors
Quarter 2:	7 Councillors
Quarter 3:	23 Councillors
Quarter 4:	8 Councillors

c. Community Training Initiatives 2017/2018

In an effort to boost and increase community training initiatives (in order for in order for community members to further their studies and to be increasingly capacitated), the following Learnerships were awarded to members of the community:

- SEBATA Information Technology Technical Support (NQF Level 4);
- Information Technology System Support (NQF Level 5); and
- MCSA Information Technology Programme.

These programmes were seen to be targeting unemployed young people of the Senqu Municipal District - between the ages of 18-35 years old.

- SEBATA (in collaboration with MICT SETA and Senqu Municipality), conducted a programme for 120 unemployed youth of the Senqu municipal area. This entire programme was conducted over a period of 12(twelve) months and learners received a stipend of R1500 per month for the duration of this programme. The programme commenced 12 September 2016 and ended 30 September 2017. Although a few student drop-outs occurred, the programme was regarded as an overall success.

- SEBATA New Venture Creation (NQF Level 2 Learnership)

SEBATA in collaboration with SERVICES SETA and Senqu Municipality recruited and appointed ninety (90) young people residing within the Senqu municipal area, for the duration of 1 (one) year. This programme was divided into two phases. Phase 1 i.e. the first 6 (six) months related to theory (class room) and Phase 2 - a further 6 (six) months was utilized for practical training. The intention of this programme was to facilitate learning that would equip learners with the skills to operate their own co-operatives and businesses as entrepreneurs.

This programme was an overall success and all learners were declared competent.

- A Bursary was awarded for an unemployed member of the youth to enter the OD-ETDP NQF Level 5 Learnership through Umtha Developments (PTY) LTD(JGDM). This amounted to R20 000. This bursary is awarded annually based on merit and budget.

4.7.6 Training Committee

The Training Committee met regularly (quarterly) to discuss and decide/approve training related issues. As a consultative forum this committee was comprised of the following representatives:

- Skills Development Facilitator
- Portfolio Head of Corporate Services (Chairperson)
- Director Corporate Services
- Manager: Human Resource, Labour Relations & Legal Services
- IDP Manager
- Manager: Community Services

- Manager: PMU
- HR Officer
- Electrician
- Manager: Revenue
- Manager: Roads
- Manager: Governance & Compliance
- Manager: DTPS
- Manager: Admin and Buildings
- Manager: Waste
- Manager: IGR
- SAMWU Representative (90%)
- IMATU Representation (10%)
- Personal Assistant in Community Service
- Manager: Communications and Political Affairs
- SPU Officer
- Internal Auditor
- IT Manager
- Labour Relations Officer

As required, the Workplace Skills Plan was compiled for the 2017/2018 financial year. This was adopted by Council (after having been signed off by Union).

As required and as in past years the Skills Development Facilitator (SDF) was appointed; the Workplace Skills Plan (WSP) was developed and approved; the training was implemented in terms of the WSP and as detailed, progress was made in a number of significant areas.

4.7.7 Skills Development Expenditure (as reflected in the tables that follow)

SKILLS DEVELOPMENT EXPENDITURE (2017/2018)

MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
		NO.	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
MM	Male	1	-	-	-	294.00	-	-	-	294.00
MM'S Office managers	Male	1	-	64 975.00	-	1 295.00	-	-	-	66 270.00
	Female	1	-	-	-	294.00	-	-	-	294.00
MM'S Office Professionals	Male	0	-	-	-	-	-	-	-	-
	Female	2	-	-	-	8 449.20	-	-	-	8 449.20
MM'S Office Clerks	Male	0	-	-	-	-	-	-	-	-
	Females	3	-	-	-	21 128.00	-	-	-	21 128.00
MM's Office interns	Male	2	-	-	-	70 291.00	-	-	-	70 291.00
	Female	0	-	-	-	-	-	-	-	-
Legislators	Male	19	-	180 000.00	-	144 430.00	-	-	-	324 430.00
	Female	15	-	247 344.00	-	51 038.00	-	-	-	298 382.00

SKILLS DEVELOPMENT EXPENDITURE (2017/2018) (Cont.)

MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
		NO.	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
Director: Corporate services	Male	1	-	42 890	-	-	-	-	-	42 890.00
Corporate services Manager	Male	0	-	-	-	-	-	-	-	-
	Female	3	-	-	-	27 378.00	-	-	-	27 378.00
Corporate services Professionals	Female	5	-	-	-	35 319.00	-	-	-	35 319.00
	Males	1	-	-	-	1 295.00	-	-	-	1 295.00
Corporate Services clerks	Male	1	-	-	-	4 674.00	-	-	-	4 674.00
	Female	3	-	-	-	30 975.00	-	-	-	30 975.00
Corporate services elementary workers/general workers	Males	2	-	-	-	-	-	-	-	-
	Female	2	-	-	-	-	-	-	-	-
Remaining was for unemployed	Males	3	-	-	-	79 410.00	-	-	-	79 410.00
	Female	5	-	-	-	52 940.00	-	-	-	52 940.00
Director Technical Services	Male	1	-	-	-	-	-	-	-	-

SKILLS DEVELOPMENT EXPENDITURE (2017/2018) (Cont.)

MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
		NO.	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
Technical Services technicians	Male	3	-	-	-	60 143.00	-	-	-	60 143.00
	Female	1	-	-	-	6 999.00	-	-	-	6 999.00
Technical Services clerks	Males	-	-	-	-	-	-	-	-	-
	Female	2	-	-	-	3 990.00	-	-	-	3 990.00
Technical services machine operators and drivers	Males	11	-	-	-	118 872.00	-	-	-	118 872.00
	Female	-	-	-	-	-	-	-	-	-
Director Development and Planning	Female	1	-	-	-	9 000.00	-	-	-	9 000.00
IPME Managers	Males	2	-	-	-	5 200.00	-	-	-	5 200.00
	Female	2	-	-	-	20 328.76	-	-	-	20 328.76
IPME Professionals	Males	4	-	65 959.00	-	25 219.00	-	-	-	91 178.00
	Female	2	-	65 959.00	-	26 230.00	-	-	-	92 189.00
IPME clerks	Males	-	-	-	-	-	-	-	-	-
	Female	2	-	-	-	20 628.00	-	-	-	20 628.00

SKILLS DEVELOPMENT EXPENDITURE (2017/2018) (Cont.)

MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
		NO.	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
Director Community Services	Males	-	-	-	-	-	-	-	-	-
	Female	1	-	-	-	-	-	-	-	-
Community Services Manager	Female	1	-	-	-	-	-	-	-	-
	Male	-	-	-	-	14 550.00	-	-	-	14 550.00
Community Services Professionals	Male	5	-	-	-	18 950.00	-	-	-	18 950.00
	Female	4	-	-	-	11 390.00	-	-	-	11 390.00
Community Services Clerks	Male	-	-	-	-	-	-	-	-	-
	Female	1	-	-	-	5 820.00	-	-	-	5 820.00
Community Services Elementary Workers	Female	2	-	-	-	2 494.00	-	-	-	2 494.00
	Male	30	-	-	-	76 619.00	-	-	-	76 619.00

SKILLS DEVELOPMENT EXPENDITURE (2017/2018) (Cont.)

MANAGEMENT LEVEL	GENDER	EMPLOYEE NO. AS AT THE BEGINNING OF THE FINANCIAL YEAR	LEARNERSHIPS		SKILLS PROGRAMMES AND OTHER SHORT COURSES		OTHER FORMS OF TRAINING		TOTAL	
		NO.	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL	ORIGINAL BUDGET	ACTUAL
Director Finance	Males	1	-	-	-	10 285.00	-	-	-	10 285.00
Finance Managers	Male	1	-	-	-	2 590.00	-	-	-	2 590.00
	Female	2	-	-	-	9 645.00	-	-	-	9 645.00
Finance Professionals	Males	6	-	-	-	-	-	-	-	-
	Females	6	-	87 719.00	-	20 890.00	-	-	-	108 609.00
Finance clerks	Males	2	-	88 989.00	8990.00	-	-	-	-	97 979.00
	Females	3	-	131 918.00	-	84 558.00	-	-	-	216 476.00
Finance Trainees	Male	1	-	-	-	3 150.00	-	-	-	3 150.00
	Female	3	-	-	-	3 150.00	-	-	-	3 150.00

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Senqu Municipality is required to manage all resources in the most effective manner and this includes the financial management thereof (i.e. workforce expenditure). In an effort to institute and maintain effective controls (thereby minimizing opportunities to overspend), strict adherence to policy and procedure is required. To this end, no appointments may be made without the appropriate approval and ensuring that the budget is allocated correctly.

Accordingly:

- Budgets are strictly controlled and over and/or under expenditure is reported on regularly (via monthly reporting);
- Staff appointments are made strictly in accordance with the relevant legislation and/or policy agreements; and
- Staffing issues rely on forward planning and ensuring that the correct appointments to the relevant post are made.

4.8 EMPLOYEE EXPENDITURE

4.8.1 Trends on total personnel expenditure (2006/2018)

FINANCIAL YEARS	TOTAL APPROVED OPERATING BUDGET	PERSONNEL EXPENDITURE (SALARY AND SALARY RELATED)	PERCENTAGE OF EXPENDITURE
2006 - 2007	52 589 227	18 008 309	34%
2007 - 2008	71 589 227	20 168 753	28%
2008 - 2009	76 525 928	25 909 676	34%
2009 - 2010	88 602 942	29 794 492 (re stated)	34%
2010 - 2011	162 817 822	43 121 392	26.48%
2011 - 2012	164 315 116	54 025 255	32.88 %
2012 - 2013	155 388 122	56 561 813	36.4%
2013 - 2014	156 024 245	58 113 939	37.24 %
2014 - 2015	189 054 435	64 189 227	34 %
2015 - 2016	201 479 756	73 236 687	36%
2016 - 2017	209 598 776	82 702 330	39.45%
2017-2018	262 745	93 028 794	35.41%

a. Comment on Workforce Expenditure

The 2017/18 period was characterized by a decrease in personnel expenditure when compared with the previous period (2016/2017) ie. 39.45% to 35.41%.

4.8.2 Disclosures of Financial Interest (Refer Appendix J)

Reference is made to Appendix J which details all information as required.

DISCLAIMER

The information provided within this report and chapter is reliant on the information provided by the various Directorates. Difficulties in validating data continues to be experienced and as such, the accuracy of all information provided cannot be assured.

It is the responsibility of all Directorates to provide the required information which is then required to be collated and submitted within the correct format. While it is acknowledged that certain directorates have attempted to provide this information as requested, many have not complied or submitted extremely late - perhaps due to recent issues that have surfaced in respect of certain contracts. Despite this, all parties are still within the employ of Senqu Municipality and are thus bound to provide required information and not to impede progress - especially in an area such as this, which has compliance responsibilities.

In particular it is noted that the Internal Audit section appear to have reservations about providing required oversight and opinions - in a sense believing that their oversight role precludes them from providing opinions and offering/providing required information. This is a serious concern and certainly a grave misconception. In terms of their role and function it is imperative that they provide required input and support to the organization as requested and required.

The greatest response to date has been from the Development and Town Planning Services Directorate and the Budget and Treasury Directorate. In addition to the dynamics currently at play, it appears that staff within other directorates appear to believe that it is the responsibility of the collators and the co - ordinators' to provide all required information. This is unacceptable as the report is that of Senqu Municipality (with each directorate taking full responsibility for information relating to their specific directorate). Content and the accuracy thereof is not the responsibility of the collators' and the coordinators' - their role is simply to obtain, collate, align and restructure information provided and not to verify this in any way. In addition it is the technical responsibility of all relevant directorate staff to provide inputs regarding performance and issues within their own directorates. They are required to take responsibility for any inputs provided as they are aware on a functional level as to what information is applicable / relevant. Under these

circumstances the collators and the coordinators cannot be held accountable for the quality/accuracy/absence of information provided or the lack thereof.

As this is the first draft of this report, it is understood that certain information is still lacking from the information provided. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents. Notwithstanding, it must be noted that at times the manner in which the information is presented in these other documents may not exactly correspond with the detail contained within this report especially as additional detail is provided. Under these circumstances the collator is reliant on the information provided by the departments and is not able to validate this.

In instances where information is found to be lacking or inadequate you are hereby advised that the coordinator of this report has only been able to work with the information provided to them - and as much as they have attempted to validate this where possible they cannot be held accountable - for the reasons reflected above.

This is an extremely serious situation and must be regarded and handled as such ---
- failure to comply and provide accurate data may have serious consequences for Senqu Municipality - not the least of which will relate to an audit qualification.

Under these circumstances it is advisable that this situation be taken up formally with MPAC and following investigation - those persons who are found to be non-compliant in this regard need to be issued with the relevant compliance order so that this matter may be addressed formally, appropriately and once and for all.



CHAPTER FIVE

FINANCIAL PERFORMANCE

2017/2018

Chapter 5:

FINANCIAL PERFORMANCE

5.1 INTRODUCTION TO FINANCIAL PERFORMANCE

As the global economic uncertainty and rising costs places inflationary pressure on the municipality, due care is exercised in order to ensure that effective financial management is maintained. In this regard, every effort is made to ensure that systems and procedures are in place to ensure that there are sound fiscal controls and an environment that promotes effective financial management and minimizes fruitless and wasteful expenditure. In addition, the municipality takes appropriate steps to ensure that operations are properly controlled - thereby maintaining the efficient and effective service delivery to our consumers.

The 2017/2018 financial year has been particularly successful for Senqu Municipality in so far as financial management and proven financial sustainability is concerned. To verify this statement, it must be noted that for the past five (5) years Senqu Municipality has been awarded a Clean Audit from the Auditor General and ranked by Ratings Africa as the number one (1) financial performer of local authorities within the Eastern Cape.

In addition, Senqu Municipality was chosen to be the pilot site for the implementation of mSCOA - which was applied nationally during 2016 as a matter of compliance. All aspects relating to mSCOA preparation are being incorporated within Senqu Municipality and its operating systems - ensuring that the financial and support systems integrate with mSCOA requirements and performance reporting.

The OPCA project (Operations Projects Clean Audit) has progressed exceptionally well and the challenge moving forward is to ensure that this achievement is maintained.

With the introduction of GRAP, information has become more readily available and this allows information to be presented correctly in most instances. That being said, difficulties are experienced in respect of information required for property, plant and equipment, inventory, external valuations of employee benefits and tip site provisions.

Regular reporting and reporting of compliant and useful information is required from each directorate and should be regarded as mandatory - which it is. This information is critical for all other reporting and should be readily available at all times.

While specific detail on all aspects of finance are provided within the schedules attached, a simple set of standard practices are required in order to ensure that required information is provided in a useful manner.

5.2 STANDARD PRACTICES TO FACILITATE ACCURATE INFORMATION PROVISION

- 5.2.1 It is required that there is compliance regarding all reporting and in particular regarding the predetermined objectives - ensuring that they are written in accordance with the SMART principles;
- 5.2.2 Issues identified in terms of the Audit Action Plan are required to be addressed and appropriate "follow ups" conducted;
- 5.2.3 The Internal Audit and Audit Committee are required to work together in order to review the Strategic and Annual Performance Plans - ensuring that these are correctly addressed and that appropriate and valuable reporting occurs;
- 5.2.4 The quality of quarterly and monthly reports is to be assessed and suitable and timeous action taken to rectify issues identified (financial, pre-determined targets or otherwise). Oversight from managers and the Internal Audit/Audit Committee is required; and
- 5.2.5 Zero tolerance will be implemented in respect of unauthorised, irregular, fruitless and wasteful expenditure and in respect of the potential qualification, due to the failure to detail and report on predetermined objectives and National Treasury views on non-priority spending.

5.3 FINANCIAL INDICATORS

The following dash board information and tables indicate the municipality's performance in terms of National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

As an overall assessment, the following indicators are highlighted: **unaudited figures**

FINANCIAL INDICATORS	<u>2016/2017</u>	<u>2017/2018</u>
Capital charges to Operating Expenditure	22%	0.7%
Liquidity: times	8	8.23
Outstanding debtors to Annual Revenue	5%	22.7%
Creditors to cash	9%	3%
IDP REGULATION FINANCIAL VIABILITY FIGURES		
Debt Coverage	64.9%	19.5%
Outstanding Service Debtors	86%	24%
Cost Coverage	18 Months	23 Months

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.4 INTRODUCTION TO FINANCIAL STATEMENTS

Statements of Financial Performance are reflected in the tables that follow.

Note: Reference is made to **Appendix K** in which “Statements of Revenue Collection Performance by Vote and by Source” are included.

This component provides an overview of financial performance of the municipality and focuses on its financial health.

5.4.1 Statements of Financial Performance - 2017/2018 in Comparison with previous financial year 2016/2017 Actuals

SENQU LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING			
30 JUNE 2018			
		2018	2017
		R	R
		(Actual)	(Actual)
REVENUE	Notes		
REVENUE FROM NON-EXCHANGE TRANSACTIONS		193 542 905	183 033 822
Taxation Revenue		5 996 567	5 192 247
Property Rates	20	5 996 567	5 192 247
Transfer Revenue		177 992 131	174 152 000
Transfers and Subsidies - Capital	21	33 606 115	33 683 561
Transfers and Subsidies - Operating	21	144 367 274	140 468 439
Public Contributions and Donations - Operating		-	-
Public Contributions and Donations - Capital		18 742	-
Other Revenue		9 554 206	3 689 574
Actuarial Gains	17	4 024 645	1 706 256
Fines, Penalties and Forfeits	22	410 879	158 694
Insurance Receipts		109 682	145 624
Gain on Fair Value Adjustments of Investment Property	8	5 009 000	1 679 000
REVENUE FROM EXCHANGE TRANSACTIONS		70 153 026	68 025 381
Operating Activities		70 153 026	68 025 381
Service Charges	23	41 980 287	43 176 649
Rental from Fixed Assets	24	1 234 403	503 341
Interest Earned - external investments		20 576 605	18 020 973
Interest Earned - outstanding debtors	25	3 204 240	2 905 827
Licences and Permits		1 295 286	1 108 892
Agency Services		975 474	1 137 797
Sales of Goods and Rendering of Services	26	442 500	477 163
		442 052	694 742
Operational Revenue	27		
TOTAL REVENUE		263 695 931	251 059 203

/continued from previous page.

SENQU LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING			
30 JUNE 2018			
		2018	2017
		R	R
	Notes	(Actual)	(Restated)
EXPENDITURE			
Employee related costs	28	81 279 734	71 966 723
Remuneration of Councillors	29	11 704 078	10 735 607
Debt Impairment	30	6 347 979	5 028 954
Depreciation and Amortisation	31	18 217 500	19 455 351
Actuarial Losses	17	38 647	-
Finance Charges	33	2 876 497	2 823 727
Bulk Purchases	34	25 599 340	32 542 610
Contracted services	35	20 153 809	22 477 189
Transfers and Subsidies	36	-	210 000
Operating Leases	37	129 180	93 971
Operational Cost	38	29 871 637	31 630 552
Loss on Disposal of Fixed and Intangible Assets		2 454 595	158 050
Impairment of Investment Assets	8	1 492 500	5 000
Impairment of Property, Plant and Equipment	32	2 253 091	215 169
TOTAL EXPENDITURE		202 440 671	197 342 902
NET SURPLUS FOR THE YEAR		61 255 260	53 716 301

During the financial year 2017/2018 Senqu Municipality achieved an operating surplus of R 61 255 260. Actual results as compared with planned budget outcomes can be observed in the table that follows, with explanations provided for material variances.

5.4.2 Statements of Financial Performance: Budget Comparisons Operating Revenue

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING
30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET				
	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	
REVENUE BY SOURCE				
Property rates	5 996 567	7 685 518	(1 688 951)	22%
Service charges	41 980 287	47 460 581	(5 480 294)	-12%
Rental of facilities and equipment	1 234 403	89 000	1 144 503	1273%
Interest earned - external investments	20 576 605	15 000 000	5 576 605	37%
Interest earned - outstanding debtors	3 204 240	2 100 000	1 104 240	53%
Fines	410 879	54 000	356 879	661%
Licences and permits	1 295 286	1 055 900	239 386	23%
Agency services	975 474	795 000	180 474	23%
Transfers and Subsidies - Operating	144 367 274	144 367 274	-	0%
Other revenue	10 048 799	6 825 160	3 223 639	47%
Gains on disposal of PPE	-	-	-	
TOTAL OPERATING REVENUE	230 089 816	220 585 809	9 504 007	
EXPENDITURE BY TYPE				
Employee related costs	81 279 734	85 556 244	(4 276 510)	-5%
Remuneration of councillors	11 704 078	12 882 482	(1 178 404)	-9%
Debt impairment	6 347 979	4 982 541	1 365 438	27%
Depreciation & asset impairment	21 933 091	28 506 104	(6 573 013)	-23%
Finance charges	2 876 497	2 984 324	(107 827)	-4%
Bulk purchases	25 599 340	33 330 881	(7 731 541)	-23%
Other Material	-	12 741 619	(12 740 619)	-100%
Contracted services	20 205 894	27 488 104	(7 282 211)	-26%
Transfers and Subsidies	-	300 000	(300 000)	-100%
Other expenditure	30 039 464	31 188 844	(1 149 380)	-4%
Loss on disposal of PPE	2 424 595	-	2 424 595	100%
TOTAL OPERATING EXPENDITURE	202 440 671	239 960 144	(37 519 472)	

5.4.2 Statements of Financial Performance: Budget Comparisons
Operating Expenditure (continued)

NOTE: Operating Revenue shows a variance of R 9 504 007 as compared to the estimated Operating Revenue at financial year end. This can be ascribed to improved budgetary controls which resulted in savings and the investment of the additional funds. It is further noted that the other revenue was greater than anticipated and this is largely due to the actuarial gains that had not been budgeted for.

Note: The operating expenditure came in at a variance of (R 37 519 472). This was due to a Cost Containment Strategy that was implemented, which reduced expenditure across the categories of expenses.

5.4.3 Expenditure Authorised in Terms of Section 32 of the MFMA

a. **Unauthorised Expenditure**

During the financial year 2017-2018 no unauthorised expenditure was incurred by Senqu Municipality.

BUDGET COMPARISON BY VOTE - UNAUTHORISED EXPENDITURE CURRENT YEAR - OPERATING

Unauthorised expenditure - Operating	2018 (Actual)	2018 (Final Budget)	2018 (Unauthorised)
	R	R	R
Executive & Council	24 781 336	30 078 503	-
Planning & Development	16 285 675	18 370 503	-
Corporate Services	29 912 385	39 625 370	-
Public Safety	7 654 023	8 325 733	-
Budget & Treasury	26 588 645	30 528 113	-
Road Transport	21 588 673	26 477 926	-
Environmental protection	0	0	-
Waste Water Management	3 552 793	3 599 511	-
Electricity	39 325 726	48 243 919	-
Community & Social Services	9 447 348	9 484 446	-
Sport & Recreation	1 843 959	1 849 495	-
Total	202 440 671	239 960 144	

**BUDGET COMPARISON BY VOTE - UNAUTHORISED EXPENDITURE CURRENT YEAR
(CAPITAL)**

Unauthorised expenditure - Capital	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R
Executive & Council	1 265 642	1 460 600	-
Planning & Development	62 246	116 600	-
Corporate Services	4 002 403	6 230 400	-
Public Safety	594 273	1 183 040	-
Budget & Treasury	494 821	1 111 200	-
Road Transport	27 723 512	32 033 343	-
Electricity	6 404 484	7 572 700	-
Community & Social Services	1 338 846	3 035 841	-
Sport & Recreation	1 001 124	2 644 177	-
Waste Management	3 093 921	11 318 890	-
Total	45 981 271	66 706 792	

Note: No Unauthorised Capital Expenditure was incurred for the year under review

b. Expenditure Authorised in Terms of Section 32 of the MFMA

Fruitless & Wasteful Expenditure

Fruitless and Wasteful expenditure for the financial year (2017/18) amounted to R 34 692 and R 33 387 was incurred during the previous financial year.

INCIDENT	DISCIPLINARY STEPS/ CRIMINAL PROCEEDINGS	2018	2017
<i>Interest paid to DBSA</i>	<i>None</i>	28 828	-
<i>Interest paid to SARS</i>	<i>None</i>	5 864	
TOTAL		34 692	-

Irregular Expenditure

Irregular expenditure decreased from R 73 592 to R 0 in the 2017/2018 financial year. A zero-tolerance approach and an improvement in internal controls contributed to no irregular expenditure being recorded in the 2017/2018 financial year.

IRREGULAR EXPENDITURE CONSISTS OUT OF THE FOLLOWING:	2018	2017
Deviations from Supply Chain Regulations and Policies - Disciplinary processes have been initiated	0	73 592
Total	0	73 592

5.5 GRANTS

SENQU LOCAL MUNICIPALITY						
APPENDIX E (UNAUDITED)						
DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018						
	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	132 828 000	-	132 828 000	-	-
Municipal Finance Management	-	1 700	-	1 700 000	-	-
Municipal Infrastructure Grant		39 115 000	-	6 250 381	29 536 716	3 027 904
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
Integrated National Electrification Grant	-	5 000 000	-	552 894	3 769 399	677 707
EPWP (Expanded Public Works Program)	-	1 536 000	-	1 536 000	-	-
Total	2 010 056	180 179 000	-	142 867 274	33 606 115	5 715 667
PROVINCIAL GOVERNMENT						
Prov. Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing	9 445 749	-	525 022	-	-	9 970 771
Libraries	-	1 500 000	-	1 500 000	-	-
Total	9 678 402	1 500 000	525 022	1 500 000	-	10 203 424
ALL SPHERES GOVERNMENT	11 688 458	181 679 000	525 022	144 367 274	33 606 115	15 919 090

5.5.1 Comments regarding Grant Funding

- It is noted that the dispute issues experienced within the Herschel Housing Project prevented work from continuing and progressing as planned.

5.6 ASSET MANAGEMENT

5.6.1 Introduction to Asset Management

The Municipal Finance Management Act No. 56 of 2003 clearly states in Section 62[1][a] that the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically.

It is acknowledged that an Accounting Officer of a municipality is responsible for the management, safeguarding and maintenance of assets and liabilities and must for this purpose, take all reasonable steps to ensure that the municipality has and implements the following:

- Maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;
- Ensures that assets and liabilities are valued in accordance with the standards of Generally Recognised Accounting Practice; and
- Maintains a system of internal control of assets and liabilities, including an Asset and Liabilities Register.

5.6.2 Roles & Responsibilities

a. Role of the Municipal Manager

As the Accounting Officer of the municipality, the Municipal Manager is regarded as the principal custodian of the entire municipality's fixed assets. Accordingly, the Municipal Manager is responsible for ensuring that the Fixed Asset Management Policy is scrupulously applied and adhered to. The Municipal Manager may in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003 delegate this responsibility.

b. Role of the Senior Managers

Chief Financial Officer

The Chief Financial Officer shall be the Fixed Asset Registrar of the municipality and is required to ensure that a complete, accurate and up-to-date computerized fixed asset register is maintained. No amendments, deletions, additions or transfers

between departments to the Fixed Asset Register shall be made other than by the Chief Financial Officer, or by an official acting under the written instruction of the Chief Financial Officer.

The Chief Financial Officer shall:

- Ensure implementation of the Asset Management and Insurance Policy;
- Ensure the verification of all assets in possession of council annually, as at 30 June each year, within the last three months of that specific financial year;
- Keep a complete and balanced record (assets register) of all assets in possession of the council; and
- Report in writing on all asset losses to the council.

Other Senior Managers

- The responsibility for the physical control of assets rests with the relevant Head of Department to whom the responsibility was delegated in terms of section 79 of the Municipal Finance Management Act, No 56 of 2003;
- Each Head of Department shall ensure that assets entrusted to him / her are adequately maintained, properly used and insured and ensure that section 78 of the Municipal Finance Management Act, No 56 of 2003, is adhered to;
- The Chief Financial Officer must approve any transfer of assets between departments after arrangements between the relevant heads of departments are made;
- Upon the resignation / retirement of an employee, the applicable Head of Department must inform the Chief Financial Officer and Corporate Service Department in writing that the inventory and asset items entrusted to that employee, to execute his / her duties are in good order and returned. When necessary, the applicable Head of Department must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant Head of Department.

The Municipalities Asset Management Policy was adopted by council on 28 May 2017 as part of the budget related policies.

Although capacity within the municipality's asset management section is limited due to the size of the municipality, capacitation programmes have been identified and increased internal control over assets is observed. This clearly shows the commitment from management to ensure that capacity is improved.

Additions during the financial year for capital assets amounted to R 45 948 919 which include the following categories of assets as reflected in the following table. Note: This does not include an amount of R 32 352 for intangible assets not included in the table below.

5.6.3 Capital Assets 2017/2018

30 June 2018	Additions R
Land and Buildings	5 073 969
Land	2 792 821
Buildings	2 281 148
Infrastructure	33 384 034
Roads	24 189 874
Storm water	-
Solid Waste	3 018 328
Electricity	6 175 833
Community Assets	1 597 180
Sports Fields	773 509
Node Development	159 489
Parks & Gardens	665 181
Cemetery	-
Other	-
Other Assets	5 893 736
Motor Vehicles	1 609 809
Plant & Equipment	3 492 157
Office Equipment	115 840
Furniture & Fittings	188 654
Computer Equipment	487 277
Total	45 948 919

5.6.4 Table: Schedule A9 Asset Management Summary Sheet

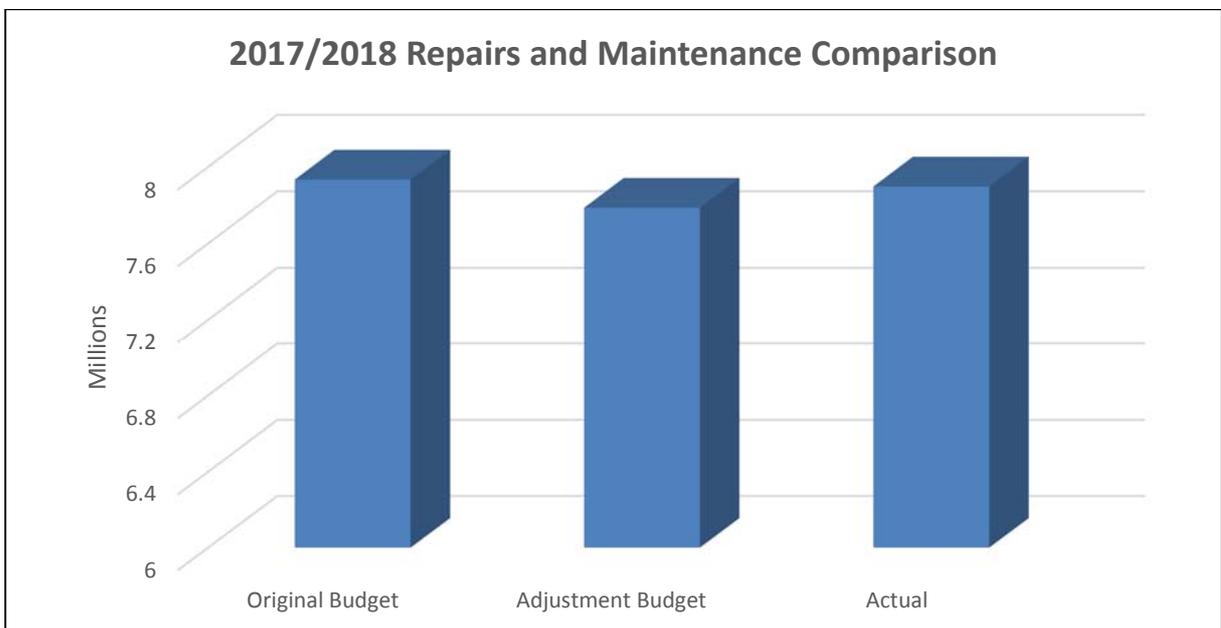
		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)	5									
<i>Infrastructure - Road transport</i>		127 825	134 172	134 172	160 439	143 751	142 690	161 430	171 170	203 422
<i>Infrastructure - Electricity</i>		11 179	12 788	12 788	20 739	19 513	19 533	26 036	28 029	29 292
<i>Infrastructure - Water</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-	-	-	-
<i>Infrastructure - Other</i>		1 875	2 226	2 226	6 310	3 839	2 415	21 772	26 071	25 753
Infrastructure		<i>140 880</i>	<i>149 186</i>	<i>149 186</i>	<i>187 489</i>	<i>167 103</i>	<i>164 639</i>	<i>209 238</i>		
Community		27 844	32 570	32 570	66 731	46 801	40 405	50 822	65 246	67 364
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		17 024	22 201	22 201	17 024	22 201	28 312	22 201	22 201	22 201
Other assets		110 887	120 221	120 221	130 103	121 743	120 704	129 940	128 692	120 614
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		203	220	220	151	230	393	165	94	19
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	296 838	324 398	324 398	401 497	358 078	354 452	412 366	441 505	468 665

5.6.5 Repairs & Maintenance (2017/2018)

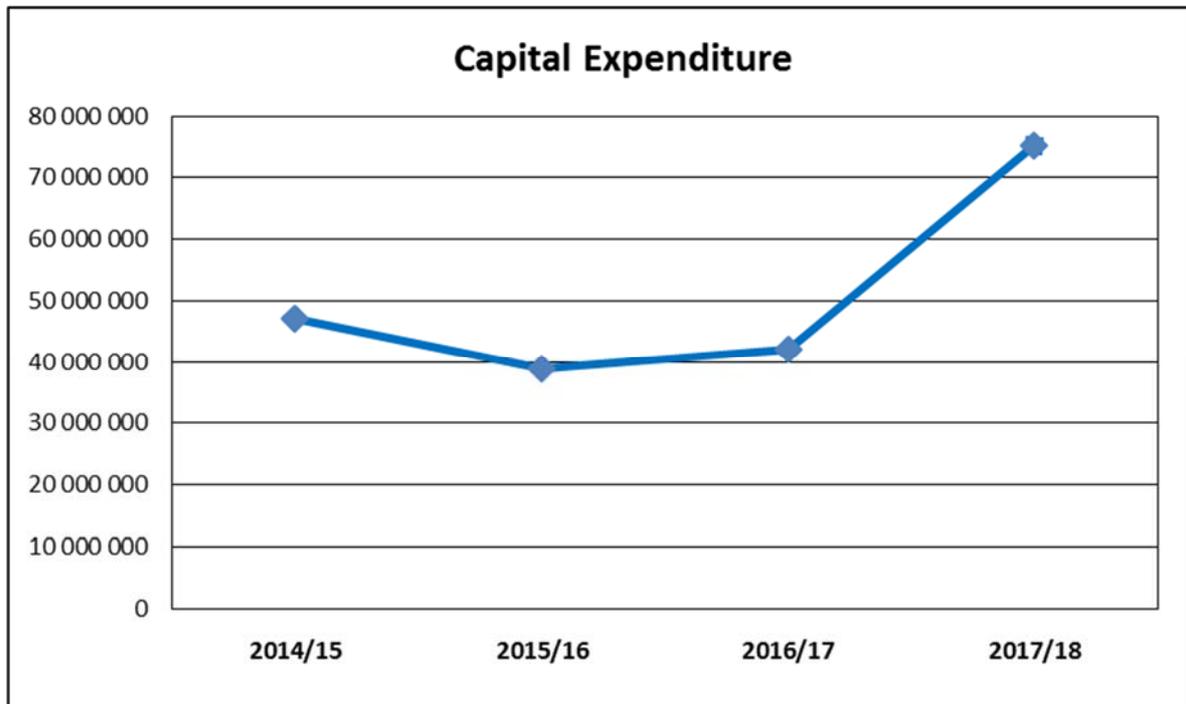
Repairs and Maintenance Expenditure Year June 2018				
Repairs and Maintenance Expenditure	Original Budget	Adjustment Budget	Actual	Budget variance %
Totals	R7 934 117	R7 786 903	R7 898 016	-1.42 % Variance - Adjusted Budget vs. Actual Exp. R/M

a. Comments on Repairs and Maintenance:

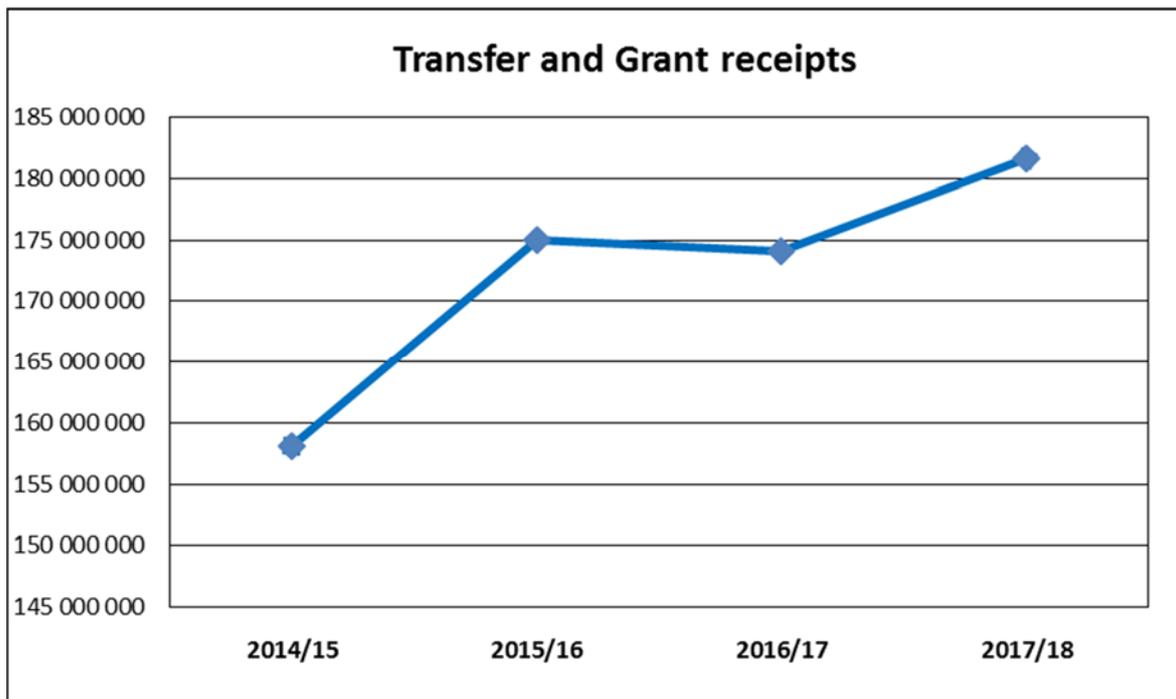
- During the Adjustment Budget process, the original amount for repairs and maintenance was reduced from R 7 934 117 to R 7 786 903 (R 147 214 reduction); and
- The Adjustment Budget was subsequently overspent by 1.42% due to unplanned maintenance with actual expenditure amounting to R7 898 016 . Reference is made to the graph below for a comparison of basis of the table above.



5.7 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

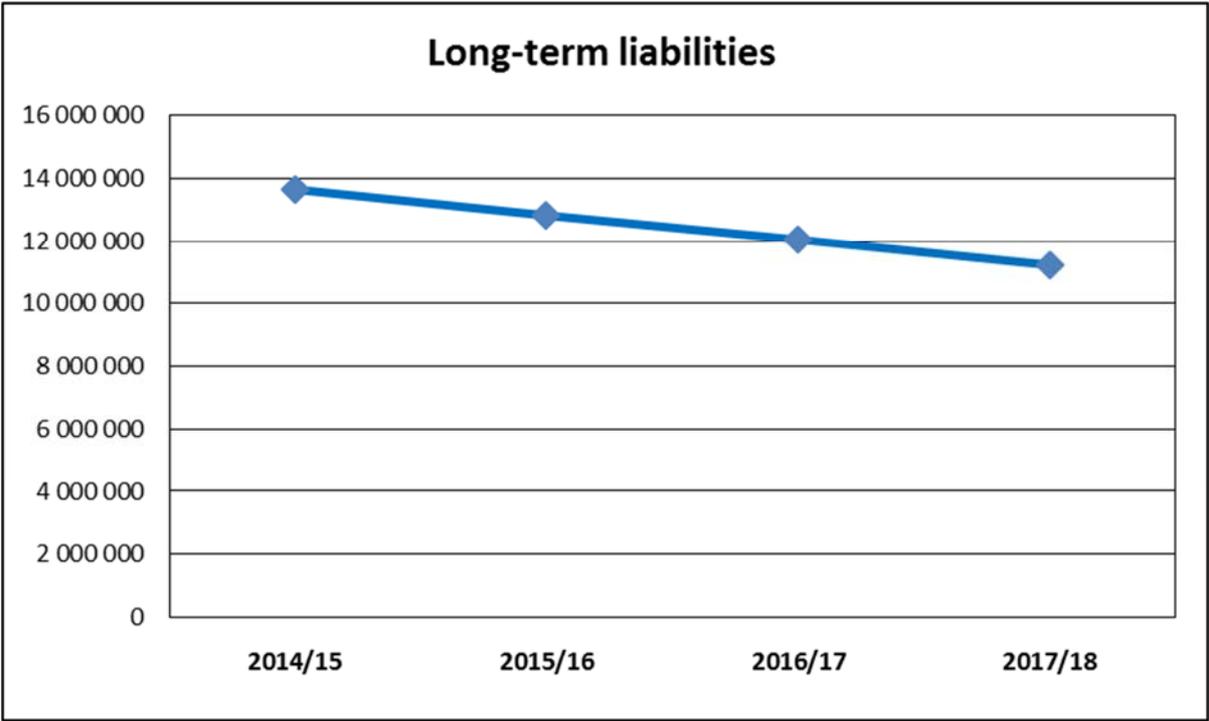
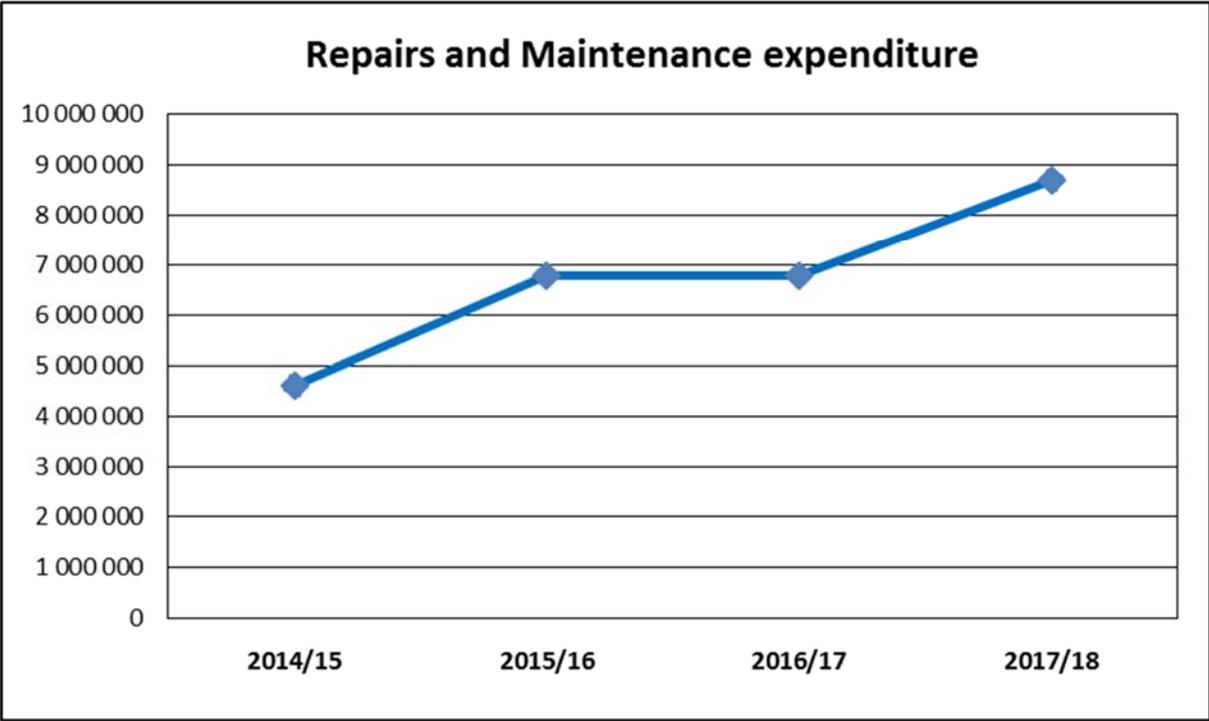


The Graph above shows the movement of Capital Expenditure from the financial year 2014-2015 to the financial year 2017-2018.



The Graph above shows the estimated increase of total grant receipts for Senqu Municipality over the MTREF.

The Graph below show the movement of expenditure for repairs and maintenance from the financial year 2014-2015 to the financial year 2017-2018.



Long term liabilities are expected to decrease within the future financial period as initial loans are redeemed and no additional loans are expected to be undertaken.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.8 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

In this regard it must be noted that:

- Capital expenditure relates mainly to construction projects that will have lasting value over many years; and
- Capital expenditure is funded from grants and the municipality's Capital Replacement Reserve.

5.8.1

Table: Senqu Municipality's Capital Acquisition Programme

Description R thousand	Ref 1	2014/15	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Actual 2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Infrastructure		15 921	20 129	27 204	33 384	56 741	46 969	46 969	56 158	56 325	49 187
Infrastructure - Road transport		12 817	17 278	19 644	24 190	29 070	28 406	28 406	25 454	18 700	34 350
Roads, Pavements & Bridges		9 536	12 698	17 189	24 190	29 070	28 406	28 406	25 454	18 700	34 350
Storm water		3 281	4 580	2 455	-	-	-	-	-	-	-
Infrastructure - Electricity Generation		2 988	2 349	7 220	6 175	7 318	7 172	7 172	8 283	6 200	11 037
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	-
Street Lighting		2 988	2 349	2 987	2 987	-	-	-	-	-	-
Infrastructure - Water		-	-	4 233	-	3 494	3 904	3 904	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	3 018	4 000	7 254	7 254	-	-	-
Sewerage purification		-	-	-	-	500	-	-	-	-	-
Infrastructure - Other		116	502	340	-	16 150	3 975	3 975	22 421	31 425	-
Waste Management		116	502	340	-	16 150	3 975	3 975	22 421	31 425	3 800
Transportation	2	-	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	20	16	16	-	-	-

Table: Senqu Municipality's Capital Acquisition Programme

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Description	Ref 1	2014/15	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Actual 2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Community		11 996	5 957	11 496	11 496	1 597	6 659	6 659	11 162	7 300	1 843
Parks & gardens		91	70	555	665	900	1 730	1 730	600	800	-
Sportsfields & stadia		11 616	1 626	7 600	773	-	994	994	1100	-	-
Swimming pools		-	-	-	-	-	-	-	-	-	-
Community halls		-	-	1 608	-	750	750	750	1 500	3 300	500
Libraries		-	-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-
Cemeteries		289	4 232	337	337	-	-	-	500	4 000	744
Social rental housing	8	-	-	-	-	-	-	-	-	-	-
Other		-	30	1 396	158	4 746	3 184	3 184	8 562	-	600

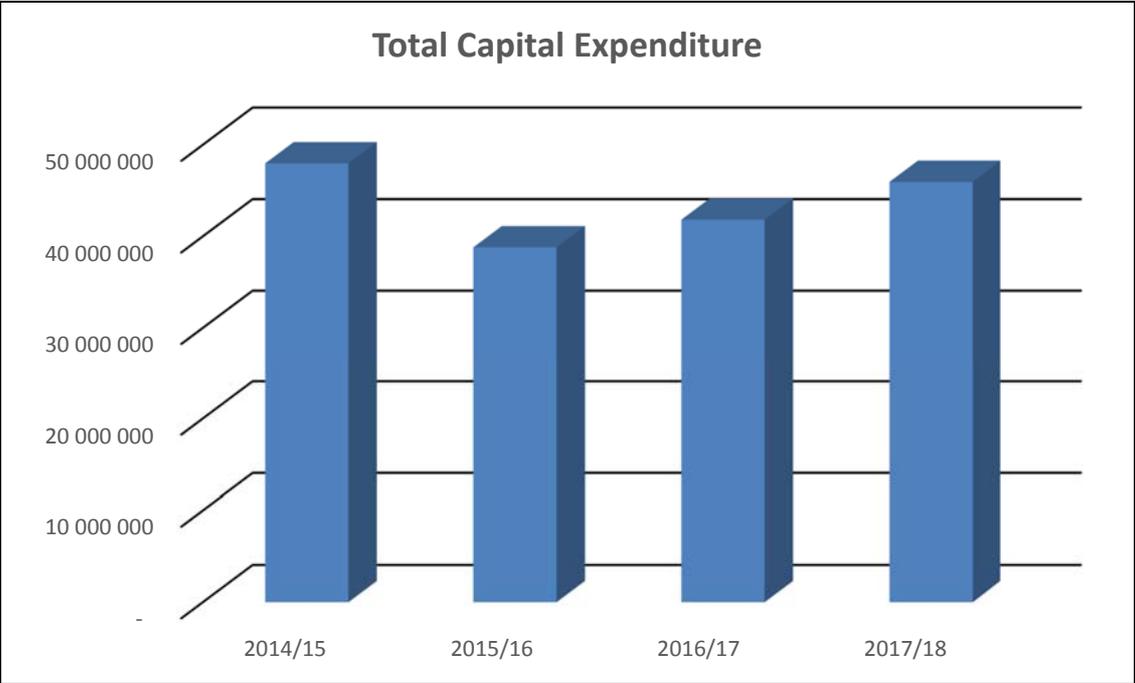
Table: Senqu Municipality's Capital Acquisition Programme

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Description R thousand	Ref 1	2014/15	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Actual 2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Other assets		19 158	12 714	3 124	10 966	15 790	13 079	13 079	15 400	6 380	-
General vehicles	1	4 929	1 325	425	1 609	2 100	1 722	1 722	1 700	-	-
Specialised vehicles	0	-	612	-	-	-	-	-	-	-	-
Plant & equipment		1 025	1 075	715	3 492	3 650	3 570	3 570	1 137	-	-
Computers - hardware/equipment		-	383	1 241	487	1 209	953	953	110	-	-
Furniture and other office equipment		2 402	594	459	359	320	322	322	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	-
Other Buildings		10 802	8 724	19	2 281	7 850	6 100	6 100	5 500	7 500	-
Other Land		-	-	265	2 793	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	500	250	250	-	-	-
Intangibles		-	10	247	247	161	161	161	-	-	-
Computers - software & programming		-	10	247	247	161	161	161	600	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	1	47 075	38 810	42 071	45 948	79 627	66 707	66 707	77 567	71 125	51 031

5.9 CAPITAL EXPENDITURE

The following graph indicates the Capital Expenditure over the next three (3) years:



5.10 SOURCES OF FINANCE

The table below shows the sources of finances to be used for Capital Acquisitions for Senqu Municipality. It must be noted that the municipality mainly uses the MIG Grant Funding and its Capital Replacement Reserves to fund capital acquisitions:

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE D OUTCOME 2017 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	42 159 250	-	42 159 250	33 606 115	(8 553 135)	42 070 955
Transfers recognised - capital	42 159 250	-	42 159 250	33 606 115	(8 553 135)	33 683 561
Internally generated funds	37 468 211	(12 920 669)	24 547 542	12 375 156	(12 172 386)	8 387 394
Total Capital Funding	79 627 461	(12 920 669)	66 706 792	45 981 271	(20 725 520)	42 070 955

5.11 CAPITAL SPENDING ON PROJECTS

The following table details the infrastructure assets and related progress through expenditure on these assets, during the financial year 2017 /2018.

INFRASTRUCTURE ASSETS 2017/18	EXPENDITURE 2017/2018
Community Hall Ward 9 (Kwa Ngquba)	1 197 885.77
Upgrading of Sportsfield - Ward 13	689 865.62
Upgrading of Sportsfield - Ward 2	947 776.11
Herschel - Solid Landfill Site	276 532.84
Rossouw - Solid Landfill Site	238 997.66
Rhodes - Solid Landfill Site	239 340.34
Pedestrian Bridge Ward 5	2 709 965.11
Paved Streets in Herschel	12 389 820.39
Park Lady Grey	277 915.90
Lady Grey Solid Waste Site	2 583 771.13
Barkly East Solid Waste Site	118 785.90
Tienbank Ward 10 Roads	9 408 004.35
Parking bay - Lady Grey	2 877 478.16
Renovations Town Hall Barkly East	728 204.62
Kwezi Naledi - Node	182 262.86
Renovations 2nd Floor Offices	288 996.85
Senqu Stores upgrade	246 601.97
Boysi Nondala 10km Paved Roads	462 222.24
Roads btwn Esilindini & Frans	46 028.50
Construction of Lady Grey Animal Pound	498 826.00
TOTAL	36 112 680.39

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.12 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Having displayed excellent financial management and investment practices, it must be noted that the municipality is currently experiencing an extremely favourable cash flow and finds itself in a position to meet its long- and short-term commitments in a timely manner. It must be noted that the Council of the municipality is regarded as the trustee of the public revenue that it collects and it therefore has an obligation to the community to ensure that the municipality's cash resources are effectively and efficiently managed. Under these circumstances, the Council has a responsibility

to invest these public revenues knowledgeably and judiciously and must be able to account fully to the community in respect of these investments. The overall responsibility of investments lies with the Municipal Manager. However, it must be noted that the day-to-day handling of investments remains the responsibility of the Chief Financial Officer or his/her delegates.

As part of the Cash Management Programme, the Chief Financial Officer prepares an annual estimate of the municipality's cash flow divided into calendar months and updates these estimates on a monthly basis. These estimates shall indicate when and for what periods and amounts surplus revenues may be invested; when and for what amounts investments will have to be liquidated and when (if applicable), either long-term or short-term debt must be incurred.

5.13 CASH FLOW

The table that follows will detail comparisons regarding Senqu Municipalities Cash Flow for 2017/2018 financial year:

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	4 658 170	6 916 966	(2 258 796)	-33%
Service charges	33 428 182	43 244 323	(9 816 141)	-23%
Other revenue	14 371 666	5 471 970	8 708 141	159%
Government - operating	140 044 772	139 519 750	525 022	0%
Government - capital	42 159 250	42 159 250	-	0%
Interest	20 576 605	15 000 000	5 576 605	37%
Payments				
Suppliers and Employees	(166 241 471)	(207 143 177)	40 901 706	-20%
Finance charges	(1 038 344)	(2 984 324)	1 945 980	-65%
Transfers and Grants	-	(300 000)	(300 000)	-100%
NET CASH FROM OPERATING ACTIVITIES	87 767 707	41 884 758	45 882 949	

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**SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018**

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	
Payments				
Capital assets	(45 981 271)	(66 706 792)	20 725 520	-31%
NET CASH USED IN INVESTING ACTIVITIES	(45 981 271)	(66 706 792)	20 725 520	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Increase in consumer deposits	131 655	71 634	60 031	84%
Payments				
Repayment of borrowing	(827 384)	(827 466)	82	0%
NET CASH USED IN FINANCING ACTIVITIES	(695 728)	(755 842)	60 114	
NET INCREASE/(DECREASE) IN CASH HELD	41 090 707	(25 577 876)	66 668 583	
Cash and Cash Equivalents at the beginning of the year	253 169 330	253 169 330	(0)	0%
Cash and Cash Equivalents at the end of the year	294 260 038	227 591 454	66 668 584	29%

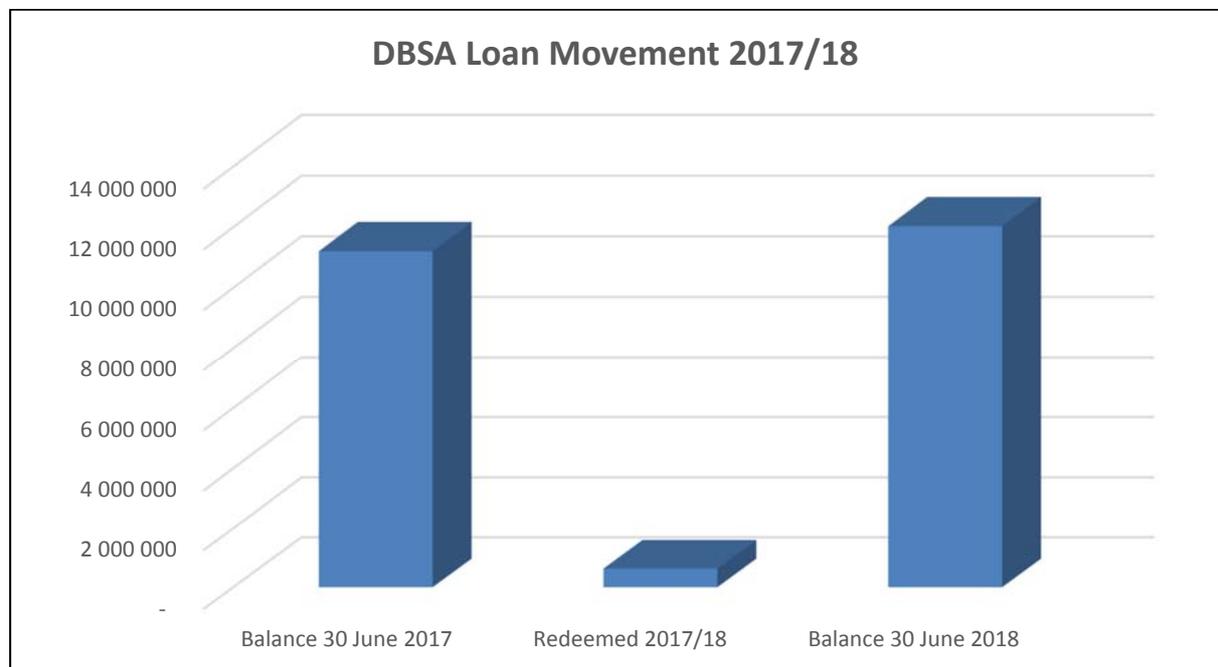
5.14 BORROWING FROM INVESTMENTS

5.14.1 Introduction to Borrowing and Investments

The Municipality currently has two (2) long term borrowing commitments and both are payable to the Development Bank of South Africa.

One loan relates to the extension of the Senqu Municipality office building and the second loan relates to the purchase of electrical infrastructure, in order to reduce electricity losses and improve service delivery.

Table: DBSA LOAN MOVEMENTS



5.15 PUBLIC PRIVATE PARTNERSHIPS

5.15.1 Public Private Partnerships

Note: Council has not entered into any private public partnerships during this financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.16 SUPPLY CHAIN MANAGEMENT

5.16.1 Introduction to Supply Chain Management

The Council and management remain committed to ensuring that there is compliance with all SCM legislation and regulations in order to ensure that fair and transparent tender processes are followed at all times and to ensure full compliance with the applicable legislation. In support of this, the Municipal SCM Policy has been reviewed and approved by council during the previous financial year as part of the review of all budget related policies.

In order to comply with section 119 of the MFMA all members serving on Bid Specification, Evaluation and Adjudication Committees and all SCM staff are attending National Treasury approved training in order to ensure that they meet the prescribed minimum competency levels relating to supply chain management (SCM).

Various other control measures are also being implemented in order to ensure that SCM practices are effected in a fair, equitable and transparent manner. Supply Chain Management continues to be seen as an area of priority for top management.

5.17 GRAP COMPLIANCE

5.17.1 Introduction to GRAP Compliance

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. The Municipality is currently in full compliance with all provisions of GRAP.

The financial statements have been prepared using an accrual basis of accounting and are in accordance with historical cost convention, unless otherwise specified.

The 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). This has occurred in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The Municipality resolved to adopt the following GRAP standards, which have been issued, but are not required to be in effect until 1 April 2018:

STANDARD	DESCRIPTION	EFFECTIVE DATE
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2107)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

DISCLAIMER

The information provided within this report is reliant on the information provided by the various Directorates. Difficulties in validating data continues to be experienced and as such, the accuracy of all information provided cannot be assured.

It is the responsibility of all Directorates to provide the required information which is then required to be collated and submitted within the correct format. While it is acknowledged that certain directorates have attempted to provide this information as requested, many have not complied or submitted extremely late - perhaps due to recent issues that have surfaced in respect of certain contracts. Despite this, all parties are still within the employ of Senqu Municipality and are thus bound to provide required information and not to impede progress - especially in an area such as this, which has compliance responsibilities.

In particular it is noted that the Internal Audit section appear to have reservations about providing required oversight and opinions - in a sense believing that their oversight role precludes them from providing opinions and offering/providing required information. This is a serious concern and certainly a grave misconception. In terms of their role and function it is imperative that they provide required input and support to the organization as requested and required.

The greatest response to date has been from the Development and Town Planning Services Directorate, Technical Services and the Budget and Treasury Directorate. In addition to the dynamics currently at play, it appears that staff within other directorates appear to believe that it is the responsibility of the collators and the co - ordinators' to provide all required information. This is unacceptable as the report is that of Senqu Municipality (with each directorate taking full responsibility for information relating to their specific directorate). Content and the accuracy

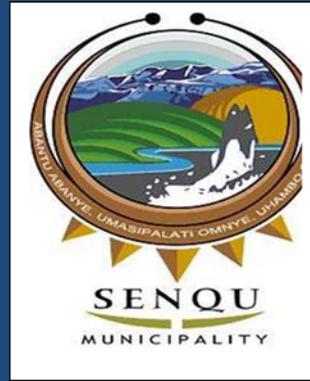
thereof is not the responsibility of the collators' and the coordinators' - their role is simply to obtain, collate, align and restructure information provided and not to verify this in any way. In addition, it is the technical responsibility of all relevant directorate staff to provide inputs regarding performance and issues within their own directorates. They are required to take responsibility for any inputs provided as they are aware on a functional level as to what information is applicable / relevant. Under these circumstances the collators and the coordinators cannot be held accountable for the quality/accuracy/absence of information provided or the lack thereof.

As this is the first draft of this report, it is understood that certain information is still lacking from the information provided. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents.

In instances where information is found to be lacking or inadequate you are hereby advised that the coordinator of this report has only been able to work with the information provided to them - and as much as they have attempted to validate this where possible they cannot be held accountable - for the reasons reflected above.

This is an extremely serious situation and must be regarded and handled as such ---
- failure to comply and provide accurate data may have serious consequences for Senqu Municipality - not the least of which will relate to an audit qualification.

Under these circumstances it is advisable that this situation be taken up formally with MPAC and following investigation - those persons who are found to be non-compliant in this regard need to be issued with the relevant compliance order so that this matter may be addressed formally, appropriately and once and for all.



CHAPTER SIX

Audit Committee Findings

2017/2018

CHAPTER 6:

This chapter will detail the following audit related information:

- Report of the auditor-general to the Eastern Cape Provincial Legislature and the council of Senqu Municipality (Reference is made to Chapter 1 section 1.5 (Auditor General's Report) 2017/2018)
- Component A: Audit Committee Report on Service Delivery 2016/2017
- Component B: Audit Committee Report On Service Delivery 2017/2018

Report of the auditor-general to the Eastern Cape Provincial Legislature and council on the Senqu Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Senqu Local Municipality set out on pages x to x, which comprise the appropriation statement, the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Senqu Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act (Act no.3 of 2017) (Dora).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Permits for landfill sites

7. As disclosed in note 53.06 to the financial statements, the municipality does not have a permit or license for all the landfill sites currently in use and could be liable for a penalty in terms of the Environmental Conservation Act, 1997 (section 24G).

Material losses

8. As disclosed in note 44.4 to the annual financial statements, the municipality incurred distribution losses relating to electricity totalling R0,956 million (14,03%) [2017: R1,9 million (17,84%)]. The amount disclosed in the annual financial statements is above the acceptable range.

Restatement of corresponding figures

9. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered during 30 June 2018 in the financial statements at, and for the year ended, 30 June 2018.

Other matters

Unaudited supplementary information

10. The supplementary information set out on pages x to x 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 thereon.

Unaudited disclosure notes

11. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of accounting officer for the financial statements

12. 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. 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.

15. 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

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. 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/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.
18. 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 objectives presented in the annual performance report of the municipality for the year ended 30 June 2018:

Objectives	Pages in the annual performance report
Key performance area (KPA) 1 – basic service delivery and infrastructure	4 – 32
KPA 2 – local economic development	33 – 35

19. 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.

20. I did not raise any material findings on the usefulness and reliability of the reported performance information for these objectives:

- KPA 1 – basic service delivery and infrastructure
- KPA 2 – local economic development

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 1 to 72 for information on the achievement of planned targets for the year. This information should be considered in the context of the unqualified opinions expressed on the usefulness and reliability of the reported performance information in paragraph 20 of this report.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery and infrastructure. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

26. The accounting officer is responsible for the other information. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

27. 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.

28. 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.

Internal control deficiencies

29. 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.
30. I did not identify any significant deficiencies in internal control.

Auditor-General

East London

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Senqu Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern.

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

COMPONENT A: AUDIT COMMITTEE REPORT ON SERVICE DELIVERY 2016/2017

6.1 AUDIT COMMITTEE REPORT ON SERVICE DELIVERY YEAR 2016/2017

Audit Committee on Service Delivery: June 2017 (Previous Financial Year)

During the Financial Year, 2016/2017, Senqu Municipality achieved a clean audit report with emphasis of matter. The response to the issues raised and the required remedial action is reflected in the report below:

AUDIT COMMITTEE REPORT SERVICE DELIVERY: 30 JUNE 2017		
#	Non-Compliance Issues: Emphasis of Matter	Remedial Action Taken
1	The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24 (g) of the Environmental Conservation Act, 1997.	<p><i>Recommended:</i></p> <p><i>Analysis of all Landfill Sites and obtaining permits</i></p> <ol style="list-style-type: none"> 1. An analysis is to be formally conducted regarding the status of each individual landfill site in order to establish whether all aspects of compliance have been met. 2. A register of the status of all Landfill sites is to be compiled and submitted to Council for information. 3. Where non-compliance is found a consultant is required to be appointed through the supply chain process in order to assist the municipality in obtaining the permit for the landfill site. 4. Progress reporting from the service provider is to be strictly monitored in order to ensure that compliance is achieved in all areas by 1 September 2018.

AUDIT COMMITTEE REPORT SERVICE DELIVERY: 30 JUNE 2017 (cont.)		
#	Non-Compliance Issues: Emphasis of Matter	Remedial Action Taken
2	<p>Material losses</p> <p>As disclosed in note 44.4 to the financial statements, the municipality incurred distribution losses relating to electricity totalling R1,9 million (2016: R1,6 million). The amount disclosed for material losses is above the acceptable range.</p>	<p><i>Recommended:</i></p> <p><i>Investigative and practical intervention</i></p> <ol style="list-style-type: none"> 1. Workshops/discussions are held regarding methodology to minimize Electricity related distribution losses. 2. An Action Plan is developed, approved and implemented. 3. Distribution losses are monitored and measured and reported on monthly while ensuring that appropriate action will be taken in order to minimize losses.

The performance and annual financial statements were presented fairly, in all material respects, the financial position of the Senqu Municipality as at 30 June 2017 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

COMPONENT B: AUDIT COMMITTEES REPORT ON AUDITOR GENERALS
OPINION ON SERVICE DELIVERY 2017/2018

6.2 AUDIT COMMITTEE REPORT ON SERVICE DELIVERY YEAR
2017/2018

During the Financial Year, 2017/2018, Senqu Municipality achieved a clean audit report with emphasis of matter. The response to the issues raised and the required remedial action is reflected in the report below:

AUDIT COMMITTEE REPORT SERVICE DELIVERY: 30 JUNE 2018		
#	Non-Compliance Issues: Emphasis of Matter	Remedial Action Taken
7	Reference is made to note 53.06 to the financial statements. It was established that the municipality does not have a permit or license for all the landfill sites currently in use and could be liable for a penalty in terms of the Environmental Conservation Act, 1997 (section 24G).	<p><i>Recommended:</i></p> <p><i>Analysis of all Landfill Sites and efforts to obtain permits</i></p> <ol style="list-style-type: none"> 1. An analysis is to be formally conducted regarding the status of each individual landfill site in order to establish whether all aspects of compliance have been met. Carry over remedial action from 2016/2017. This was completed - identifying all areas found to be lacking. 2. A register of the status of all Landfill sites is to be compiled and submitted to Council for information. Carry over remedial action from 2016/2017. This was completed. 3. Where non-compliance is found a consultant is required to be appointed through the supply chain process in order to assist the municipality in obtaining the permit for the landfill site. Issue raised 2016/2017. 4. Progress reporting from the service provider is to be strictly monitored in order to ensure that compliance is achieved in all areas by 1 September 2018. Issue raised 2016/2017. <p>Noted: Attempts to resolve unsuccessful. Delays in landfill site permits - contrary to legislation. Sites of Rhodes and Rousseau without licences - delayed since November 2017 by Department of Environmental Affairs.</p>

AUDIT COMMITTEE REPORT SERVICE DELIVERY: 30 JUNE 2018 (Cont.)		
#	Non-Compliance Issues: Emphasis of Matter	Remedial Action Taken
8	Reference to note 44.4 to the annual financial statements. The municipality incurred distribution losses relating to electricity totalling R0,956 million (14,03%) [2017: R1,9 million (17,84%)]. The amount disclosed in the annual financial statements is above the acceptable range.	<p><i>Recommended:</i> <i>Investigative and practical intervention required.</i> <i>Note: A previous issue not fully addressed.</i></p> <ol style="list-style-type: none"> 1. Staff to be workshopped and discussions held regarding the required methodology and plans to minimize Electricity related distribution losses. 2. An Action Plan developed, approved and implemented eg. installation of pre-paid meters and AMI metering (SMART meters), to minimize inaccurate readings and reduce losses. 3. Distribution losses are monitored and measured and reported on monthly - informing action plans and appropriate action to minimize losses.
9	Restatement of corresponding figures Reference to note 40 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered during 30 June 2018 in the financial statements at, and for the year ended, 30 June 2018.	<p><i>Recommended:</i> <i>Investigative and practical intervention required.</i></p> <ol style="list-style-type: none"> 1. While issue were ultimately resolved, internal control deficiencies that contributed to misstating figures need to be identified and addressed. 2. Relevant meetings and action plans and follow up to prevent this behavior moving forward.

The performance and annual financial statements were presented fairly, in all material respects, the financial position of the Senqu Municipality as at 30 June 2018 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

DISCLAIMER

The information provided within this report is reliant on the information provided by the various Directorates. Difficulties in validating data continues to be experienced and as such, the accuracy of all information provided cannot be assured.

It is the responsibility of all Directorates to provide the required information which is then required to be collated and submitted within the correct format. While it is acknowledged that certain directorates have attempted to provide this information as requested, many have not complied or submitted extremely late - perhaps due to recent issues that have surfaced in respect of certain contracts. Despite this, all parties are still within the employ of Senqu Municipality and are thus bound to provide required information and not to impede progress - especially in an area such as this, which has compliance responsibilities.

In particular it is noted that the Internal Audit section appears to have reservations about providing required oversight and opinions - in a sense believing that their oversight role precludes them from providing opinions and offering/providing required information. This is a serious concern and certainly a grave misconception. In terms of their role and function it is imperative that they provide required input and support to the organization as requested and required.

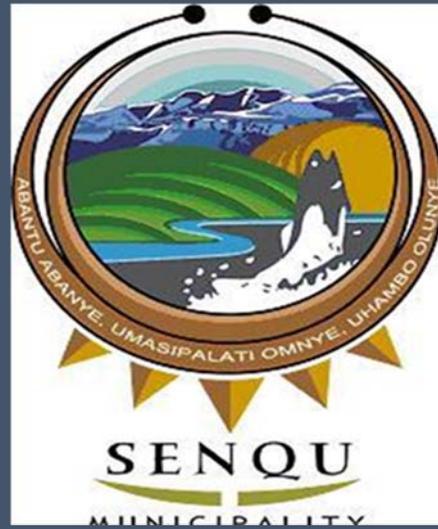
The greatest response to date has been from the Development and Town Planning Services Directorate and the Budget and Treasury Directorate. In addition to the dynamics currently at play, it appears that staff within other directorates appear to believe that it is the responsibility of the collators and the co - ordinators' to provide all required information. This is unacceptable as the report is that of Senqu Municipality (with each directorate taking full responsibility for information relating to their specific directorate). Content and the accuracy thereof is not the responsibility of the collators' and the coordinators' - their role is simply to obtain, collate, align and restructure information provided and not to verify this in any way. In addition it is the technical responsibility of all relevant directorate staff to provide inputs regarding performance and issues within their own directorates. They are required to take responsibility for any inputs provided as they are aware on a functional level as to what information is applicable / relevant. Under these circumstances the collators and the coordinators cannot be held accountable for the quality/accuracy/absence of information provided or the lack thereof.

As this is the first draft of this report, it is understood that certain information is still lacking from the information provided. The information is thus being presented with the full knowledge that certain of the detail provided might not reflect the required levels of accuracy. It is further noted that every effort has been made to align reporting to the information contained within other strategic and reporting documents. Notwithstanding, it must be noted that at times the manner in which the information is presented in these other documents may not align with the detail contained within this report, especially where additional detail is provided. Under these circumstances the collator is reliant on the information provided by the departments and is not able to validate this.

In instances where information is found to be lacking or inadequate you are hereby advised that the coordinator of this report has only been able to work with the information provided to them - and as much as they have attempted to validate this where possible they cannot be held accountable - for the reasons reflected above.

This is an extremely serious situation and must be regarded and handled as such ---
- failure to comply and provide accurate data may have serious consequences for Senqu Municipality - not the least of which will relate to an audit qualification.

Under these circumstances it is advisable that this situation be taken up formally with MPAC and following investigation - those persons who are found to be non-compliant in this regard need to be issued with the relevant compliance order so that this matter may be addressed formally, appropriately and once and for all.



GLOSSARY AND APPENDICES

**SENQU MUNICIPALITY
ANNUAL REPORT 2017/2018**

GLOSSARY

Accessibility Indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within those particular areas. If not provided it may endanger the public health and safety or the environment
Budget year	The financial year for which an annual budget is to be approved - means a year ending on 30 June
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs
Distribution indicators	The distribution of capacity to delivery services.

GLOSSARY CONT.

Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key Performance Indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally
Impact	The results of achieving specific outcomes, such as reducing poverty and reducing jobs
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans
National Key Performance Areas	<ul style="list-style-type: none"> ▪ Service delivery & Infrastructure ▪ Economic development ▪ Municipal transformation and institutional development ▪ Financial viability & management ▪ Good governance & community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

<p>Performance Indicator</p>	<p>Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).</p>
<p>Performance Information</p>	<p>Generic terms for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.</p>
<p>Performance Standards</p>	<p>The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timelines, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.</p>
<p>Performance Targets</p>	<p>The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.</p>
<p>Service Delivery Budget Implementation Plan</p>	<p>Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>
<p>Vote</p>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines “vote” as</p> <ol style="list-style-type: none"> a) One of the main segments into which a budget of the municipality is divided for the appropriation of money for the different departments or functional areas of the municipality, and b) That which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

APPENDIX A

COUNCILLORS, COMMITTEES AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/ PART TIME	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	% COUNCIL MEETINGS ATTENDANCE	% APOLOGIES FOR NON-ATTENDANCE
N. P Mposelwa - Mayor	Full Time	EXCO	Party Representative	77.77	22.22
I. Mosisidi Speaker	Full Time	Rules and Ethics	Ward Councillor - Ward 17	100	0
A.P. Kwinana	Part Time	MPAC	Party Representative	100	0
N. January	Part Time	Corporate Services	Party Representative	100	0
G.N. Mbonyana	Part Time	Corporate Services	Party Representative	66.66	33.33
N.R. Lose	Part Time	Financial Services	Party Representative	88.88	11.11
V.V. Stokhwe	Part Time	Chief Whip	Party Representative	88.88	11.11
P Jeje	Part Time	MPAC	Ward Councillor - Ward 01	100	0
J. Mposelwa	Part Time	Technical Services	Ward Councillor - Ward 02	88.88	11.11
M.A. Mshasha	Part Time	MPAC	Ward Councillor - Ward 16	88.88	11.11
S.M Ntlwatini	Part Time	Financial Services	Ward Councillor - Ward 03	88.88	11.11
Mqakelana	Part Time	Community Services	Ward councillor - Ward 04	100 Replaced Cllr M.V Bonelwa	0
K.S Mpiti-Xhelesha	Part Time	Financial Services	Ward councillor - Ward 08	77.77	22.22
J.D Somsila	Part Time	Community Services	Ward Councillor - Ward 09	88.88	11.11
M.H Rorwana	Part Time	MPAC	Ward Councillor - Ward 11	100	0
N. Nyongwana	Part Time	Development & Planning Services	Ward Councillor - Ward 12	100	0
Z.S Khoba	Part Time	Financial Services	Ward Councillor - Ward 13	100	0
T.M Dumzela	Part Time	Technical Services	Ward Councillor - Ward 14	100	0

APPENDIX A (CONT.)

COUNCILLORS, COMMITTEES AND COUNCIL ATTENDANCE					
COUNCIL MEMBERS	FULL TIME/ PART TIME	COMMITTEES ALLOCATED	*WARD AND/OR PARTY REPRESENTED	% COUNCIL MEETINGS ATTENDANCE	% APOLOGIES FOR NON-ATTENDANCE
N. C Mraji	Part Time	Community Services	Ward Councillor - Ward 06	88.88	11.11
M. N Gojo	Part Time	DTPS	Ward Councillor - Ward 07	100	0
M. Phuza	Part Time	Technical Services	Ward Councillor - Ward 15	77.77	22.22
X.G Magcai	Part Time	Technical Services	Party Representative DA	100	0
S. Mfisa	Part Time	Corporate Services	Ward Councillor - Ward 10	66.66	33.33
B. Moeletsi	Part Time		Party Representative EFF	44.44 Replaced Cllr Ndawule in January	55.55
P. M Mnisi	Part Time	Corporate Services	Party Representative SCA	88.88	11.11
M.N Mgojo	Part Time	EXCO	Party Representative SCA	100	0%
B.S Maqala	Part Time		Party Representative SCA	66.66	33.33
S.S. Ndzongana	Part Time	EXCO	Ward Councillor - Ward 05	77.77	22.22
M.C Kibe	Part Time	Technical Services	Party Representative SCA	77.77	22.22
M.T.N Sehloho	Part Time	DTPS	Party Representative SCA	55.55	44.44
N.M Phama	Part Time	Rules and Ethics	Party Representative SCA	100	0
A.W Mkanagala	Part Time	Rules and Ethics	Party Representative SCA	83.33 Replaced Cllr Mpoloki from Jan 2017	16.66
M. Ndoda	Part Time		Party Representative SCA	83.33	16.66 Replaced Cllr Maqungu from Jan 2017
N.Y Monakali	Part time	Corporate Services	Party Representative DA	100	0

COMMITTEES & COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL /EXECUTIVE COMMITTEE) AND PURPOSE OF COMMITTEES	
Municipal Committees	Purpose of Committee
Audit Committee	Administrative Oversight
Municipal Public accounts committee	Oversight
Local Labour Forum	Labour related Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance
Mandate Committee	To carry out and discuss all the mandatory issues of the Council
Remuneration Committee	To carry out and discuss all the remuneration issues of the Council
Strategic and Governance Committee	To carry out and discuss all the Strategic issues of the Council
Ethics Committee	To carry out and discuss all the ethical issues of the Council
Corporate and Support Services Committee	To discuss, recommend and dealing with council related business.
Community Services Committee	To discuss, recommend and dealing with council related business.
Technical Services Committee	To discuss, recommend and dealing with council related business.
Budget & Treasury Committee	To discuss, recommend and dealing with council related business.
Development and Planning Committee	To discuss, recommend and dealing with council related business.
Occupation Health and Safety Committee	To carry out and discuss all the Occupational and Health issues of the Council
Employment Equity Committee	To carry out and discuss all the Employment Equity issues of the Council

THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
Directorate	Director/Manager (state title and name)
Financial Services	Chief Financial Officer: Mr K. Fourie (Acting)
Technical Services	Director: Mr R Crozier
Development and Planning Services	Director: Ms P L Bushula
Community Services	Director: Ms C L N Gologolo
Corporate Services	Director: Mr T E Wonga

FUNCTIONS OF MUNICIPALITY/ ENTITY

MUNICIPAL / ENTITY FUNCTIONS		
Municipal Functions	Function Applicable to Municipality Yes/No	Function applicable to Entity Yes/No
Constitution Schedule 4, Part B functions		
Air Pollution	No	N/A
Building Regulations	Yes	N/A
Child care facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	No	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal Planning	Yes	N/A
Municipal Health Services	No	N/A
Municipal Public Transport	No	N/A
Municipal Public Works only in respect of the needs of municipalities to administer functions specifically assigned to them under this Constitution or any other law	Yes	N/A
Pontoons, ferries , jetties, piers & harbours, excluding the regulation of international & national shipping & matters related thereto	No	N/A
Storm water management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestics waste water and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public area	Yes	N/A

APPENDIX D (CONT.)

MUNICIPAL / ENTITY FUNCTIONS		
Municipal Functions	Function Applicable to Municipality Yes/No	Function applicable to Entity Yes/No
Constitution Schedule 4, Part B functions		
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	Yes	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	Yes	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	Yes	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic & Parking	Yes	N/A

APPENDIX E

WARD REPORTING

PUBLIC MEETINGS						
Name and purpose of meeting	Date of meeting	Number of participating councillors /ward members	No. of participating Municipal officials / Administrators	Number of Community attending	Issues addressed (Yes /no)	Dates and manner of feedback given to the community
Mayoral Outreach (Public Consultation)	17 October 2017 - 20 November 2017 Report back to the community. <hr/> 8 May 2018 - 14 May 2018 Municipal Feedback Outreaches were held in all 17 Wards.	All Ward and PR Councillors Mayor Speaker	6 Officials 6 Officials 6 Officials	3114 3711	Yes Yes Yes Yes	19 April 2017 - Outreach 11 May 2019 - Outreach
Public Participation , Round Table and IDP Forum	20 January 2017 17 March 2017 8 June 2017	29 participants 33 Participants 27 Participants	4 Officials 5 Officials 4 Officials	61 85 45	Yes Yes Yes Yes	- - - -
Ward Committee meeting	Monthly (for all 17 wards) Dates of meetings differ for all.	All Ward Councillors and Ward Committees	3 Officials	0	Yes	-

WARD INFORMATION (TBA)

PROJECTS APPROVED AND IN PROGRESS			R' 000
National Project Reference No.	Project name	Expenditure 2016/2017	Balance Available on MIG Approval
R/EC/11692/15/18	Construction of Paved Roads in Wards 11: Herschel	6 599	11 972
R/EC/11691/15/18	Construction of Paved Roads in Wards 10: Tienbank	5 779	11 675
EC2012145	Construction of Access Roads in Ward 18 - Esilindini	3 774	226
MIG/EC 4060	Construction of Access Roads in Ward 17 - Sunduza & Joveleni	3 799	201
MIG/EC 5053	Construction of Access Roads in Wards 3: Erka, Qhoboshane, Hohobeng & Other	843	Complete
EC2013282	Construction of Access Roads in Wards 4: Boomplaas, Mkunyazo	170	Complete
EC2015102	Construction of Sportsfields in Ward 2 - Upgrading of Sportsfield in Kwa - Gcina	4 152	1 605
EC 2015103	Construction of Sportfields in Ward 13 - Upgrading of Sportsfields in Naledi	3 742	2 015
MIG/EC0432/S/06/07	Construction of new Solid Waste Site in Sterkspruit - Ward 10	-	2 591
MIG/EC1689/SW/09/10	Construction of Herschel Solid Waste Site - Ward 11	59	3 122
MIG/EC1691/SW/09/10	Construction of Rhodes Solid Waste Site - Ward 16	59	1 080
MIG/EC1692/SW/09/10	Construction of Rossouw Solid Waste Site - Ward 15	91	1 048

APPENDIX F
WARD INFORMATION (CONT.)

PROJECTS APPROVED AND IN PROGRESS			
			R' 000
National Project Reference No.	Project name	Expenditure 2016/2017	Balance Available on MIG Approval
EC2014146	Construction of new Community Hall in Ward 9	-	1 769
EC2014147	Construction of new Community Hall in Ward 12	2 761	Complete
EC2014148	Construction of new Community Hall in Ward 18	2 379	Complete
EC2015264	Barkly East Street lights	607	Complete
EC2015212	Steve Tshwete Street Lights in Lady Grey Ward 14	3 780	complete
ST/EC/10956/15/19	Planning Project for EIA applications for Cemetery, Landfill sites & Bridges	-	1 432
EC201581	Planning Project for EIA application for Pedestrian Bridge in Ward 5 - Bebeza	-	272
EC2015104	Construction of Hawker Stalls in Ward 10 - Sterkspruit	1 360	Complete
EC2015261	Construction of Lady Grey Animal Pound	-	6 200
	Project Management Unit (PMU) 2015 / 16	1 828	-
		36 807	45 208

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2017/2018

DATE OF THE MEETING	RECOMMENDATIONS	ADOPTED (ENTER YES) IF NOT, PROVIDE EXPLANATION
28 August 2017	The audit committee (AC) recommended that the CFO relook the amount of the employee cost as it would be expected to be higher.	Yes
28 August 2017	The AC recommended that the overpayment by National Treasury of R4,6m be relooked at by the CFO in terms of the manner in which captured/recorded.	Yes
28 August 2017	The Audit Plan be provided to the AC in order for them to analyse and provide recommendations to the audit fees	Yes
28 August 2017	The AC recommended that the transfer and subsidies be relooked at by the CFO	Yes
28 August 2017	The AC recommended that the department should take into account GRAP 17.92 disclosure requirements through including a brief note in this regard for Property, plant and equipment in note 9.	Yes
28 August 2017	The department should check what MScOA required for travel agency fees as it would be expected that the fees would be less and the travel and subsistence would be more or maybe MScOA require that whatever which was paid to the travel agent be included in travel fees as a whole.	Yes
28 August 2017	The AC recommended that in the Appropriation statement the net cash from operating and cash equivalents at end of year reconcile to the cashflow statement.	Yes
28 August 2017	The AC requested that they be provided with the final set of Annual Financial Statements whereby changes are indicated and areas such as the compliance with the GRAP standards and the casting of the AFS versus the excel version should be looked at before the submission is made. There should be confirmation from management that the cross casting and referencing to the audit file was performed.	Yes
28 August 2017	The AC recommended that management should look at all of the issues which are similar in the 2016/2017 Annual Performance Report (sec 46 report) and ensure that the necessary amendments are made.	Yes
28 August 2017	The AC recommended that for targets not met that there be remedial actions or measures to improve performance included.	Yes
28 August 2017	The AC recommended that there be rationale for the move from 6% to 55% on service debtors.	Yes

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2017/2018 (CONT.)

DATE OF THE MEETING	RECOMMENDATIONS	ADOPTED (ENTER YES) IF NOT, PROVIDE EXPLANATION
28 August 2017	The AC requested that the final sec46 report be provided and for the department to clearly indicate where the changes were made.	Yes
28 August 2017	The AC requested with regards to the feedback on SCM processes relating to tenders with values above R10million report that a letter was needed to be written which indicates the specific questions which the audit committee require clarity on. The AC expected in the next audit committee the responses which are referenced and in areas where there was a change of scope, the internal auditors which were used respond.	In progress
16 October 2017	The Manager: Governance & Compliance develop and circulate a process plan of the business processes by Friday, 27 October 2017. It should include the progress on outstanding issues.	Yes
16 October 2017	When the CAE is experiencing difficulties in getting the information and responses to the management, she should escalate the matter to the MM in writing in order for the MM to assist.	Yes
16 October 2017	With the review of the performance assessment of sec56 Managers 2014/2015 on the self-score, there should be a policy as to how the impact of the score will be managed. If the system which was being used could work out the bonus in both methods there should be some form of control percentage in terms of acceptable level of difference. If the difference would go beyond the threshold then there should be dispute resolution with the panel members in order to ensure that there is transparency. The self-scoring will apply but managing it should be from both sides.	In progress
16 October 2017	Manager: Strategic Support to capacitate the Internal Audit unit in drafting the minutes	Yes
16 October 2017	In the risk register the implementation date would be the basis for the risk report and that the extreme risks and the implementation thereof should be added. The detailed report should be sent to the AC and not necessarily printed for the meetings. Areas where the risk action plan is delayed, it should be reflected in the report.	Yes
16 October 2017	That management need to investigate the legal requirements of the AC being a risk committee (RC) as the AC played the role of oversight and the RC needed to be an independent committee. It was further stated that when there is a Top Management meeting area of risk could be dealt with and a Charter should be developed in order to meet the relevant legal requirements.	In progress

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2017/2018 (CONT.)

DATE OF THE MEETING	RECOMMENDATIONS	ADOPTED (ENTER YES) IF NOT, PROVIDE EXPLANATION
16 October 2017	The AC requested that the internal audit unit present the report which states the projects which were completed and projects which were planned and not completed.	Yes
16 October 2017	The Finance Department continue being the audit controllers during the AGSA audits.	Yes
16 October 2017	The AC urged the internal audit unit to provide the minutes within 7 working days	In progress
16 October 2017	In terms of the strategy, the municipality needed to consider stratifying the debtors in according to the type of debtors as in the prior year the response was that the debtors had the same payment traits. If stratification is performed, the municipality would be able to target those debtors that are more likely to pay their debts.	Yes
16 October 2017	On the fruitless and wasteful expenditure disclosure, there still needed to be investigations performed by the Council.	Yes
16 October 2017	There should be alignment with the approaches followed by both the AGSA and the internal audit unit whereby the control dashboard should be reviewed accordingly.	Yes
16 October 2017	On the Report on review of sec 46 report 2016/2017, the internal audit unit sit with the DTSPS Department with the assistance from the Manager: Strategic Support to resolve the issues on the report.	Yes
16 October 2017	On the review of 2015/2016 performance assessment of sec56 Managers, there needed to be a plan as to when the review would take place in order for the internal audit (IA) unit to plan the audit before payments are made. The finding number 3 be removed from the report.	Yes
16 October 2017	On the risk management process the AC advised on finding number 5 that as there was no current control. Management's treatment of the ratings of the inherent and residual risk was correct, however, there should be action plan to look at the implementation of a control.	Yes
16 October 2017	On the Internal Audit Plan 2017/2018, the IA Supervisor look at the IA Plan and submit the revised plan to the AC by Friday, 20 October 2017. The IA Plan will be approved in principle.	Yes
27 November 2017	It was resolved that going forward certain set targets in the SDBIP should be input based rather than output based to ensure that they are measurable.	Yes

APPENDIX G

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2017/2018 (CONT.)

DATE OF THE MEETING	RECOMMENDATIONS	ADOPTED (ENTER YES) IF NOT, PROVIDE EXPLANATION
19 March 2018	The IA Unit should be provided by Friday, 23 March 2018 with a formal status on the business process. Furthermore, the AC be provided with the Gap Analysis Report and the request that was sent to Mubeko.	Yes
19 March 2018	The IA needed to report within two weeks as to what their responsibility was towards the departments and if the IA had no option but to invite them, then a confidentiality document will have to be developed and the charter be amended.	In progress
11 June 2018	There needed to be an independent person who will chair the RMC and provide the necessary training. The independent person could come from the AC. The appointment process of the individual would be done by the Municipal Manager (MM) and if there was someone who was identified from the PT or District Municipality that could be done by the municipality.	In progress
11 June 2018	The AC requested that the municipality provide a feedback with regards to the status of the previous service provider in terms of the terms and conditions as to which service was being provided in terms of maintenance costs or development costs of the website.	Yes
11 June 2018	The AC stated that focus should be made on the material/ key compliance sections. The municipality should request from the AG their compliance checklist in order for the municipality to compare if they have taken into account all compliance issues.	No, the CFO responded that with regards to the compliance register, the municipality has not had discussions with regard to the full compliance list with the AGSA.
11 June 2018	On the Report on the review of the sec56 Managers 2016/2017, the AC requested that the legal opinion be provided to the AC for them to assess with regards to the findings which were discussed.	Yes

APPENDIX H

LONG-TERM CONTRACTS & PUBLIC PRIVATE PARTNERSHIPS (TBA)

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 0)					
					R'000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry Date of Contract	Project Manager	Contract Value
TELKOM ISDN PRA Rental	Installation and Rental of Telkom ISDN 30 PRA Service	10-Nov-13	10-Nov-16	Director Corporate Service	R 91 610

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING YEAR 0					
					R'000
Name of and Description of the Project	Name of the Partner(s)	Initiation Date	Expiry Date	Project Manager	Value 20../20..
No PPP were entered into by council					

MUNICIPAL ENTITY / SERVICE PROVIDERS STRATEGIC PERFORMANCE MANAGEMENT AND MONITORING REPORT

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- 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
- Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:
 - The performance of each service provider
 - A Comparison of the performance with targets set for and performances in the previous financial year; and
 - Measures taken to improve performance.

The purpose of this section is to provide information related to the performance of external service providers.

SCM STATISTICAL AND COMPLIANCE/ADMINISTRATIVE REPORTING: 2017/2018

TOTAL NUMBER OF TIMES THAT THE BID COMMITTEE MET DURING 2017/2018			
Specifications Committee (17 Meetings)		Evaluation Committee (16 meetings)	Adjudication Committee (10 Meetings)
1	31 July 2017	31 July 2017	4 August 2017
2	29 August 2017	31 August 2017	14 September 2017
3	13 September 2017	13 September 2017	26 October 2017
4	15 September 2017	13 October 2017	5 November 2017
5	5 October 2017	17 October 2017	17 November 2017
6	19 October 2017	8 November 2017	12 December 2017
7	8 November 2017	17 November 2017	12 February 2018
8	12 December 2017	12 December 2017	9 March 2018
9	25 January 2018	8 February 2018	28 May 2018
10	12 February 2018	8 March 2018	22 May 2018
11	20 February 2018	15 March 2018	
12	12 March 2018	27 March 2018	
13	14 March 2018	25 April 2018	
14	23 April 2018	11 May 2018	
15	14 May 2018	15 June 2018	
16	4 June 2018	26 June 2018	
17	11 June 2018		
Total number of Tenders considered: 62			
Total number of Tenders approved: 41			
Average time taken from tender advertisement to award of a tender: 67 Days: 2.5 Months			

VARIOUS BID COMMITTEE MEMBERS

Bid Specification Committee Members	Bid Evaluation Committee Members	Bid Adjudication Committee Members
B Viedge (Chairperson)	X Mnzilwa (Chairperson)	K Fourie (Chairperson)
N Smith (SCM Practitioner)	N Smith (SCM Practitioner)	N Sbukwana (SCM Official)
T van Zyl (Legal Advisor)	Z Koyana (Legal Advisor)	P Bushula
N Languza (Secretary -SCM)	N Languza (Secretary - SCM)	T Wonga
U Sobudula	U Sobudula	L Gologolo
M Theron	M Theron	R Crozier
T van Rensburg	T van Rensburg	
L Tobben	L Tobben	
P Oliphant	P Oliphant	
S Mbekushe	S Mbekushe	
D Oertel	D Oertel	
N Nkopane	N Nkopane	
C Salmani	C Salmani	
M Ramarou	M Ramarou	
A Gushmani	A Gushmani	

CONSOLIDATED SERVICE PROVIDER BIDS AWARDED FOR THE PERIOD 2017 /2018

Legend

Fully Achieved/Targets Met - Excellent performance	
Targets Met with a Variance - Good Achievement	
Not yet met/not fully achieved	
Not achieved	
Not Assessed	Adjudication Stage

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
52/2017-2018	Construction of a new Community Hall in Ward 9	Flagsik Projects	1 460 169.73	89%	Contractor appointed.	GCC contract part of tender document	Expected completion 30.8.2018	n/a	Deadline 30.6.2018 - Poor performance Consultant Contractor - Communication pressure.
67/2017-2018	Structural Engineer: Design, Documentation & Site Supervision for the Renovation of Barkly East Town Hall & Offices	SKC Masakhizwe Engineers	763 721.00	100%	Consultant appointed.	n/a	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
69/2017-2018	Supply of pre-paid vending	Utilities World	348 840.00	100%	Vendor appointed	SLA agreement signed	No Variance completed	n/a	n/a
72/2017-2018	Provision of Protective Clothing	Amended Recline Trading and Projects	Different rates for different items	100%	Three-year appointment	SLA agreement signed	No Variance	n/a	n/a
73/2017-2018	Consultant for Electrification Households at Wards	DFR Engineering	R1 740 423.03	100%	Consultant appointed for three years	SLA signed.	No Variance	n/a	n/a
90/2017-2018	Purchase and delivery of Two New 4 x 4 SUV's	Aligus Motors t/a Aliwal Toyota	R1 140 173.00	100%	Once off purchase	Maintenance Agreement in place.	No Variance completed	n/a	n/a
91/2017-2018	Purchase and delivery of Landfill Site Signages	Sikhumbulana thi Trading (Pty)Ltd	R35 521.40	0%	Sikhumbulanathi Trading (Pty) Ltd could not deliver	n/a	Vendor not registered on data base	n/a	Will be done 2018/2019
92/2017-2018	Purchase of a file server	S Con IT Services	R360 240.00	100%	Once off purchase	n/a	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
93/2017-2018	Repair High Mast Towers	Cohen Advance Electrical	R 470 267.90	100%	Consultant Appointed	Service Level Agreement submitted	No Variance		
94/2017-2018	Purchase of Various IT Equipment	Aloe Office and Business Equipment	R85 423.23	100%	Once off purchase	n/a	No Variance	n/a	n/a
95/2017-2018	Purchase of a Mower	CCU Supply & Construction CC	R51 300.00	100%	Once off purchase	n/a	No Variance	n/a	n/a
96/2017-2018	Purchase and Delivery of one new Tractor	CCU Supply & Construction CC	R322 620.00	0%	Could not deliver due to high exchange rate		No Variance	n/a	n/a
99/2017-2018	Purchase and delivery of fence for commonage	AFA Steel and Fence	R122 521.50	100%	Once off purchase	N/a	No Variance	n/a	n/a
110/2017-2018	Renovation of Khwezi Naledi	Afro Team	R376 412.43	100%	Consultant Appointed	n/a	Problem of "as built"	n/a	Contractor not been appointed

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
111/2017-2018	Design, Documentation & Site Supervision for the New Boyce Nondala Paved Roads	Afro Team Consulting	R462 831.26	100%	Consultant appointed	n/a	No Variance	n/a	n/a
115/2017-2018	Provision for a panel of Legal Services	NT Vuba Incorporated, MM Baloyi Incorporated, Liezel Venter Attorneys, GN Moabelo Incorporated, Siyathemba Sokutu Attorneys	Different rates as per the Law Society tariffs.	100%	Panel of Attorneys appointed.	n/a	No Variance	n/a	n/a
119/2017-2018	Service provider training on leadership for Councillors	Amabamba Recruitment CC	R93 024.00	100%	Once off training.	n/a	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
121/2017-2018	Professional Environmental Consultant Appointment	EOH Coastal & Environmental Services	R94 688.40	100%	Consultant appointed	n/a	No Variance	n/a	n/a
123/2017-2018	SPLUMA Project: Subdivision of Municipal Erven to align the layout of Sterkspruit with the Existing Development	Hansen Land Surveyors	R168 000.00	100%	Consultant Appointed	n/a	No Variance	n/a	n/a
131/2017-2018	Service Providers to provide training on Municipal Finance Management Programme (CPMD) for 3 years re-advert	Fort Hare Solutions	R2 913 710.25	100%	Service Provider appointed	Service Level Agreement signed for 3 years.	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
132/2017-2018	Service Providers for trade test of trainee electricians' re-advert	Olifantsfonte in Artisan Academy	R132 350.00	100%	Service Provider appointed	n/a	No Variance	n/a	n/a
134/2017-2018	Electrification of Rural Connections	Core facts 1152 (Pty)Ltd	R3 388 377.93	95%	Contractor appointed	GCC contract	Extension of time	n/a	Eskom challenge - meters not supplied - all work done
135/2017-2018	Construction of two Pedestrian bridges in ward 5	Amadwala Construction Trading 363CC	R3 582 844.31	75%	Contractor appointed	GCC contract	Weather problems - heavy rains - project started late.	n/a	Weather delayed project to end of August 2018.
03/2017-2018	Upgrading of Lady Grey Solid Waste Site	RT Civils	R5 638 425.81	60%	Contractor Appointed	GCC contract	No Variance	n/a	Work ongoing
18/2017-2018	Purchase and Delivery of furniture - Senqu Municipality	Insight Furniture	Different amount for different items	100%	Once off purchase	Once off purchase	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
177/2017-2018	Construct of Paved Roads in Ward 10 Tienbank	Amadwala Construction Trading 363CC	R17 856 564.99	63%	Consultant appointed	n/a	Extension of time due	n/a	Eskom Infrastructure issues on project.
178/2016	Construction of Paved Roads in Ward 11 - Herschel	Amadwala Construction Trading 363CC	R16 740 003.39	100%	Once off purchase	n/a	No Variance	n/a	n/a
21/2017-2018	Purchase and delivery of Fence	Amended Recline Trading	R135 250.00	100%	Once off purchase	n/a	No Variance	n/a	n/a
34/2017-2018	Purchase and Installation of 10 Land Invasion/ Trespassing Signboards	Bruto Media Empire	R88 500.00	100%	Once off purchase	n/a	No Variance	n/a	n/a
68/2017-2018	Service Provider to Assist the Municipality with Debt Collection	Revco Revenue	16.1% on collection	100%	3 year contract	SLA signed	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
38/2017-2018	Registered Professional Civil Engineering Consultants for documentation, project Supervision for 6km construction of gravel roads with storm water control in Esilindini - Frans Ward 10	Sky High Consulting Engineers	R405 000.00	60%	Consultant appointed	SLA signed	Awaiting tender documents to be completed.	n/a	15 August 2018.
39/2017-2018	Professional Environmental Consultant Appointment in Ward 10	Ages Omega (Pty) Ltd	R772 839.84	100%	Consultant appointment	SLA signed	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
40/2017-2018	Registered Professional Civil Engineering Consultants for documentation, project supervision for 6.76km construction of gravel roads with storm water control 1 (Walaza, Thomzama, Bikizana & Magubudela) Ward 1	Nemorongo Consulting Engineers	R437 575.00	100%	Consultant appointed	SLA signed	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
41/2017-2018	Registered Professional Civil Engineering Consultants for documentation, project supervision 7.01 km construction of gravel roads with storm water control in Gcina, Makalalaleng, Storomo & Sijora) Ward 2	Nemorango Consulting Engineers	R427 787.50	100%	Consultant Appointed	SLA signed	No variance	n/a	n/a
43/2017-2018	Procurement for a Service Provider for the Printing and Binding of IDP/Annual report Annually for three years	Gemprint	R202 464.00	100%	Company appointed for three years	SLA signed	No variance	n/a	n/a
44/2017-2018	Purchase and delivery of Landfill Site Signage (Notice Board)	Sikhumbulan athi Trading (Pty)Ltd	R88 370.00	100%	Once off purchase	n/a	No Variance	n/a	n/a

BID NO	PROJECT NAME	SERVICE PROVIDER	TENDER VALUE	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
45/2017-2018	Rental of Municipal Commonage Land - Lady Grey	C C Cloete	R74 750.00	100%	Rental of Commonage for three years	n/a	No Variance	n/a	n/a
47/2017-2018	Contractor for Paving and wooden offices in Senqu Inventory Stores	Umalu-C Projects	R157 730.10	100%	Completed	n/a	No Variance	n/a	n/a
48/2017-2018	Supply and delivery of Brush Cutters	Mingwenoemihle General Dealer	R3975 per unit	100%	Once off purchase	n/a	No Variance	n/a	n/a

VENDOR PERFORMANCE FOR THE FINANCIAL YEAR 2017/2018

Fully Achieved/Targets Met - Excellent performance	
Targets Met with a Variance - Good Achievement	
Not yet met/not fully achieved	
Not achieved	

<u>DIRECTORATE / DEPARTMENT</u>	<u>TOTAL</u>	<u>POOR</u>	<u>FAIR</u> Not yet met/not fully achieved	<u>GOOD</u> Targets Met Variance - as a result of circumstance overall - Good Achievement	<u>EXCELLENT</u> Fully Achieved/Targets Met - Excellent performance
Technical services	576	2	4	470	100
BTO	274	1	12	169	92
Community services department	370	0	3	98	269
Corporate services and support department	596	7	6	220	363
MM's Office	81	0	3	50	28
DTPS	90	0	1	6	83
Internal Audit Unit	4	0	0	0	4
TOTAL	1991	10	29	1013	939

Management of Service Provider

- Improvements need to be made in terms of managing and monitoring of service providers. It would seem that Directorates are not co-operating and are still not ensuring that the required level of commitment is being given to managing service providers appointed within their directorates. Performance, these reports are received from directorates and or project managers (submitted to Supply Chain Management - SCM) in terms of service providers performance is not at the required level. It must be remembered that this function is critical - not only for operational reasons but because of legislative prescriptions.
- It is not the sole responsibility of the SCM Manager and or SCM Unit to provide this reporting - SCM staff are there to assist in collation and consolidating reporting data received from Directorates. The performance management function of these service providers remains the responsibility of the relevant line managers as part of their day to day operational and management function. This is not taking place and is an area of great concern that requires attention. Failure to comply may lead to an audit query and an audit qualification which may have far reaching consequences overall.
- It must be ensured moving forward that Directorates manage service providers /contractor's consultant performance and that accurate, qualitative monitoring and reporting occurs - **failing consequence management will be instituted - the necessary compliance notices will be issued and the disciplinary action will be taken where required.**

Procedure to manage and rate service providers

The performance of a vendor is evaluated by each user department that received the goods/service before payment of the invoice through the vendor performance evaluation form.

On monthly basis details from the evaluation forms are recorded in a spreadsheet that is consolidated into a quarterly report, which is submitted to the standing committee in the month following the end of the quarter. Thereafter, four quarterly reports are consolidated into the table above for the annual report.

A system to manage and rate service providers has now been incorporated in the revised Performance management policy / framework. Currently the SCM Manager in conjunction with relevant Directorates ensures that certain performance protocols are followed before an invoice is processed. The performance of service providers will for some time remain an ongoing challenge.

DISCLAIMER

The information provided within this report is reliant on the information provided by the various Directorates. The accuracy of all information provided cannot be assured. In instances where information is found to be lacking or inadequate you are hereby advised that the co-ordinators that consolidated this report have only been able to work with the information provided to them.

DISCLOSURES OF FINANCIAL INTERESTS

DISCLOSURES OF FINANCIAL INTEREST (Disclosed in the AFS)		
PERIOD 1 July 2017 to 30 June 2018		
Position	Name	Description of financial interest Nil or provide details
Mayor	Cllr N.P. Mposelwa	Nil
Member/s of Exco	G.N. Mboyana	Nil
	V.V. Stokhwe	Nil
	S.S. Ndzongana	Nil
	T.M. Dumzela	Nil
	P.M. Mnisi	Nil
Councillors	A.P. Kwinana	Nil
	N. January	Nil
	N.R. Lose	Nil
	P. Jeje	Nil
	J. Mposelwa	1. Renting shop since 2016 (Thubalethu General Dealer). 2. Selling groceries
	S.M. Ntlwatini	Nil
	M.V. Bonelwa	Nil
	N.C. Mraji	Nil
	M.Gojo	Nil
	K.S. Mpiti-Xhelesha	Nil
	J.D. Somsila	Nil
	S. Mfisa	1. Monthly donation of R7000.00 from Nomonde
	M.H. Rorwana	Nil

DISCLOSURES OF FINANCIAL INTERESTS (CONT.)

DISCLOSURES OF FINANCIAL INTEREST (Disclosed in the AFS) PERIOD 1 July 2017 to 30 June 2018		
Position	Name	Description of financial interest Nil or provide details
Councillors	N. Nyongwana	Nil
	Z. Khoba	1. Shares at Group Two Construction
	M. Phuza	1. Shares at Ilanga Libalele Communications 50% shares. 2. Presenter at Ekhephini Community Radio Station
	M.A. Mshasha	1. Remuneration from Methodist Church
	I. Mosisidi	Nil
	X.G. Magcai	Nil
	N.Y. Monakali	1. Director at The Younger Generation / Zwelitsha Development and SAMRO
	N. Ndawule	Nil
	M.N. Mgojo	Nil
	B.S. Maqala	Nil
	K.P. Maqungu	Nil
	M.C. Kibe	Nil
	M.T.N. Sehlolo	Nil
	N.M. Phama	Nil
	N. Mpoloki	Nil
M. Ndoda	Nil	
A. W. Mkangala	Nil	
Municipal Manager	M. M. Yawa	1. Director at Joe Gqabi Development Agency. 2. Remuneration from the ICE during non-election period and election period.
Director: Technical Services	R. Crozier	1. Shareholder Basfour
Director: Community Services	L. Gologolo	1. Shares: SASOL, Vodacom & MTN 2. Other F/I: Ruutos Hair Products
Director: DTPS	P Bushula	1. Husband owns White Tree Trading and 1/3 ownership in Sechaba SA Africa
Director: Corporate Services	T. Wonga	Nil
CHIEF FINANCIAL OFFICER	K. Fourie	Nil

REVENUE COLLECTION PERFORMANCE BY VOTE 2017 /2018

The Table below shows the comparisons between actual and budgeted revenue for the financial year 2017/2018 and previous financial years with the Original and Adjusted Budget:

	ORIGINAL BUDGET 2018	BUDGET ADJUSTMENTS 2018	FINAL BUDGET 2018	ACTUAL OUTCOME 2018	BUDGET VARIANCE 2018	RESTATE OUTCOME 2017
REVENUE						
Governance and administration	106 501 629	6 257 149	112 758 778	117 217 207	4 458 429	108 444 460
Executive and council	6 675 000	-	6 675 000	6 947 591	272 591	6 484 849
Budget and treasury office	99 393 677	1 263 101	100 656 778	104 884 229	4 227 451	99 717 953
Corporate services	432 952	4 994 048	5 427 000	5 385 387	(41 6130)	2 241 659
Community and public safety	8 069 910	(4 352 460)	3 717 450	9 208 001	5 490 551	4 032 757
Community and social services	1 600 700	25 500	1 626 200	1 648 017	21 817	1 587 987
Sport and recreation	-	-	-	288	288	2 233
Public safety	4 477 420	(4 394 920)	82 500	1 232 221	1 149 721	551 925
Housing	-	-	-	-	-	-
Economic and environmental services	43 747 640	(871 840)	42 875 800	40 395 081	(2 480 719)	41 114 646
Planning and development	1 991 790	16 960	2 008 750	6 327 476	4 318 726	1 890 612
Road transport	41 755 850	(888 800)	40 867 050	34 067 605	(6 799 476)	39 224 034
Trading services	91 733 886	13 667 895	105 401 781	103 203 118	(2 198 663)	99 357 952
Electricity	62 996 407	7 208 774	70 205 181	66 916 406	(3 288 775)	64 968 860
Waste management	28 737 479	6 459 121	35 196 600	36 286 712	1 090 112	34 389 092
Other	-	-	-	-	-	-
Total Revenue - Standard	248 061 275	14 683 784	262 745 059	263 695 931	950 872	251 059 203

APPENDIX K (I)

REVENUE COLLECTION BY SOURCE 2017 /2018

A Revenue by Source Analysis with explanations regarding material variances can be seen on the table below.

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE D OUTCOME 2017 R
REVENUE BY SOURCE						
Property rates	7 685 517	1	7 685 518	5 996 567	(1 688 951)	5 192 247
Service charges	35 141 666	12 318 915	47 460 581	41 980 287	(5 480 294)	43 176 649
Rental of facilities and equipment	429 300	(339 400)	89 900	1 234 403	1 144 503	503 341
Interest earned - external investments	13 780 00	1 220 000	15 000 000	20 576 605	5 576 605	18 020 973
Interest earned - outstanding debtors	1 579 400	520 600	2 100 000	3 204 240	1 104 240	2 905 827
Fines	515 520	(461 520)	54 000	410 879	(356 879)	158 694
Licences and permits	1 531 700	(475 800)	1 055 900	1 295 286	239 386	1 108 892
Agency services	795 000	-	795 000	975 474	180 474	1 137 797
Transfers recognised - operational	139 519 750	-	139 519 750	144 367 274	4 847 524	140 468 439
Other revenue	4 924 172	1 900 988	6 825 160	10 048 799	3 223 639	4 702 785
Total Revenue (excluding capital transfers and contributions)	205 902 025	14 683 784	220 585 809	230 089 816	9 504 007	217 375 643

APPENDIX L

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG 2017 /2018

CONDITIONAL GRANTS	2018	2017	2016	2015
	R	R	R	R
National : Municipal Finance Management (MFMA)	1 700 000	1 625 000	1 600 000	1 600 000
National: Municipal Systems Improvement Grant	-	-	930 000	934 000
National: Expanded Public Works Program	1 536 000	1 497 000	2 059 000	1 976 000
National: Dept. Sport (Youth Development - Sport Fields)	-	-	-	253 587
Integrated National Electrification Grant	552 894	3 000 000	-	-
Alien Vegetation	-	-	1 229 414	1 908 299
Vuna Awards	-	-	-	359 596
Libraries	1 500 000	1 500 000	1 200 000	1 200 000
Total Government Grants and Subsidies	5 288 894	7 622 000	7 018 414	8 231 481

Conditional Grants for the financial year are listed above and shows amounts for conditions met transferred to revenue.

APPENDIX M - M (I) AND M(II)

CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME / CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME 2017/18

Description	R thousand	Ref 1	2014/15	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Actual 2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Infrastructure			15 921	20 129	27 204	33 384	40 041	39 165	39 165	41 738	30 150	39 952
Infrastructure - Road transport			12 817	17 278	19 644	24 190	25 491	27 872	27 872	-	400	11 902
<i>Roads, Pavements & Bridges</i>			9 536	12 698	17 189	24 190	25 491	27 872	27 872	-	400	11 902
<i>Storm water</i>			3 281	4 580	2 455	-	-	-	-	-	-	-
Infrastructure - Electricity			2 988	2 349	7 220	6 176	7 000	7 318	7 318	31 437	21 500	27 450
<i>Generation</i>			-	-	-	-	-	-	-	-	-	-
<i>Transmission & Reticulation</i>			2 988	2 349	2 987	-	-	-	-	-	-	-
<i>Street Lighting</i>			-	-	4 233	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>			-	-	-	-	-	-	-	-	-	-
<i>Water purification</i>			-	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>			-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>			-	-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>			-	-	-	-	-	-	-	-	-	-
Infrastructure - Other			116	502	340	3 018	7 550	3 975	3 975	10 301	8 250	600
<i>Waste Management</i>			116	502	340	3 018	7 550	3 975	3 975	10 301	8 250	600
<i>Transportation</i>		2	-	-	-	-	-	-	-	-	-	-
<i>Gas</i>			-	-	-	-	-	-	-	-	-	-
<i>Other</i>		3	-	-	-	-	-	-	-	-	-	-

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Description	Ref 1	2014/15	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Actual 2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Community		11 996	5 957	11 496	1 597	4 746	4 179	4 179	3 200	5 300	500
Parks & gardens		91	70	555	665	200	1 300	1 300	1 100	-	-
Sportsfields & stadia		11 616	1 626	7 600	774	2 248	500	500	1 100	-	-
Swimming pools		-	-	-	-	-	-	-	-	-	-
Community halls		-	-	1 608	-	1 200	1 585	1 585	1 500	5 300	500
Libraries		-	-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-
Cemeteries		289	4 232	337	-	-	700	700	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-	-
Other		-	30	1 396	158	1 300	400	400	600	-	-

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Description	Ref	12014/15	2015/16	2016/17	2017/18	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Actual 2017/18	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Other assets		19 158	12 714	3 124	5 894	19 378	8 416	8 416	3 147	-	-
General vehicles		4 929	1 325	425	1 610	2 100	1 722	1 722	1 700	-	-
Specialised vehicles	10	-	612	-	-	-	-	-	-	-	-
Plant & equipment		1 025	1 075	715	3 492	3 650	3 570	3 570	-	-	-
Computers - hardware/equipment		-	383	1 241	487	1 209	954	954	1 137	-	-
Furniture and other office equipment		2 402	594	459	305	320	322	322	110	-	-
Abattoirs		-	-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-	-
Other Buildings		10 802	8 724	19	-	2 850	2 600	2 600	200	-	-
Other Land		-	-	265	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Intangibles		-	10	247	32	161	161	161	600	-	-
Computers - software & programming		-	10	247	32	-	161	161	600	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	1	47 075	38 810	42 071	40 971	55 077	52 973	52 973	48 685	35 450	40 452

This table contains a complete Capital Programme for all Municipal Capital Acquisitions including both New and Renewal assets. Sources of funding for each asset are also shown and this funding is cash backed and provision is being made for these types of capital purchases in the municipalities Capital Replacement Reserve.

CAPITAL PROGRAMME BY PROJECT YEAR 2017/2018

Capital Additions for the financial year 2017/2018 amounted to R XXX. The following tables show these additions per category and per vote and are being classified as Infrastructure Assets, Loose Assets and Land & Buildings.

CAPITAL 2017/18	R
General vehicles	1 609 809.02
Plant & Equipment	3 492 157.13
Computers - hardware/equipment	4 870 276.77
Furniture and other office equipment	1 880 653.66
Intangible Assets	32 352.21
Community Hall Ward 9 (Kwa Ngquba)	1 045 900.94
Upgrading of Sportsfield - Ward 13	599 883.15
Upgrading of Sportsfield - Ward 2	831 382.55
Herschel - Solid Landfill Site	242 572.67
Rossouw - Solid Landfill Site	209 947.07
Rhodes - Solid Landfill Site	209 947.67
Pedestrian Bridge Ward 5	2 374 199.08
Paved Streets in Herschel	10 840 210.56
Park Lady Grey	199 926.23
Lady Grey Solid Waste Site	2 251 963.36
Barkly East Solid Waste Site	104 198.18
Tienbank Ward 10 Roads	8 246 992.31
Parking bay - Lady Grey	2 524 103.65
Renovations Town Hall Barkly East	633 221.41
Kwezi Naledi - Node	158 489.44
Senqu Stores upgrade	235 010.10
Boysi Nondala 10km Paved Roads	401 932.38
Roads btwn Esilindini & Frans	40 024.78
Construction of Lady Grey Animal Pound	432 566.67
Renovations 2nd Floor Offices	251 301.61

CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2017/2018

DESCRIPTION	2017/18
R thousand	Actual 2017/18
<u>Infrastructure</u>	33 364 034
Roads, Pavements & Bridges	24 189 874
Storm water	-
Transmission & Reticulation	6 175 833
Waste Management	3 018 328
<u>Community</u>	1 597 180
Parks & gardens	665 181
Sports fields & stadia	773 509
Cemeteries	-
Other	158 489
<u>Other assets</u>	5 893 736
General vehicles	1 609 809
Plant & equipment	3 492 157
Computers - hardware/equipment	487 277
Furniture and other office equipment	304 494
Other Buildings	-
<u>Intangibles</u>	32 352
Computers - software & programming	32 352
Total Capital Expenditure	39 963 805

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS

WARD 1	
Mbobo J.S.S	Cracks on walls Water Supply Administration Block Poor Playing Fields Damaged Toilets No Hall
Bikizana J.S.S.	Toilets, Water, Sports Ground One block is a mud Structure and Access Roads
Walaza J.S.S.	Admin Block not in good condition Toilets are falling apart No Sport Grounds, No Furniture
Ndofela J.S.S.	Mud structure Toilets, Access Roads, Fencing Water Supply, Playing Ground, Admin block
Nxasana S.P.S.	Admin block, Sanitation, Grade R class is falling apart, Sports field. Erection of Security fence Renovations of all classes, Furniture
Governors Drift	Mud structure, Admin block, Fencing Water Supply, Access Roads,
WARD 2	
Qhoboshane, Qhemerha, Telle Junction, Kwa Gcina, Storomo, ST Teresa	Access Roads, Water Supply, Sanitation, Admin Block, Furniture, Fencing, Laboratory, Library

Ward 3 cont.....

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 3	
Ndingishe J.S.S.	5 Additional Classrooms, Access Roads, Water Supply, Admin Block, Library, Laboratories, School Grounds, Fencing
Tlokweg S.S.S.	Toilets for Teachers, Admin Block, Library, Laboratory.
Mahedi J.S.S.	4 Additional classrooms, Administration Block
Hohobeng J.S.S. and Mmusong	Cracked walls, roof blown away, major renovations, water supply, Toilets, Network Coverage.
Tlhakong S.P.S.	Water Supply, Sanitation, Administration Block, Sport Grounds, 3 classrooms blown away.
Ekra J.S.S	5 Additional Classrooms, Administration Block, Water Supply, Toilets, Sports field.
Musong J.S.S	Major Renovations, Water Supply, Sanitation, Administration Block, An access Road, Network Coverage.
MPoki S.P.S	Water Supply, Access Roads, No Network Coverage.
WARD 4	
Bongiwe, Buyani, Cebano, Blikana, Jonas Goduka, Hillside, Lufefe, Mkunyazo, Mthabisa, Ndungunya, Ntlangano, Mxokozeli, Penhoek, Vusisizwe.	Water, 1 2 Schools 8 Schools need Toilets 8 schools need access roads All 14 need sports fields 5 schools need to be upgraded in terms of electricity 11 schools need fencing

Ward 5 cont.....

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 5	
Makhumsha, Mabele, Kwabo, Sivumelene, Bebeza, Nomlengana, Dangershoek.	Mud Structures Water Supply Toilets Fencing Sports fields Network Coverage No compliance Certificate issued to those Schools with electricity
WARD 6	
Hoita, Majuba, Malgas, Mapolo, Thembaletu, Umlamli, Zingxengele, Bongoletu, Monwabisi, Phelandaba.	Renovations of existing buildings. Playgrounds Water Supply Fencing Access Roads Libraries Laboratories Administration Block
WARD 7	
Nyathela S.S.S	Mud Structure Fencing Sanitation Shortage of Classrooms
Tsakana S.P.S.	5 Classrooms needs Renovations Sanitation Water Supply Sports fields Fencing
Thaba Lesoba	Access Roads Fencing Renovations of 5 Classes Sanitation Water Supply Sports fields

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 7 (cont.)	
St Michaels	Mud Structures Weak Electricity Fencing, Toilets, Water Supply Sports Fields
Mbolekwa S.P.S	Mud Structures Administration Block Sanitation, Water Supply Sports Fields
Egugwini J.S.S.	Toilets and Fencing
Macacuma S.P.S.	Sports Fields Fencing and Toilets Minor Renovations Water Supply
WARD 8 DID NOT SUBMIT	
WARD 9	
Amaqwathu JSS	Administration Block
Luvumelwano S.S.	Administration Block 10 Classrooms
Voyizana SPS	Renovations of 13 Classrooms Administration Block
Ngquba JSS	Admin Block 4 Classrooms to be added Renovations of 5 Classrooms
Joveleni S.P.S	Addition of 3 Classrooms
Sunduza J.S.S	Addition of 3 Toilets
	Common Challenges For Ward 9 <ul style="list-style-type: none"> - Water Supply - Sanitation - Fencing - Access Roads - Sports Fields - Library, Laboratory - Upgrading of Electricity

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 10 (cont.)	
Bensonvaile JSS	Major Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Ekuzoleni JSS	6 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Ngongodoville SPS	3 New Classrooms Major Renovations (building in the stat of collapsing) Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Nkululeko SSS	6 New Classrooms Major Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 10 (cont.)	
Nomzamo (Sterkspruit) JSS	15 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities
Sterkspruit Community	10 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Sterkspruit SSS	25 New Classrooms (Declared that the building cannot be renovated) Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Tapoleng JSS	6 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 10 (cont.)	
Tienbank JSS	5 New Classrooms Major Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
WARD 11	
SCHOOL	CHALLENGES
Herschel Village JSS	Danger Zone School Electricity wires fallen out of ceiling Renovation Struck by disaster & nothing has happened since No fence Trees damaging school with roots
Ezintatyaneni SP	Administration Block Sanitation Fence Electricity (upgrade) Mud Structure (2) No play grounds
Dibinkonzo JSS	Sanitation Fence Administration Block and Renovations Mud Structure Sport field
Mehlomakhulu SSS	Fence Water & Sanitation Renovations & Administration Block Sports Field Furniture for Learners
St Marys	Water & Sanitation Access Road Sport Ground School Hall

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 10 (cont.)	
Hlanjwa SPS	Administration Block Sport Ground Sanitation Access Roads Mud Structure (2) Fence
Meyi JSS	Mud Structure Sanitation Fence Weak & Faulty Electricity - disaster
Magumbu SPS	Sanitation Fence 5 Classrooms cracked all sides Administration Block Weak & Faulty Electricity - disaster Sport Grounds Access road
Ebenezer Nyathi SSS	Sanitation -State of collapse Fencing 2 block (community built) one strongly needs renovation Water Admin Block 3 classroom 1 lab
Bamboesspruit JSS	Renovations (Whole school) Fencing Sanitation Admin Block Cracked Walls to be fixed Access Roads Sport Grounds Furniture Leaking Roof 2 Classrooms Paving Staffing Erection of a Stoep

SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 12 (cont.)	
Entsimekweni JSS	Minor Renovations Flooring Fencing Access Road Sanitation
Nyaniso SPS	Flooring Fencing Water School Grounds
Manxeba JSS	3 Classrooms Water Fence School Grounds to be constructed Furniture
Mncunubeni JSS	5 Classrooms Sanitation & Water Fence Access Road Sport Ground
Jozana's Nek JSS	Water Playground Access Road Renovation of Ceiling in 4 classrooms Furniture
Jozana's Hoek	Major renovations in 8 classrooms & office Security Fence Play Grounds Access Road Sanitations
Magwiji JSS	6 Classrooms Water & Sanitation Playgrounds Fencing Access Road Furniture
Mrobongwana SPS	Water & Sanitation Playground Access Road Admin Block Furniture

APPENDIX P SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 12 (cont.)	
Hlomendlini JSS	Water & Sanitation Fence Play ground Furniture
MZOMHLE SSS	Water & Sanitation Access Roads Furniture Playgrounds Administration Block
WARD 13	
Khiba JSS	6 Prefect classes 4 Mud Structures Flooring Water & Sanitation Fencing Furniture Electricity Admin Block
Skisazana JSS	Major renovations Flooring Water & Sanitation Roofing Admin Block Fencing Access Road
Lungisani SPS	Access Road Water Fencing Sport Ground
Mbonisweni SPS	Fencing Access Road
Witterbergen SPS	Sport Ground Fencing Access Road Attention to be paid to a query next to school
Diphana SPS	Mud Structure Sanitation Fence Admin Block Access Road

APPENDIX P SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 13 (cont.)	
Witterbergen JSS	Principal's Office Fencing Sanitation Access Roads Sport Field Roofing
Zava SPS	Flooring Sanitation Prevention of soil erosion
Nkopane JSS	Fencing Major Renovations Water & Sanitation Sport Field
Nompumelelo SSS	Fencing Mud Structure Water & Sanitation Sport Ground Access Road
Mdlokovana JSS	Mud Structures Sporting Facilities Sanitation Fencing
WARD 14:	
Rossouw was promised a school 3 years ago	Farm schools need attention
WARD 15	
Mzondeki SPS	No Buildings Water & Sanitation Access Road Play Grounds Fence
Sizamulwazi SPS	Sport Grounds 5 Classrooms
Sijorha SPS	No Buildings Water & Sanitation Access Road Play Grounds Fence

APPENDIX P SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)

WARD 15 (cont.)	
Luyolo SPS	No Proper Buildings Water & Sanitation Admin Block Access Road Play Grounds
Sakakude JSS	No Buildings Water & Sanitation Access Road Electricity Ceiling Fence
Impumelelo SSS	No Buildings Water & Sanitation Access Road Play Grounds Fence Electricity
Wartrail	Water & Sanitation Play Grounds
Malikhanye SSS	Sport Grounds Furniture Minor Renovations Fencing
Rhodes PS	School is Prefab Structure Toilets
Moshoeshoe's Ford	Structure falling apart School on Private Property
Barkly East DRC P.S	2 Classrooms Science Class Admin Block Grader R Classroom Toilets Kitchen Office Plot Ground to build school in Fairview

APPENDIX R

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY: 2017/2018				
All Organisation or Person in receipt of Loans*/Grants* provided	Nature of Project	Conditions attached to funding	Value 2017/2018 R'000	Total Amount committed over previous and future years
GRANTS PAID	Grants in Aid		R 0	

APPENDIX T

SECTION 46 REPORT (ATTACHED AS AN ANNEXURE -AS APPENDIX T)
PAGES 1 TO 72

ANNUAL FINANCIAL STATEMENTS

(ATTACHED AS ANNEXURE)

PDF VERSION WILL BE FROM PAGE 1 TO 113

SENQU LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

SENQU LOCAL MUNICIPALITY

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SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey	Rhodes
Barkly East	Herschel
Sterkspruit	Rossouw

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	N.P Mposelwa	Proportional	Member of Executive Committee
Speaker	I Mosisidi	Ward 17	
Ward Councillor	P Jeje	Ward 1	
Ward Councillor	J Mposelwa	Ward 2	
Ward Councillor	S.M Ntlwatini	Ward 3	
Ward Councillor	AP Mqakelana	Ward 4	
Ward Councillor	SS Ndzongana	Ward 5	Member of Executive Committee
Ward Councillor	N.C Mraji	Ward 6	
Ward Councillor	M Gojo	Ward 7	
Ward Councillor	K.S Mpiti-Xhelesha	Ward 8	
Ward Councillor	J.D Somsila	Ward 9	
Ward Councillor	S Mfisa	Ward 10	
Ward Councillor	M.H Rorwana	Ward 11	
Ward Councillor	N Nyongwana	Ward 12	
Ward Councillor	Z Khoba	Ward 13	
Ward Councillor	TM. Dumzela	Ward 14	Member of Executive Committee
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	M.A Mshasha	Ward 16	
PR Councillor	VV Stokhwe	Proportional	Chief Whip/Member of Executive
PR Councillor	G.N Mbonyana	Proportional	Member of Executive Committee
PR Councillor	PM Mnisi	Proportional	Member of Executive Committee
PR Councillor	M.C Kibe	Proportional	Member of Executive Committee
PR Councillor	M.N Mgojo	Proportional	
PR Councillor	N. January	Proportional	
PR Councillor	N.R Lose	Proportional	
PR Councillor	X.G Magcai	Proportional	
PR Councillor	NY Monakali	Proportional	
PR Councillor	M Ndoda	Proportional	
PR Councillor	A.P Kwinana	Proportional	
PR Councillor	B.S Maqala	Proportional	
PR Councillor	A Mkangala	Proportional	
PR Councillor	MTN Sehlolo	Proportional	
PR Councillor	N.M Phama	Proportional	
PR Councillor	MG Moeletsi	Proportional	

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

M M Yawa

CHIEF FINANCIAL OFFICER

K Fourie

REGISTERED OFFICE

Murray Street, Lady Grey, 9755

POSTAL ADDRESS

P.O. Box 18, Lady Grey, 9755

AUDITORS

Auditor-General, P O Box 13252, East London

PRINCIPLE BANKERS

Standard Bank, Lady Grey

ATTORNEYS

Le Roux Attorneys, 101 Cape Road, Port Elizabeth

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
Municipal Regulation on Standard Chart of Accounts (mSCOA)

SENQU LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 111 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

M M Yawa
Municipal Manager

Date

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
ASSETS			
Current Assets		318 201 764	278 119 017
Cash and Cash Equivalents	2	294 260 038	253 169 330
Receivables from exchange transactions	3	10 125 530	10 527 644
Receivables from non-exchange transactions	4	1 651 089	2 736 988
Taxes	5	11 307 712	10 678 286
Operating Lease Asset	6.1	160 078	235 062
Inventory	7	697 318	771 706
Non-Current Assets		416 431 111	365 501 395
Investment Property	8	30 323 000	28 311 500
Property, Plant and Equipment	9	384 691 575	335 511 405
Intangible Assets	10	318 475	392 606
Capitalised Restoration Cost (PPE)	11	1 098 063	1 285 883
Total Assets		734 632 876	643 620 412
Current Liabilities		38 874 221	31 904 304
Borrowings	12	840 402	827 098
Consumer Deposits	13	1 564 134	1 432 479
Payables from exchange transactions	14	9 042 075	7 921 445
Payables from non-exchange transactions	15	15 919 090	11 688 458
Operating Lease Liability	6.2	-	2 895
Current Employee benefits	16	11 508 520	10 031 929
Non-Current Liabilities		30 365 938	31 884 802
Borrowings	12	10 359 968	11 200 656
Employee benefits	17	14 396 295	15 411 792
Non-Current Provisions	18	5 609 674	5 272 354
Total Liabilities		69 240 158	63 789 106
NET ASSETS		665 392 717	579 831 306
COMMUNITY WEALTH			
Accumulated Surplus	19.2	613 646 603	552 391 344
Revaluation Reserve	19.1	51 746 115	27 439 962
		665 392 718	579 831 306

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		193 542 905	183 033 822
Taxation Revenue		5 996 567	5 192 247
Property Rates	20	5 996 567	5 192 247
Transfer Revenue		177 992 131	174 152 000
Transfers and Subsidies - Capital	21	33 606 115	33 683 561
Transfers and Subsidies - Operating	21	144 367 274	140 468 439
Public Contributions and Donations - Capital		18 742	-
Other Revenue		9 554 206	3 689 574
Actuarial Gains	17	4 024 645	1 706 256
Fines, Penalties and Forfeits	22	410 879	158 694
Insurance Receipts		109 682	145 624
Gain on Fair Value Adjustments of Investment Property	8	5 009 000	1 679 000
REVENUE FROM EXCHANGE TRANSACTIONS		70 153 026	68 025 381
Operating Activities		70 153 026	68 025 381
Service Charges	23	41 980 287	43 176 649
Rental from Fixed Assets	24	1 234 403	503 341
Interest Earned - external investments		20 576 605	18 020 973
Interest Earned - outstanding debtors	25	3 204 240	2 905 827
Licences and Permits		1 295 286	1 108 892
Agency Services		975 474	1 137 797
Sales of Goods and Rendering of Services	26	442 500	477 163
Operational Revenue	27	444 229	694 742
TOTAL REVENUE		263 695 931	251 059 203
EXPENDITURE			
Employee related costs	28	81 279 734	71 966 723
Remuneration of Councillors	29	11 704 078	10 735 607
Debt Impairment	30	6 347 979	5 028 954
Depreciation and Amortisation	31	18 217 500	19 455 351
Actuarial Losses	17	38 647	-
Finance Charges	33	2 876 497	2 823 727
Bulk Purchases	34	25 599 340	32 542 610
Contracted services	35	20 205 894	22 477 189
Transfers and Subsidies	36	-	210 000
Operating Leases	37	129 180	93 971
Operational Cost	38	29 871 637	31 630 552
Loss on Disposal of Fixed and Intangible Assets		2 454 595	158 050
Impairment of Investment Property	8	1 462 500	5 000
Impairment of Property, Plant and Equipment	32	2 253 091	215 169
TOTAL EXPENDITURE		202 440 671	197 342 902
NET SURPLUS FOR THE YEAR		61 255 260	53 716 301

SENQU LOCAL MUNICIPALITY

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

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2016 - Previously Reported	20 238 668	488 862 401	509 101 069
Correction of Error - Refer to note 40.5	-	9 812 644	9 812 644
Balance on 30 June 2016 - Restated	20 238 668	498 675 045	518 913 714
Net Surplus for the year	-	53 716 301	53 716 301
Revaluation on Land and Buildings	7 201 294	-	7 201 294
Balance on 30 June 2017 - Restated	27 439 962	552 391 344	579 831 308
Net Surplus for the year	-	61 255 260	61 255 260
Revaluation on Land and Buildings	24 306 153	-	24 306 153
Balance on 30 June 2018	51 746 115	613 646 603	665 392 721

SENQU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		4 658 170	3 870 789
Service charges		33 428 182	39 436 228
Other revenue		14 180 543	5 396 394
Government - operating		140 044 772	139 804 566
Government - capital		42 159 250	34 891 600
Interest		20 576 605	18 020 973
Payments			
Suppliers and employees		(166 241 471)	(165 255 434)
Finance charges		(1 038 344)	(1 146 204)
Transfers and Grants		-	(210 000)
NET CASH FROM OPERATING ACTIVITIES	41	87 767 707	74 808 913
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Fixed Assets		-	237 912
Payments			
Purchase of Property, Plant and Equipment		(45 948 919)	(41 823 909)
Purchase of Intangible Assets		(32 352)	(247 046)
NET CASH USED INVESTING ACTIVITIES		(45 981 271)	(41 833 043)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		131 655	90 898
Payments			
Loans repaid		(827 384)	(814 907)
NET CASH USED FINANCING ACTIVITIES		(695 728)	(724 009)
NET INCREASE IN CASH HELD		41 090 708	32 251 861
Cash and Cash Equivalents at the beginning of the year		253 169 330	220 917 468
Cash and Cash Equivalents at the end of the year		294 260 038	253 169 330

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	2 052 481	28 100 310	(26 047 829)	-93%	Balance of bank at year-end after year-end payments and money not yet transferred from Investment account
Call investment deposits	292 207 557	199 491 144	92 716 413	46%	Result of Increased revenue, improved control, part under-expenditure and money not yet transferred to Primary bank account
Consumer debtors	10 807 425	11 385 317	(577 892)	-5%	-
Other Receivables	12 436 984	12 630 064	(193 081)	-2%	-
Inventory	697 318	990 000	(292 682)	-30%	More inventory utilised than anticipated
Total current assets	318 201 765	252 596 836	65 604 929		
Non current assets					
Investment property	30 323 000	33 540 500	(3 217 500)	-10%	Fair Value Adjustment on Investment Property
Property, plant and equipment	384 691 575	371 362 510	13 329 065	4%	-
Intangible Assets	318 475	456 500	(138 025)	-30%	Less intangible assets acquired during the year
Capitalised Restoration Cost	1 098 063	1 285 883	(187 820)	-15%	Effect of Impairment on Landfill site asset as per calculations
Total non current assets	416 431 112	406 645 393	9 785 719		
TOTAL ASSETS	734 632 877	659 242 229	75 390 648		
LIABILITIES					
Current liabilities					
Borrowing	840 402	840 892	(490)	0%	-
Consumer deposits	1 564 134	1 504 103	60 031	4%	-
Trade and other payables	24 961 165	19 090 391	5 870 775	31%	Effect of Unspent Grants
Provisions and Employee Benefits	11 508 520	10 915 229	593 291	5%	-
Total current liabilities	38 874 221	32 350 614	6 523 607		
Non current liabilities					
Borrowing	10 359 968	10 359 787	182	0%	-
Provisions and Employee Benefits	20 005 969	23 633 417	(3 627 448)	-15%	Effect of Actuarial Gains as per Arch calculations
Total non current liabilities	30 365 938	33 993 203	(3 627 266)		
TOTAL LIABILITIES	69 240 158	66 343 818	2 896 341		
NET ASSETS	665 392 720	592 898 411	72 494 308		
COMMUNITY WEALTH					
Accumulated Surplus	408 764 173	359 044 305	49 719 868	14%	Appropriation to and from Reserves
Reserves	256 628 545	233 854 106	22 774 439	10%	Effect of revaluation on Land and Buildings
TOTAL COMMUNITY WEALTH/EQUITY	665 392 718	592 898 411	72 494 307		

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R	2018 R	2018 R		
	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	22 149 464	5 950 846	28 100 310	21%	Increased to a more realistic amount comparing to the 2016/17 financial statements
Call investment deposits	158 960 583	40 530 561	199 491 144	20%	Increased to a more realistic amount comparing to the 2016/17 financial statements
Consumer debtors	11 314 876	70 441	11 385 317	1%	-
Other Receivables	6 365 647	6 264 417	12 630 064	50%	Increased to a more realistic amount comparing to the 2016/17 financial statements
Inventory	990 000	-	990 000	0%	-
Total current assets	199 780 570	52 816 265	252 596 836		
Non current assets					
Investment property	22 201 000	11 339 500	33 540 500	34%	Incorporating the increase in valuations of Investment Properties
Property, plant and equipment	394 162 426	(22 799 916)	371 362 510	-6%	-
Intangible Assets	326 101	130 400	456 500	29%	Increased to a more realistic amount comparing to the 2016/17 financial statements
Capitalised Restoration Cost	1 114 902	170 981	1 285 883	13%	Increased to a more realistic amount comparing to the 2016/17 financial statements
Total non current assets	417 804 429	(11 159 035)	406 645 393		
TOTAL ASSETS	617 584 999	41 657 230	659 242 229		
LIABILITIES					
Current liabilities					
Borrowing	840 892	-	840 892	0%	-
Consumer deposits	1 479 091	25 012	1 504 103	2%	-
Trade and other payables	10 609 650	8 480 740	19 090 391	44%	Effect of Unspent grants
Provisions and Employee Benefits	11 301 662	(386 433)	10 915 229	-4%	-
Total current liabilities	24 231 295	8 119 320	32 350 614		
Non current liabilities					
Borrowing	10 359 787	-	10 359 787	0%	-
Provisions and Employee Benefits	25 180 734	(1 547 317)	23 633 417	-7%	-
Total non current liabilities	35 540 521	(1 547 317)	33 993 203		
TOTAL LIABILITIES	59 771 815	6 572 003	66 343 818		
NET ASSETS	557 813 184	35 085 227	592 898 411		
COMMUNITY WEALTH					
Accumulated Surplus	386 403 807	(27 359 502)	359 044 305	-8%	-
Reserves	171 409 377	62 444 729	233 854 106	27%	Increase due to appropriation from Accumulated Surplus
TOTAL COMMUNITY WEALTH/EQUITY	557 813 184	35 085 227	592 898 411		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	5 996 567	7 685 518	(1 688 951)	-22%	Effect of Indigent write-offs for 2017/18
Service charges	41 980 287	47 460 581	(5 480 294)	-12%	Effect of Indigent write-offs for 2017/18
Rental of facilities and equipment	1 234 403	89 900	1 144 503	1273%	Greater demand for rental of municipal assets
Interest earned - external investments	20 576 605	15 000 000	5 576 605	37%	Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	3 204 240	2 100 000	1 104 240	53%	More interest on outstanding debtors than budgeted for
Fines, penalties and forfeits	410 879	54 000	356 879	661%	Implementation of iGRAP 1
Licences and permits	1 295 286	1 055 900	239 386	23%	Reclassification of line items in budget
Agency services	975 474	795 000	180 474	23%	Reclassification of line items in budget
Transfers and Subsidies - Operating	144 367 274	139 519 750	4 847 524	3%	-
Other revenue	10 048 799	6 825 160	3 223 639	47%	Actuarial Gains from the Arch calculations not budgeted for
TOTAL OPERATING REVENUE	230 089 816	220 585 809	9 504 007		
EXPENDITURE BY TYPE					
Employee related costs	81 279 734	85 556 244	(4 276 510)	-5%	-
Remuneration of councillors	11 704 078	12 882 482	(1 178 404)	-9%	-
Debt impairment	6 347 979	4 982 541	1 365 438	27%	Effect of Indigent write-offs for 2017/18
Depreciation & asset impairment	21 933 091	28 506 104	(6 573 013)	-23%	Effect of capital budget not fully spent
Finance charges	2 876 497	2 984 324	(107 827)	-4%	Effect of fluctuations in interest rate
Bulk purchases	25 599 340	33 330 881	(7 731 541)	-23%	Effect of the reduction in electricity distribution losses
Other materials	-	12 740 619	(12 740 619)	-100%	Accounted for under "Other expenditure" in terms of GRAP
Contracted services	20 205 894	27 488 104	(7 282 211)	-26%	Cost containment strategy and under-expenditure of the budget
Transfers and subsidies	-	300 000	(300 000)	-100%	Did not transfer the Capital Transfer and Subsidies
Other expenditure	30 039 464	31 188 844	(1 149 380)	-4%	-
Loss on disposal of PPE	2 454 595	-	2 454 595	100%	Result of Land Invasion and disposal of infrastructure assets
TOTAL OPERATING EXPENDITURE	202 440 671	239 960 144	(37 519 472)		
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR					
	27 649 144	(19 374 335)	47 023 479		
Transfers and Subsidies - Capital	33 606 115	42 159 250	(8 553 135)	-20%	Unspent MIG funding committed to projects already initiated
NET SURPLUS FOR THE YEAR	61 255 260	22 784 915	38 470 344		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R	2018 R	2018 R		
	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	7 685 517	1	7 685 518	0%	-
Service charges	35 141 666	12 318 915	47 460 581	26%	Increased to a more realistic amount based on the actuals for the first six months
Rental of facilities and equipment	429 300	(339 400)	89 900	-378%	Decreased to a more realistic amount based on the actuals for the first six months
Interest earned - external investments	13 780 000	1 220 000	15 000 000	8%	-
Interest earned - outstanding debtors	1 579 400	520 600	2 100 000	25%	Increased to a more realistic amount based on the actuals for the first six months
Fines, penalties and forfeits	515 520	(461 520)	54 000	-855%	Decreased to a more realistic amount based on the actuals for the first six months
Licences and permits	1 531 700	(475 800)	1 055 900	-45%	Reclassification of line items in budget
Agency services	795 000	-	795 000	0%	-
Transfers and Subsidies - Operating	139 519 750	-	139 519 750	0%	-
Other revenue	4 924 172	1 900 988	6 825 160	28%	Budgeted for the Gain on Fair Value Adjustments of Investment Property
TOTAL OPERATING REVENUE	205 902 025	14 683 784	220 585 809		
EXPENDITURE BY TYPE					
Employee related costs	85 657 164	(100 920)	85 556 244	0%	-
Remuneration of councillors	13 428 248	(545 766)	12 882 482	-4%	-
Debt impairment	4 982 541	-	4 982 541	0%	-
Depreciation & asset impairment	21 015 920	7 490 184	28 506 104	26%	Increased to a more realistic amount comparing to the 2016/17 financial statements
Finance charges	2 817 565	166 759	2 984 324	6%	-
Bulk purchases	30 103 455	3 227 426	33 330 881	10%	Realignment of expenditure to mSCOA revised classifications
Other materials	7 844 178	4 896 441	12 740 619	38%	Realignment of expenditure to mSCOA revised classifications
Contracted services	23 678 246	3 809 858	27 488 104	14%	Realignment of expenditure to mSCOA revised classifications
Transfers and subsidies	-	300 000	300 000	100%	Budgeted for a Capital transfer
Other expenditure	30 617 631	571 213	31 188 844	2%	-
TOTAL OPERATING EXPENDITURE	220 144 948	19 815 196	239 960 144		
OPERATING DEFICIT FOR THE YEAR	(14 242 923)	(5 131 412)	(19 374 335)		
Government Grants and Subsidies - Capital	42 159 250	-	42 159 250	0%	-
NET SURPLUS FOR THE YEAR	27 916 327	(5 131 412)	22 784 915		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2018 R (Actual)	2018 R (Final Budget)	2018 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	4 658 170	6 916 966	(2 258 796)	-33%	Effect of Indigent write-offs for 2017/18
Service charges	33 428 182	43 244 323	(9 816 141)	-23%	Effect of Indigent write-offs for 2017/18
Other revenue	14 180 543	5 471 970	8 708 573	159%	Result of decrease in receivables and increase in payables
Government - operating	140 044 772	139 519 750	525 022	0%	-
Government - capital	42 159 250	42 159 250	-	0%	-
Interest	20 576 605	15 000 000	5 576 605	37%	Improved budgetary control and investment of excess fund
Payments					
Suppliers and Employees	(166 241 471)	(207 143 177)	40 901 706	-20%	Improved control and part under-expenditure
Finance charges	(1 038 344)	(2 984 324)	1 945 980	-65%	Realignment of expenditure to mSCOA revised classifications
Transfers and Grants	-	(300 000)	300 000	-100%	Did not transfer the Capital Transfer and Subsidies
NET CASH FROM OPERATING ACTIVITIES	87 767 707	41 884 758	45 882 949		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	0%	
Payments					
Capital assets	(45 981 271)	(66 706 792)	20 725 520	-31%	Under-expenditure of Capital Budget
NET CASH USED IN INVESTING ACTIVITIES	(45 981 271)	(66 706 792)	20 725 520		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	131 655	71 624	60 031	84%	Increase in Consumers
Payments					
Repayment of borrowing	(827 384)	(827 466)	82	0%	-
NET CASH USED IN FINANCING ACTIVITIES	(695 728)	(755 842)	60 114		
NET INCREASE/(DECREASE) IN CASH HELD	41 090 707	(25 577 876)	66 668 583		
Cash and Cash Equivalents at the beginning of the year	253 169 330	253 169 330	-	0%	
Cash and Cash Equivalents at the end of the year	294 260 038	227 591 454	66 668 584	29%	Result of Increased revenue, improved control and part under-expenditure

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

ADJUSTMENTS TO APPROVED BUDGET

	2018 R	2018 R	2018 R		
	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	6 659 844	257 123	6 916 966	4%	-
Service charges	30 451 823	12 792 500	43 244 323	30%	Realignment of Free Basic Services projects to mSCOA revised classifications
Other revenue	8 138 400	(2 666 430)	5 471 970	-49%	Decreased to a more realistic amount based on the actuals for the first six months
Government - operating	139 519 750	-	139 519 750	0%	-
Government - capital	42 159 250	-	42 159 250	0%	-
Interest	15 148 621	(148 621)	15 000 000	-1%	-
Payments					
Suppliers and Employees	(187 794 631)	(19 348 547)	(207 143 177)	9%	-
Finance charges	(2 817 565)	(166 759)	(2 984 324)	6%	-
Transfers and subsidies	-	(300 000)	(300 000)	100%	Budgeted for a Capital transfer
NET CASH FROM OPERATING ACTIVITIES	<u>51 465 491</u>	<u>(9 580 733)</u>	<u>41 884 758</u>		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	0%	-
Payments					
Capital assets	(79 627 461)	12 920 669	(66 706 792)	-19%	Decreased to a more realistic amount based on the actuals for the first six months
NET CASH USED IN INVESTING ACTIVITIES	<u>(79 627 461)</u>	<u>12 920 669</u>	<u>(66 706 792)</u>		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	70 433	1 191	71 624	2%	-
Payments					
Repayment of borrowing	(827 466)	-	(827 466)	0%	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(757 033)</u>	<u>1 191</u>	<u>(755 842)</u>		
NET DECREASE IN CASH HELD	<u>(28 919 003)</u>	<u>3 341 127</u>	<u>(25 577 876)</u>		
Cash and Cash Equivalents at the beginning of the year	210 029 050	43 140 280	253 169 330	17%	Increased to a more realistic amount based on the actuals for the first six months
Cash and Cash Equivalents at the end of the year	181 110 047	46 481 407	227 591 454	20%	Increased to a more realistic amount based on the actuals for the first six months

SENQU LOCAL MUNICIPALITY

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

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The 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) 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 – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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 otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

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

SENQU LOCAL MUNICIPALITY

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

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are 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, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. 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.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

SENQU LOCAL MUNICIPALITY

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

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:

SENQU LOCAL MUNICIPALITY

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

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.3 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

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.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.1.4 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources. Preliminary

1.08.1.5 iGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.6 Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

SENQU LOCAL MUNICIPALITY

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

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.1.7 Liabilities to Pay Levies (effective 1 April 2019)

This 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.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.2.2 GRAP 35 - Consolidated Financial Statements

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.

No significant impact is expected as the Municipality does not control any entities.

1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures

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.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.2.4 GRAP 37 - Joint Arrangements

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).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

SENQU LOCAL MUNICIPALITY

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

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.09 RESERVES

1.09.1 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The following reserves are ring-fenced in the accumulated surplus and therefore disclosed as part of the accumulated surplus in the statement of financial position:

1.09.2 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 following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

SENQU LOCAL MUNICIPALITY

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

1.09 RESERVES (CONTINUED)

1.09.3 *Employee Benefits Reserve*

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

1.09.4 *Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

1.10 INVESTMENT PROPERTY

1.10.1 *Initial Recognition*

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, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

SENQU LOCAL MUNICIPALITY

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

1.10 INVESTMENT PROPERTY (CONTINUED)

1.10.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

1.10.3 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

1.10.4 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.

The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 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 at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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.

SENQU LOCAL MUNICIPALITY

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

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 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.

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.

1.11.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

SENQU LOCAL MUNICIPALITY

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

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.3 Depreciation

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 the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Infrastructure		Land and Buildings	
Roads and Paving	7 - 110	Buildings and	
Bridges	50	Improvements	100
Electricity	10 - 65	Land	Indefinite
Storm Water	10 - 85		
Community		Other Assets	
Community Halls	100	Vehicles	5 - 20
Libraries	100	Plant & Equipment	2 - 30
Parks & Gardens	15 - 50	Furniture	3 - 21
Sports facilities	30 - 45	Special Vehicles	10
Cemeteries	10 - 15	Specialised plant and	10 - 15
		Equipment	
		Office Equipment	4 - 16
Capitalised Restoration Cost		Computer Equipment	5 - 18
Landfill Sites	9 - 52		

1.11.4 Impairment

Property, plant and equipment is 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.

SENQU LOCAL MUNICIPALITY

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

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.5 Derecognition

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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11.6 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 depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset 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 on its acquisition date. The cost of an intangible asset 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.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any 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.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

SENQU LOCAL MUNICIPALITY

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

1.12 INTANGIBLE ASSETS (CONTINUED)

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.12.3 Amortisation

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 still subject to an annual impairment test.

Amortisation of an intangible asset with a finite life 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 the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, 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:

	Years
Computer Software	5 - 16

1.12.4 Impairment

Intangible 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.

SENQU LOCAL MUNICIPALITY

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

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.5 Derecognition

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.

1.12.6 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 Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of 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.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

SENQU LOCAL MUNICIPALITY

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. 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.

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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.

1.13.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal 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.

SENQU LOCAL MUNICIPALITY

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

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset 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. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

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 basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

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

1.15 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. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 *Multi-employer defined benefit plans*

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. 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. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 *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. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is 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 present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

SENQU LOCAL MUNICIPALITY

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

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.2 Long-term Benefits

1.15.2.1 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 annually 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 recognised in 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.

1.15.3 Short-term Benefits

1.15.3.1 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 reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.3.4 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:

- (a) 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
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

SENQU LOCAL MUNICIPALITY

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

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

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.

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 derecognised.

SENQU LOCAL MUNICIPALITY

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

1.17 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

SENQU LOCAL MUNICIPALITY

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

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised 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.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments. that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

SENQU LOCAL MUNICIPALITY

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost 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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

SENQU LOCAL MUNICIPALITY

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

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 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 can arise from both exchange and non-exchange transactions.

1.190.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.190.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.190.3 Impairment and uncollectability of statutory receivables

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.

SENQU LOCAL MUNICIPALITY

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

1.19 STATUTORY RECEIVABLES (CONTINUED)

1.190.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 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 in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the cash basis.

SENQU LOCAL MUNICIPALITY

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

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

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 Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

SENQU LOCAL MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

1.26.1 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.

1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is 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, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

1.26.1.4 *Insurance Receipts*

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

1.26.1.5 *Unclaimed deposits*

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. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised 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.

SENQU LOCAL MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 **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.

1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

SENQU LOCAL MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

1.26.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 *Rental income*

Revenue from the rental of fixed assets is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.4 *Income from Agency Services*

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.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 *Other Tariffs*

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.

1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

SENQU LOCAL MUNICIPALITY

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

1.26 REVENUE (CONTINUED)

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 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.

1.29 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 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.

1.30 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.

1.31 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.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

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.

SENQU LOCAL MUNICIPALITY

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

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the 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.

1.33 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 financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) 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.

1.34 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

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.

SENQU LOCAL MUNICIPALITY

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

1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.35.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

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.

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.

For deemed cost applied to Investment Property 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.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.35.2 Impairment of Receivables

The calculation in respect of the impairment of receivables 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.

1.35.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. 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 estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

SENQU LOCAL MUNICIPALITY

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

1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.35.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.35.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.35.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.35.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.35.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy 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 prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	2 051 781	3 804 700
Call and short-term Investments Deposits	292 207 557	249 363 930
Cash Floats	700	700
Total	294 260 038	253 169 330

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	15 919 090	11 688 458
Capital Replacement Reserve	178 523 240	152 104 290
Valuation Roll Reserve	454 376	1 500 000
Employee Benefit Reserve	25 904 815	25 443 721
Taxes	508 629	933 470
Working Capital Requirements	72 949 889	61 499 391
	294 260 038	253 169 330

Primary Bank Account

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Bank Statement Balance - Opening Balance	3 804 700	657 401
Bank Statement Balance - Closing Balance	2 029 191	3 804 700
Cashbook Balance - Opening Balance	3 804 700	3 804 700
Cashbook Balance - Closing Balance	2 051 781	3 804 700

Call and Notice Deposits

Call and Notice Deposits consist out of the following accounts:

Standard Bank 388489162/0	202 585 786	166 246 067
Standard Bank 388489731/0	80 606 285	74 627 399
Standard Bank 388486066/0	9 015 486	8 490 464
	292 207 557	249 363 930

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	35 555 457	29 949 744	5 605 713
Electricity	21 184 916	16 568 470	4 616 446
Refuse	13 726 730	13 214 462	512 268
Housing Rentals	643 811	166 812	476 999
Other Receivables	4 519 817	-	4 519 817
Joe Gqabi District Municipality (WSA)	4 519 817	-	4 519 817
Total	40 075 274	29 949 744	10 125 530

SENQU LOCAL MUNICIPALITY

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

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2017

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	29 676 213	23 938 778	5 737 434
Electricity	20 393 534	15 144 043	5 249 491
Refuse	8 888 334	8 586 758	301 576
Housing Rentals	394 345	207 978	186 367
Other Receivables	4 790 210	-	4 790 210
Joe Gqabi District Municipality (WSA)	4 790 210	-	4 790 210
Total	34 466 422	23 938 778	10 527 644

Included in the outstanding balances at 30 June 2018 are consumer debtors to the value of R111 305 who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service and other receivables:

	2018 R	2017 R
Electricity Ageing		
Current (0 - 30 days)	2 910 030	3 685 578
Past Due (31 - 60 Days)	1 260 882	1 652 425
Past Due (61 - 90 Days)	1 046 794	558 802
Past Due (90 Days +)	15 967 210	14 496 728
Total	21 184 916	20 393 534
Refuse Ageing		
Current (0 - 30 days)	833 300	429 474
Past Due (31 - 60 Days)	1 560 582	308 774
Past Due (61 - 90 Days)	632 173	254 153
Past Due (90 Days +)	10 700 676	7 895 932
Total	13 726 730	8 888 334
Housing Rentals Ageing		
Current (0 - 30 days)	97 387	34 036
Past Due (31 - 60 Days)	89 665	100 898
Past Due (61 - 90 Days)	45 190	17 736
Past Due (90 Days +)	411 569	241 674
Total	643 811	394 345
Other Receivables Ageing		
Past Due (90 Days +)	4 519 817	4 790 210
Total	4 519 817	4 790 210

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Total Service and Other Receivables Ageing		
Current (0 - 30 days)	3 840 716	4 149 089
Past Due (31 - 60 Days)	2 911 130	2 062 098
Past Due (61 - 90 Days)	1 724 157	830 691
Past Due (90 Days +)	31 599 272	27 424 544
Total	40 075 274	34 466 422
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	23 938 778	20 349 607
Contribution to the provision	8 683 827	3 589 171
Electricity	1 639 857	1 173 473
Refuse	7 043 970	2 415 698
Housing Rentals	-	-
Bad Debts Written off	(2 672 861)	-
Electricity	(215 429)	-
Refuse	(2 457 432)	-
Balance at the end of the year	29 949 744	23 938 778

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	10 876 457	10 194 562	681 895
Rates	10 876 457	10 194 562	681 895
Other Receivables	1 619 094	649 900	969 194
Traffic fines income due	649 900	649 900	-
Other Receivables	969 194	-	969 194
Total	12 495 551	10 844 462	1 651 089

SENQU LOCAL MUNICIPALITY

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

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2017

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	9 674 478	9 038 064	636 414
Rates	9 674 478	9 038 064	636 414
Other Receivables	2 630 373	529 800	2 100 573
Traffic fines income due	529 800	529 800	-
Other Receivables	2 100 573	-	2 100 573
Total	12 304 851	9 567 864	2 736 988

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2018 R	2017 R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	95 945	122 455
Past Due (31 - 60 Days)	216 863	255 221
Past Due (61 - 90 Days)	185 301	238 931
Past Due (90 Days +)	10 378 348	9 057 871
Total	10 876 457	9 674 478

Reconciliation of Allowance for impairment

Balance at the beginning of the year	9 567 864	8 181 087
Contribution to the provision	1 413 017	1 386 777
Rates	1 292 917	1 294 827
Fines	120 100	91 950
Bad Debts Written off	(136 418)	-
Rates	(136 418)	-
Balance at the end of the year	10 844 462	9 567 864

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

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

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The ageing of amounts past due but not impaired is as follows:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2018			
1 month past due	1 041 081	47 737	1 088 818
2 + months past due	1 606 402	621 485	2 227 888
Total	2 647 483	669 223	3 316 705
2017			
1 month past due	1 446 579	96 484	1 543 063
2 + months past due	901 689	482 047	1 383 736
Total	2 348 268	578 531	2 926 798

Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2018			
Total	29 949 744	10 844 462	40 794 206
2017			
Total	23 938 778	9 567 864	33 506 642

	2018 R	2017 R
5 TAXES		
Vat Receivable	8 473 633	8 783 791
Balance previously reported	-	11 228 116
Prior period adjustment - Note 40.2	-	383 640
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	2 834 080	1 894 495
Total	11 307 712	10 678 286

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
6 OPERATING LEASES		
6.1 OPERATING LEASE ASSETS		
Operating Lease Asset	<u>160 078</u>	<u>235 062</u>
The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	235 062	233 064
Movement during the year	(74 985)	1 998
Balance at the end of the year	<u>160 078</u>	<u>235 062</u>
The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
Within 1 Year	495 789	1 044 476
Between 1 and 5 Years	707 560	1 157 449
	<u>1 203 349</u>	<u>2 201 925</u>
The lease payments are in respect of properties being lease out over a period ranging up to 2021.		
6.2 OPERATING LEASE LIABILITIES		
Operating Lease Liability	<u>-</u>	<u>2 895</u>
The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	2 895	5 678
Movement during the year	(2 895)	(2 784)
Balance at the end of the year	<u>-</u>	<u>2 895</u>
The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:		
Within 1 Year	-	21 042
Between 1 and 5 Years	-	-
	<u>-</u>	<u>21 042</u>

The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement commenced on 1 March 2013 and will run up to 28 February 2018. The initial monthly rental is R2 204 (VAT inclusive) and the lease is subject to an annual increase of 8%. The municipality has the option to renew the lease after 28 February 2018.

SENQU LOCAL MUNICIPALITY

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

		2018 R	2017 R
7	INVENTORY		
	Electricity materials	697 318	771 706
	Balance previously reported	-	818 160
	Prior period adjustment - Note 40.1	-	(46 454)
	Total	697 318	771 706

No inventory were pledged as security for liabilities.

8 INVESTMENT PROPERTY

Investment Property - Carrying Value	30 323 000	28 311 500
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The movement in investment properties is reconciled as follows:

Opening Carrying Value	28 311 500	22 201 000
Fair Value	28 311 500	22 201 000
Transfers from Property, Plant and equipment - Note 9	-	4 548 000
Transfers to Property, Plant and equipment - Note 9	(1 150 500)	(111 500)
Fair Value Adjustment	5 009 000	1 679 000
Impairment	(1 462 500)	(5 000)
Disposal	(384 500)	-
Closing Carrying Value	30 323 000	28 311 500
Fair Value	30 323 000	28 311 500

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.

The valuations were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration number 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.

Rental revenue earned from Investment Properties	1 126 221	448 714
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

9 PROPERTY PLANT AND EQUIPMENT

30 June 2018	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R		R
Land and Buildings	94 818 312	5 073 969	(1 188 000)	26 525 389	(3 933 050)	121 296 620	-	749 329	(749 329)	5 083 550	(5 083 550)	-	121 296 620
Land	24 211 788	2 792 821	(1 188 000)	2 514 400	(3 437 788)	24 893 221	-	-	-	4 204 288	(4 204 288)	-	24 893 221
Buildings	70 606 524	2 281 148	-	24 010 989	(495 262)	96 403 399	-	749 329	(749 329)	879 262	(879 262)	-	96 403 399
Infrastructure	259 984 896	33 384 034	(319 996)	-	-	293 048 934	88 248 953	10 145 706	(87 421)	-	-	98 307 237	194 741 697
Roads	163 915 674	24 189 874	-	-	-	188 105 548	70 933 305	7 547 326	-	-	-	78 480 631	109 624 916
Stormwater	55 689 273	-	-	-	-	55 689 273	11 326 711	1 392 033	-	-	-	12 718 744	42 970 529
Solid Waste	4 082 085	3 018 328	-	-	-	7 100 413	1 666 834	141 290	-	-	-	1 808 124	5 292 288
Electricity	23 781 433	6 175 833	(319 996)	-	-	29 637 269	3 162 964	679 004	(87 421)	-	-	3 754 546	25 882 723
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	1 159 139	386 052	-	-	-	1 545 191	10 971 240
Community Assets	43 697 269	1 597 180	-	-	-	45 294 449	3 292 571	1 871 947	-	-	-	5 164 517	40 129 932
Sports Fields	25 357 886	773 509	-	-	-	26 131 395	1 342 908	822 058	-	-	-	2 164 966	23 966 429
Node Development	8 450 966	158 489	-	-	-	8 609 456	1 046 341	263 391	-	-	-	1 309 732	7 299 724
Parks & Gardens	1 715 472	665 181	-	-	-	2 380 653	136 101	55 903	-	-	-	192 004	2 188 650
Cemetery	6 817 684	-	-	-	-	6 817 684	617 967	460 041	-	-	-	1 078 007	5 739 677
Other	1 355 260	-	-	-	-	1 355 260	149 254	270 555	-	-	-	419 808	935 452
Other Assets	50 554 604	5 893 736	(2 126 898)	-	-	54 321 443	22 002 152	5 273 342	(1 477 378)	-	-	25 798 116	28 523 326
Motor Vehicles	11 743 356	1 609 809	(1 333 388)	-	-	12 019 777	5 621 132	1 599 040	(826 846)	-	-	6 393 325	5 626 452
Plant & Equipment	21 941 052	3 492 157	(577 706)	-	-	24 855 504	8 034 102	1 734 746	(468 715)	-	-	9 300 134	15 555 370
Office Equipment	2 424 866	115 840	(55 258)	-	-	2 485 447	1 570 238	253 711	(45 291)	-	-	1 778 658	706 789
Furniture & Fittings	4 579 513	188 654	(24 918)	-	-	4 743 249	2 390 527	491 084	(23 220)	-	-	2 858 392	1 884 857
Loose Equipment	529 257	-	(10 170)	-	-	519 087	378 255	76 402	(10 757)	-	-	443 901	75 186
Computer Equipment	5 255 182	487 277	(125 459)	-	-	5 617 000	2 724 972	765 721	(102 550)	-	-	3 388 143	2 228 857
Specialised Vehicles	4 081 378	-	-	-	-	4 081 378	1 282 926	352 638	-	-	-	1 635 564	2 445 814
Total	449 055 081	45 948 919	(3 634 894)	26 525 389	(3 933 050)	513 961 445	113 543 676	18 040 323	(2 314 128)	5 083 550	(5 083 550)	129 269 871	384 691 575

SENQU LOCAL MUNICIPALITY

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

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2017	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R		R
Land and Buildings	91 058 520	1 892 456	-	6 478 386	(4 611 050)	94 818 312	-	788 907	(788 907)	174 550	(174 550)	-	94 818 312
Land	21 456 550	265 288	-	3 302 500	(812 550)	24 211 788	-	-	-	174 550	(174 550)	-	24 211 788
Buildings	69 601 970	1 627 168	-	3 175 886	(3 798 500)	70 606 524	-	788 907	(788 907)	-	-	-	70 606 524
Infrastructure	233 576 351	27 204 059	(795 514)	-	-	259 984 896	76 663 304	12 073 172	(487 523)	-	-	88 248 953	171 735 943
Roads	147 319 289	17 188 722	(592 338)	-	-	163 915 674	61 848 542	9 504 800	(420 036)	-	-	70 933 305	92 982 369
Stormwater	53 233 912	2 455 361	-	-	-	55 689 273	9 769 013	1 557 698	-	-	-	11 326 711	44 362 562
Solid Waste	3 741 790	340 295	-	-	-	4 082 085	1 515 827	151 007	-	-	-	1 666 834	2 415 251
Electricity	16 764 929	7 219 681	(203 177)	-	-	23 781 433	2 756 836	473 615	(67 487)	-	-	3 162 964	20 618 469
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	773 087	386 052	-	-	-	1 159 139	11 357 292
Community Assets	33 809 900	9 887 369	-	-	-	43 697 269	1 841 738	1 450 832	-	-	-	3 292 571	40 404 699
Sports Fields	17 758 310	7 599 576	-	-	-	25 357 886	794 195	548 713	-	-	-	1 342 908	24 014 978
Node Development	8 380 791	70 175	-	-	-	8 450 966	785 385	260 957	-	-	-	1 046 341	7 404 625
Parks & Gardens	1 160 263	555 209	-	-	-	1 715 472	92 473	43 627	-	-	-	136 101	1 579 371
Cemetery	6 480 870	336 814	-	-	-	6 817 684	169 685	448 282	-	-	-	617 967	6 199 718
Other	29 666	1 325 594	-	-	-	1 355 260	-	149 254	-	-	-	149 254	1 206 006
Other Assets	48 277 484	2 840 025	(562 904)	-	-	50 554 604	17 466 323	5 015 128	(479 299)	-	-	22 002 152	28 552 452
Motor Vehicles	11 514 296	424 743	(195 683)	-	-	11 743 356	4 304 997	1 502 836	(186 701)	-	-	5 621 132	6 122 224
Plant & Equipment	21 430 630	715 046	(204 623)	-	-	21 941 052	6 597 613	1 590 374	(153 884)	-	-	8 034 102	13 906 950
Office Equipment	2 045 714	387 584	(8 432)	-	-	2 424 866	1 260 607	318 364	(8 734)	-	-	1 570 238	854 628
Furniture & Fittings	4 535 542	71 846	(27 874)	-	-	4 579 513	1 931 236	484 417	(25 126)	-	-	2 390 527	2 188 986
Loose Equipment	537 007	-	(7 750)	-	-	529 257	278 381	105 084	(5 210)	-	-	378 255	151 002
Computer Equipment	4 132 918	1 240 807	(118 542)	-	-	5 255 182	2 163 201	661 414	(99 644)	-	-	2 724 972	2 530 211
Specialised Vehicles	4 081 378	-	-	-	-	4 081 378	930 288	352 638	-	-	-	1 282 926	2 798 452
Total	406 722 254	41 823 909	(1 358 418)	6 478 386	(4 611 050)	449 055 081	95 971 366	19 328 039	(1 755 730)	174 550	(174 550)	113 543 676	335 511 405

SENQU LOCAL MUNICIPALITY

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

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2017	Cost						Accumulated Depreciation					Carrying Value R	
	Opening Balance R	Additions R	Disposals R	Transfers R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Transfers R		Closing Balance R
Balance Previously Reported	396 925 189	41 823 909	(1 233 920)	6 478 386	(4 611 050)	439 382 515	96 033 399	19 330 456	(1 728 872)	174 550	(174 550)	113 634 982	325 747 532
Prior Period Adjustment - Refer to Note 40.4	9 797 065	(0)	(124 499)	-	-	9 672 566	(62 033)	(2 417)	(26 857)	-	-	(91 307)	9 763 873
Restated Balance	406 722 254	41 823 909	(1 358 418)	6 478 386	(4 611 050)	449 055 081	95 971 366	19 328 039	(1 755 730)	174 550	(174 550)	113 543 676	335 511 405

The valuations on Land and Buildings were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration number 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.

No assets were pledged as security for liabilities.

Refer to note 39 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

The following work in progress balances are included in PPE. No Depreciation charge is recognised against these amounts.

	2018 R	2017 R
Buildings	5 416 916	3 789 528
Infrastructure - Electricity	4 487 444	718 045
Infrastructure - Roads	34 136 519	19 469 651
Infrastructure - Waste Management	4 425 648	1 407 320
Sports Fields	42 804	8 444 435
Parks & Gardens	666 232	695 547
Total Work in Progress (WIP)	49 175 563	34 524 526

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	<u>318 475</u>	<u>392 606</u>
The movement in intangible assets is reconciled as follows:		
Opening Carrying Value	392 606	219 932
Cost	801 723	710 489
Accumulated Amortisation	(409 116)	(490 557)
Acquisitions	32 352	247 046
Disposals	-	(4 366)
Amortisation for the year	(106 484)	(70 006)
Closing Carrying Value	318 475	392 606
Cost	834 075	801 723
Accumulated Amortisation	(515 600)	(409 116)
Intangible Assets consist only out of software		
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.		
11 CAPITALISED RESTORATION COST (PPE)		
Capitalised Restoration Cost - Carrying Value	<u>1 098 063</u>	<u>1 285 883</u>
The movement in capitalised restoration cost is reconciled as follows:		
Opening Carrying Value	1 285 883	1 114 902
Cost	3 160 797	2 825 891
Accumulated Depreciation	(1 419 945)	(1 362 639)
Accumulated Impairments	(454 969)	(348 349)
Additions/(Disposal)	20 979	334 906
Depreciation for the year	(70 694)	(57 306)
Impairments for the year	(138 105)	(106 619)
Closing Carrying Value	1 098 063	1 285 883
Cost	3 181 776	3 160 797
Accumulated Depreciation	(1 490 639)	(1 419 945)
Accumulated Impairments	(593 074)	(454 969)

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

11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 18 for more detail relating to this asset financed by way of a provision

12 BORROWINGS

	2018 R	2017 R
Annuity Loans	11 200 370	12 027 754
Sub-Total	11 200 370	12 027 754
Less: Current portion	840 402	827 098
Annuity Loans	840 402	827 098
Total	10 359 968	11 200 656

Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

Annuity loans are payable as follows:

Payable within one year	1 733 090	1 805 545
Payable within two to five years	6 183 371	6 385 819
Payable after five years	8 791 970	10 261 895
Total amount payable	16 708 430	18 453 258
Less: Outstanding Future Finance Charges	(5 508 060)	(6 425 504)
Present value of annuity loans	11 200 370	12 027 754

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
13 CONSUMER DEPOSITS		
Electricity	1 564 134	1 432 479
Total	1 564 134	1 432 479

No guarantees held in lieu of Electricity Deposits

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Other Payables	3 417 866	4 038 807
Deposits: Other	55 233	132 722
Payments received in advance	447 962	358 144
Retentions	4 879 502	3 123 925
Balance previously reported	-	2 740 285
Prior period adjustment - Note 40.3	-	383 640
DBSA Interest Accrual	241 512	267 847
Total	9 042 075	7 921 445

Payables are being recognised net of any discounts received.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Unspent Conditional Government Grants

National Government	5 715 667	2 010 056
Provincial Government	10 203 424	9 678 402
Total	15 919 090	11 688 458

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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

15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

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.

16 CURRENT EMPLOYEE BENEFITS	2018 R	2017 R
Post Retirement Medical Benefits - Note 17	176 338	326 431
Long Service Awards - Note 17	279 234	352 650
Bonuses	2 514 661	2 152 653
Performance Bonuses	2 615 515	2 409 269
Compensation for injuries on duty contribution	2 127 194	1 284 047
Staff Leave	3 795 577	3 506 878
Total	11 508 520	10 031 929

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	2 152 653	1 873 829
Contribution during the year	4 450 931	3 899 211
Payments made	(4 088 923)	(3 620 388)
Balance at end of year	2 514 661	2 152 653

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

Performance Bonuses

Opening Balance	2 409 269	2 094 397
Contribution during the year	2 346 673	2 243 574
Payments made	(2 140 426)	(1 928 703)
Balance at end of year	2 615 515	2 409 269

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

Compensation for injuries on duty contribution

Opening Balance	1 284 047	1 982 381
Contribution during the year	843 147	770 354
Payments made	-	(1 468 687)
Balance at end of year	2 127 194	1 284 047

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities.

SENQU LOCAL MUNICIPALITY

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

16	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2018 R	2017 R
	<u>Staff Leave</u>		
	Opening Balance	3 506 878	3 072 828
	Contribution during the year	2 788 019	1 640 086
	Payments made	(2 499 321)	(1 206 036)
	Balance at end of year	3 795 577	3 506 878

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.

17	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	12 949 917	14 166 860
	Long Service Awards	1 446 378	1 244 932
	Total	14 396 295	15 411 792

17.1 POST RETIREMENT MEDICAL BENEFITS

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	14 493 291	13 594 881
Contribution during the year	2 901 192	2 807 438
Current Service Cost	1 497 361	1 541 033
Interest Cost	1 403 831	1 266 405
Payments made	(243 583)	(229 621)
Actuarial Loss/(Gain)	(4 024 645)	(1 679 407)
Total balance at year-end	13 126 255	14 493 291
Less: Current Portion - Note 16	(176 338)	(326 431)
Total	12 949 917	14 166 860

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

	2018	2017
In-service members	154	152
Continuation members	3	6
Total	157	158

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

17 EMPLOYEE BENEFITS (CONTINUED)

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

	2018 R	2017 R
In-service members	11 469 723	10 930 981
Continuation members	1 656 532	3 562 311
Total Unfunded Liability	13 126 255	14 493 291

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2016 R	2015 R	2014 R
In-service members	10 093 176	8 206 306	7 298 813
Continuation members	3 501 705	3 396 328	3 152 071
Total Unfunded Liability	13 594 881	11 602 634	10 450 884

Experience adjustments were calculated as follows:

	2018 R m	2017 R m
Liabilities: (Gain)/Loss	(2.684)	0.491
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2016 R m	2015 R m	2014 R m
Liabilities: (Gain)/Loss	0.122	(0.334)	(1.344)
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas
Hosmed
LA Health
Munimed
SAMWU Medical Aid

Key Actuarial Assumptions used are as follows:

Interest Rates	2018	2017
Discount rate	9.76%	9.79%
Health Care Cost Inflation Rate	7.51%	8.07%
Net Effective Discount Rate	2.09%	1.60%

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

SENQU LOCAL MUNICIPALITY

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

17 EMPLOYEE BENEFITS (CONTINUED)

Mortality Rates

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

Normal Retirement Age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed in August 2018.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	11.470	1.657	13.126	
Health care inflation				
+ 1%	14.067	1.783	15.851	21%
- 1%	9.441	1.543	10.984	-16%
Discount rate				
+ 1%	9.493	1.546	11.040	-16%
- 1%	14.034	1.782	15.816	20%
Post-retirement mortality				
- 1 year	11.811	1.729	13.540	3%
Average retirement age				
- 1 year	12.716	1.657	14.373	9%
Continuation of membership at retirement				
- 10%	10.368	1.657	12.024	8%

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

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	1 509 400	1 272 700	2 782 100	
Health care inflation				
+ 1%	1 880 400	1 538 600	3 419 000	23%
- 1%	1 222 700	1 063 600	2 286 300	-18%
Discount rate				
+ 1%	1 241 300	1 178 600	2 419 900	-13%
- 1%	1 858 500	1 377 900	3 236 400	16%
Post-retirement mortality				
- 1 year	1 553 800	1 313 100	2 866 900	3%
Average retirement age				
- 1 year	1 565 400	1 394 400	2 959 800	6%
Continuation of membership at retirement				
- 10%	1 364 700	1 165 200	2 529 900	-9%

17.2 LONG SERVICE AWARDS

2018
R **2017**
R

The movement in Long Service Awards are reconciled as follows:

Opening Balance	1 597 582	1 399 961
Contribution during the year	373 596	360 231
Current Service Cost	255 615	250 459
Interest Cost	117 981	109 772
Payments made	(284 213)	(135 761)
Actuarial Loss/(Gain)	38 647	(26 849)
Total balance at year-end	1 725 612	1 597 582
Less: Current Portion - Note 16	(279 234)	(352 650)
Total	1 446 378	1 244 932

The following members are eligible for long service bonuses:

	2018	2017
	R	R
In-service members	269	236

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

In-service members	1 725 612	1 597 582
Total Unfunded Liability	1 725 612	1 597 582

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

17 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2016 R	2015 R	2014 R
In-service members	1 399 961	1 196 040	1 043 732
Total Unfunded Liability	1 399 961	1 196 040	1 043 732

Experience adjustments were calculated as follows:

	2018 R	2017 R
Liabilities: (Gain)/Loss	54 126	38 958
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2016 R	2015 R	2014 R
Liabilities: (Gain)/Loss	146 998	45 216	87 434
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

Interest Rates

	2018	2017
Discount rate	8.42%	8.28%
General Salary Inflation (long-term)	6.07%	6.10%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.22%	2.06%

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

Last Valuation

The last valuation was performed in August 2018.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

SENQU LOCAL MUNICIPALITY

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

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	1.726	
General salary inflation		
+ 1%	1.816	5%
- 1%	1.642	-5%
Discount rate		
+ 1%	1.638	-5%
- 1%	1.823	6%
Average retirement age		
- 2 years	1.638	-5%
+ 2 years	1.801	4%
Withdrawal rates		
-50%	2.103	22%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	288 900	133 800	422 700	
General salary inflation				
+ 1%	307 500	141 300	448 800	6%
- 1%	271 900	126 800	398 700	-6%
Discount rate				
+ 1%	273 600	141 400	415 000	-2%
- 1%	305 900	125 100	431 000	2%
Average retirement age				
- 2 years	279 000	127 600	406 600	-4%
+ 2 years	301 100	140 200	441 300	4%
Withdrawal rates				
-50%	378 900	165 500	544 400	29%

17.3 OTHER PENSION BENEFITS

Defined Benefit Plans	2018 R	2017 R
Council contributes to the following defined benefit plans:		
Cape Joint Pension Fund	6 947 330	5 929 716
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 103.5%.		
Total	6 947 330	5 929 716

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

17 EMPLOYEE BENEFITS (CONTINUED)

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 and Cape Joint Pension Fund are Multi Employer funds 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.

Defined Contribution Plans	2018 R	2017 R
Council contributes to the following defined contribution plans:		
SALA Pension Fund	1 013 833	991 242
SAMWU National Provident Fund	88 843	81 864
Total	1 102 676	1 073 106

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.

18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	5 609 674	5 272 354
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The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	5 272 354	4 636 101
Contribution during the year	337 320	636 253
Increase/(Decrease) in estimate	20 979	334 906
Interest Cost	316 341	301 347
Total	5 609 674	5 272 354

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

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

20	PROPERTY RATES	2018 R	2017 R
	Total Property Rates	9 959 029	6 939 516
	Less: Rebates	(3 962 462)	(1 747 269)
	Total	5 996 567	5 192 247

Property rates levied are based on the following rateable valuations:

Residential Property	372 929 000	376 795 500
Commercial Property	174 467 000	161 761 500
Public Benefits Organisations	35 926 000	36 796 500
Public Service Infrastructure	987 900	361 000
Agricultural Purposes	1 595 661 150	1 618 306 550
State - National / Provincial Services	511 275 010	72 053 510
Municipal Property	219 835 500	214 761 500
Vacant Property	59 419 500	62 262 000
Total Valuation	2 970 501 060	2 543 098 060

Valuations on land and buildings are performed every four years. The effective date for the valuation is 1 July 2017.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

	2018	2017
The following rates are applicable to the valuations above:		
Residential	0.6439c/R	0.6074c/R
Commercial	0.7701c/R	0.7265c/R
Public Service Infrastructure	0.1610c/R	0.1519c/R
Agricultural	0.1641c/R	0.1548c/R
State - National / Provincial Services	0.6466c/R	0.6100c/R
Vacant Property	1.0100c/R	0.9528c/R

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

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

	2018 R	2017 R
21 TRANSFERS AND SUBSIDIES		
Unconditional Grants - National Government	132 828 000	129 802 000
Equitable Share	132 828 000	129 802 000
Conditional Grants - National Government	43 645 389	42 850 000
Municipal Finance Management	1 700 000	1 625 000
Municipal Infrastructure Grant	36 087 097	36 728 000
EPWP (Expanded Public Works Program)	1 536 000	1 497 000
Integrated National Electrification Grant	4 322 293	3 000 000
Conditional Grants - Provincial Government	1 500 000	1 500 000
Libraries	1 500 000	1 500 000
Total	177 973 389	174 152 000
Disclosed as:		
Transfers and Subsidies - Capital	33 606 115	33 683 561
Transfers and Subsidies - Operating	144 367 274	140 468 439
Total	177 973 389	174 152 000
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	132 828 000	129 802 000
Budget & Treasury	1 700 000	1 625 000
Planning & Development	6 250 381	1 836 400
Community & Social Services	1 500 000	1 500 000
Road Transport	31 372 716	36 388 600
Electricity	4 322 293	3 000 000
Total	177 973 389	174 152 000

The movements per grant can be summarised as follows:

21.01 Equitable Share

Grants Received	132 828 000	129 802 000
Transferred to Revenue - Operating	(132 828 000)	(129 802 000)
Closing Unspent Balance	-	-

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.

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
21 TRANSFERS AND SUBSIDIES (CONTINUED)		
21.02 Financial Management Grant (FMG)		
Opening Unspent Balance	-	-
Grants Received	1 700 000	1 625 000
Transferred to Revenue - Operating	(1 700 000)	(1 625 000)
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>
<p>The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.</p>		
21.02 Municipal Infrastructure Grant (MIG)		
Opening Unspent Balance	-	-
Grants Received	39 115 000	36 728 000
Transferred to Revenue - Capital	(29 836 716)	(30 683 561)
Transferred to Revenue - Operating	(6 250 381)	(6 044 439)
	<u>3 027 904</u>	<u>-</u>
Closing Unspent Balance	<u>3 027 904</u>	<u>-</u>
<p>The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.</p>		
21.03 NDPG (Neighbourhood Development Partnership Grant)		
Opening Unspent Balance	2 010 056	2 010 056
	<u>2 010 056</u>	<u>2 010 056</u>
Closing Unspent Balance	<u>2 010 056</u>	<u>2 010 056</u>
<p>The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.</p>		
21.04 EPWP (Expanded Public Works Program)		
Opening Unspent Balance	-	-
Grants Received	1 536 000	1 497 000
Transferred to Revenue - Operating	(1 536 000)	(1 497 000)
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>
<p>The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.</p>		
21.05 Integrated National Electrification Grant		
Opening Unspent Balance	-	-
Grants Received	5 000 000	3 000 000
Transferred to Revenue - Capital	(3 769 399)	(3 000 000)
Transferred to Revenue - Operating	(552 894)	-
	<u>677 707</u>	<u>-</u>
Closing Unspent Balance	<u>677 707</u>	<u>-</u>
<p>The Integrated National Electrification Grant was received from National Treasury to utilised for electrical projects within the Senqu area.</p>		

SENQU LOCAL MUNICIPALITY

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

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2018 R	2017 R
	21.06 Prov Gov - Housing (Hillside)		
	Opening Unspent Balance	232 651	232 651
	Closing Unspent Balance	<u>232 651</u>	<u>232 651</u>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	21.07 Herschel People's Housing		
	Opening Unspent Balance	9 445 749	8 901 583
	Current year receipts - Interest	525 022	544 166
	Closing Unspent Balance	<u>9 970 771</u>	<u>9 445 749</u>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	21.08 Libraries		
	Opening Unspent Balance	-	-
	Grants Received	1 500 000	1 500 000
	Transferred to Revenue - Operating	(1 500 000)	(1 500 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The Libraries grant was utilised for the upkeep and operational cost for libraries.		
	21.09 Total Transfers and Subsidies		
	Opening Unspent Balance	11 688 458	11 144 291
	Grants Received	181 679 000	174 152 000
	Current year receipts - Interest	525 022	544 167
	Transferred to Revenue - Capital	(33 606 115)	(33 683 561)
	Transferred to Revenue - Operating	(144 367 274)	(140 468 439)
	Closing Unspent Balance	<u>15 919 090</u>	<u>11 688 458</u>
22	FINES, PENALTIES AND FORFEITS		
	Fines: Pound Fees	35 537	41 305
	Fines: Law Enforcement	245 792	-
	Fines: Traffic	129 550	117 389
	Total	<u>410 879</u>	<u>158 694</u>

In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
23 SERVICE CHARGES		
Electricity Revenue	31 861 358	34 091 619
Refuse Removal Revenue	10 118 929	9 085 029
Total - Restated 2017	41 980 287	43 176 649

The costs associated with the Free Basic Services provided to indigents are disclosed under operating expenditure projects. It is disclosed in various other expenditure line items as stated below:

Cost of Free Basic Services: Electricity	4 628 881	5 845 613
Bulk Purchases	3 697 157	4 797 720
Contracted services	2 142	44 457
Operational Cost	929 582	1 003 436
Cost of Free Basic Services: Refuse	1 082 043	3 652 929
Contracted services	-	1 662
Operational Cost	1 082 043	3 651 267
Total	5 710 924	9 498 542

24 RENTAL FROM FIXED ASSETS		
Investment Property	1 126 221	448 714
Buildings	105 594	48 748
Machinery and Equipment	2 589	5 878
Total	1 234 403	503 341

25 INTEREST EARNED - OUTSTANDING DEBTORS		
Interest Earned - Service Debtors	2 436 638	2 152 620
Interest Earned - Penalty Interest on Property Rates	767 602	753 207
Total	3 204 240	2 905 827

26 SALES OF GOODS AND RENDERING OF SERVICES		
Advertisements	141 401	237 993
Building Plan Clause Levy	65 146	46 149
Cemetery and Burial	20 122	22 931
Clearance Certificates	15 289	12 763
Entrance Fees	4 629	13 739
Library Fees	568	1 461
Photocopies and Faxes	5 605	1 834
Sale of Agricultural Products	68 735	57 649
Sale of documents	-	719
Sub-division and Consolidation Fees	11 949	-
Tender Documents	106 123	77 106
Valuation Services	2 933	4 819
Total	442 500	477 163

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

	2018 R	2017 R
27 OPERATIONAL REVENUE		
Collection Charges	-	1 242
Commission	266 734	353 803
Grazing Fees	1 729	4 256
LG Seta	114 882	260 197
Road Worthy Certificate Application	6 071	21 992
Staff Recoveries	54 814	53 251
Total - Restated 2017	444 229	694 742
28 EMPLOYEE RELATED COSTS		
Basic Salary	56 909 367	51 048 111
Pension and UIF Contributions	8 221 750	7 145 389
Medical Aid Contributions	3 930 305	3 444 799
Overtime	3 375	-
Bonuses	4 450 931	3 899 211
Performance Bonus	2 346 673	2 243 574
Telephone allowance	421 400	400 602
Housing Allowances	428 709	331 170
Other benefits and allowances	26 227	22 287
Leave Contributions	2 788 019	1 640 086
Long service awards	255 615	250 459
Post Retirement Medical Benefits	1 497 361	1 541 033
Total	81 279 734	71 966 723
Remuneration of Key Personnel		
Key management personnel are all appointed on 5-year fixed contracts.		
Municipal Manager - MM Yawa		
Annual Remuneration	1 695 725	1 869 247
Performance Bonus - 2015/16	-	306 367
Performance Bonus - 2016/17	358 755	-
Telephone allowance	-	2 000
UIF Contributions	1 785	1 785
Total	2 056 265	2 179 399
Director Financial Services - Mr CR Venter (Contract Expired 30 Nov 2016)		
Annual Remuneration	-	604 539
Performance Bonus - 2015/16	-	233 001
Telephone allowance	-	5 000
UIF Contributions	-	744
Total	-	843 283
Director Financial Services - Mr K Fourie		
Annual Remuneration	1 390 895	-
Performance Bonus - 2016/17	186 711	-
Travel Allowance	123 723	-
Telephone allowance	3 000	-
UIF Contributions	1 785	-
Total	1 706 113	-

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

	2018 R	2017 R
28 EMPLOYEE RELATED COSTS (CONTINUED)		
<i>Director Technical Services - RN Crozier</i>		
Annual Remuneration	1 533 287	1 474 927
Performance Bonus - 2015/16	-	233 062
Performance Bonus - 2016/17	289 840	-
Travel Allowance	93 600	93 600
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 930 512	1 815 374
<i>Director Community and Social Services - CNL Gologolo</i>		
Annual Remuneration	1 336 726	1 317 744
Performance Bonus - 2015/16	-	182 742
Performance Bonus - 2016/17	180 792	-
Travel Allowance	48 000	48 000
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 579 303	1 562 271
<i>Director Corporate and Support Services - TE Wonga</i>		
Annual Remuneration	1 320 651	1 310 471
Performance Bonus - 2015/16	-	174 486
Performance Bonus - 2016/17	145 322	-
Travel Allowance	96 000	96 000
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 575 758	1 594 742
<i>Director Development and Town Planning Services - P Bushula</i>		
Annual Remuneration	1 593 053	1 511 960
Performance Bonus - 2015/16	-	253 576
Performance Bonus - 2016/17	282 230	-
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 889 067	1 779 320

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

29	REMUNERATION OF COUNCILLORS	2018 R	2017 R
	Mayor	840 313	761 410
	Speaker	681 131	615 469
	Chief Whip	377 418	320 385
	Executive Committee Members	1 577 469	1 358 699
	Councillors	7 075 218	6 991 021
	Other Councillors' contributions and allowances	1 152 529	688 623
	Total	11 704 078	10 735 607
	In-kind Benefits		
	The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor and Speaker may utilise official Council transportation when engaged in official duties. The packages are set out below:		
	Mayor		
	Annual Remuneration	795 913	735 171
	Telephone allowance	44 400	26 239
	Total	840 313	761 410
	Speaker		
	Annual Remuneration	636 731	588 412
	Telephone allowance	44 400	27 058
	Total	681 131	615 469
	Chief Whip		
	Annual Remuneration	333 018	293 861
	Telephone allowance	44 400	24 858
	Travel Allowance	-	1 667
	Total	377 418	320 385
	Executive Committee Members		
	Annual Remuneration	1 381 969	1 246 983
	Telephone allowance	195 500	107 251
	Travel Allowance	-	4 465
	Total	1 577 469	1 358 699
	Councillors (Section 79)		
	Annual Remuneration	2 264 356	2 091 453
	Telephone allowance	321 800	180 732
	Total	2 586 156	2 272 185
	Councillors (Ordinary)		
	Annual Remuneration	4 810 862	4 899 568
	Telephone allowance	830 729	505 876
	Travel Allowance	-	2 015
	Total	5 641 590	5 407 459

SENQU LOCAL MUNICIPALITY

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

	2018 R	2017 R
30 DEBT IMPAIRMENT		
Receivables from exchange transactions - Note 3	6 010 966	3 589 171
Receivables from non-exchange transactions - Note 4	1 276 598	1 386 777
Total Contribution to Debt Impairment Provision	7 287 564	4 975 948
Movement in VAT included in debt impairment - Note 5	(939 585)	53 006
Total	6 347 979	5 028 954
Debt Impairment consists out of the following:		
Impairment Loss	10 096 843	4 975 948
Rates	1 292 917	1 294 827
Traffic Fines	120 100	91 950
Electricity	1 639 857	1 173 473
Refuse	7 043 970	2 415 698
Bad Debts Written off	(2 809 279)	-
Rates	(136 418)	-
Electricity	(215 429)	-
Refuse	(2 457 432)	-
Total	7 287 564	4 975 948
31 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	18 040 323	19 328 039
Intangible Assets	106 484	70 006
Capitalised Restoration Cost (PPE)	70 694	57 306
Total - Restated 2017	18 217 501	19 455 351
32 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT		
Land	1 328 473	108 550
Buildings	786 512	-
Sub-Total	2 114 985	108 550
Capitalised Restoration Cost (PPE)	138 105	106 619
Total	2 253 091	215 169
33 FINANCE CHARGES		
Annuity Loans	1 009 516	1 112 817
Rehabilitation Provision - Landfill Sites	316 341	301 347
Post Retirement Medical Benefits	1 403 831	1 266 405
Long Service Awards	117 981	109 772
Overdue Accounts	28 828	33 387
Total	2 876 497	2 823 727

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

		2018 R	2017 R
34	BULK PURCHASES		
	Electricity	25 599 340	32 542 610
	Total - Restated 2017	25 599 340	32 542 610
35	CONTRACTED SERVICES		
	Consultants and Professional Services	10 557 171	10 155 372
	Business and Advisory	7 060 479	6 590 535
	Infrastructure and Planning	421 398	552 900
	Legal Cost	3 075 295	2 985 133
	Laboratory Services	-	26 805
	Contractors	4 160 582	4 729 966
	Artists and Performers	18 860	27 365
	Electrical	208 525	147 068
	Event Promoters	4 850	462 691
	Fire Services	12 887	-
	Interior Decorator	42 500	7 690
	Maintenance of Buildings and Facilities	573 913	845 446
	Maintenance of Equipment	865 143	932 705
	Maintenance of Unspecified Assets	2 388 344	2 179 476
	Plants, Flowers and Other Decorations	3 980	1 250
	Safeguard and Security	-	58 104
	Transportation	41 580	68 170
	Outsourced Services	5 488 140	7 591 850
	Burial Services	36 081	7 200
	Catering Services	945 470	1 013 013
	Medical Services	-	76 160
	Personnel and Labour	3 949 021	5 477 828
	Security Services	557 568	1 017 649
	Total - Restated 2017	20 205 894	22 477 189
36	TRANSFERS AND SUBSIDIES		
	LED Contribution to Community Project	-	210 000
	Total	-	210 000
37	OPERATING LEASES		
	Buildings	109 580	93 971
	Machinery and Equipment	19 600	-
	Total	129 180	93 971

SENQU LOCAL MUNICIPALITY

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

38	OPERATIONAL COST	2018 R	2017 R
	Advertising, Publicity and Marketing	1 009 751	1 163 809
	Achievement and Awards	-	26 575
	Assets less than the Capitalisation Threshold	40 941	11 545
	Bank Charges, Facility and Card Fees	251 215	323 665
	Communication	1 005 201	995 314
	Commission: Prepaid Electricity	379 474	288 280
	Consumables	3 123 112	5 327 420
	Courier and Delivery Services	23 528	27 991
	Deeds	43 081	26 092
	Entertainment	81 638	58 751
	External Audit Fees	2 691 471	2 314 491
	External Computer Service	1 370 276	1 684 106
	Fuel and Oil	3 623 147	3 263 071
	Insurance Underwriting	201 565	610 334
	Learnerships and Internships	-	77 714
	Licences	296 782	273 763
	Maintenance Materials	1 694 495	1 538 611
	Materials and Supplies	45 669	-
	Municipal Services	270 393	70 695
	Printing, Publications and Books	117 287	110 882
	Professional Bodies, Membership and Subscription	83 679	2 069 295
	Registration Fees	2 074 654	1 461 459
	Remuneration to Ward Committees	1 970 000	1 674 965
	Resettlement Cost	-	6 500
	Road Worthy Test	-	4 011
	Seating Allowance for Traditional Leaders	254 483	246 000
	Skills Development Fund Levy	747 890	643 487
	Transport Provided as Part of Departmental Activities	526 734	609 770
	Travel Agency Fees	254 301	242 067
	Travel and Subsistence	5 548 141	5 326 309
	Uniform and Protective Clothing	1 299 584	383 228
	Workmen's Compensation Fund	843 147	770 354
	Total - Restated 2017	29 871 637	31 630 552

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

	2018 R	2017 R
39 REPAIRS AND MAINTENANCE		
Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:		
The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:		
Contracted Services	4 761 316	4 172 865
Contractors - Electrical	208 525	147 068
Contractors - Maintenance of Buildings and Facilities	573 913	845 446
Contractors - Maintenance of Equipment	865 143	932 705
Contractors - Maintenance of Unspecified Assets	2 388 344	2 179 476
Contractors - Transportation	41 580	68 170
Outsourced Services - Personnel and Labour	683 810	-
Operational Cost	3 136 700	2 603 033
Assets less than the Capitalisation Threshold	10 161	-
Consumables	338 771	182 254
Fuel and Oil	1 141 027	897 066
Maintenance Materials	1 620 014	1 519 443
Road Worthy Test	-	4 011
Travel and Subsistence	129	259
Uniform and Protective Clothing	26 597	-
Total	7 898 016	6 775 898
GRAP 17 require disclosure of repairs and maintenance per asset class:		
Buildings and other structures	1 925 885	1 448 590
Tools and equipment	203 716	169 228
Furniture and office equipment	361 958	579 921
Vehicles and Implements	2 590 526	2 422 223
Roads and stormwater	1 800 431	1 197 271
Electricity Reticulation	310 821	181 402
Street Lights	496 971	600 262
Solid Waste Sites	207 707	177 002
Total	7 898 016	6 775 898

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

40	CORRECTION OF ERROR IN TERMS OF GRAP 3	2017 R
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.	
	40.1 INVENTORY	
	Balance previously reported	818 160
	Correction of Inventory balance on 1 July 2016 - Note 40.5	(46 454)
	Restated Balance on 30 June 2017	771 706
	40.2 TAXES	
	Balance previously reported	10 294 646
	Correction of VAT on Retention previously not recognised - Note 40.3	383 640
	Restated Balance on 30 June 2017	10 678 286
	40.3 PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	7 537 588
	Correction of VAT on Retention previously not recognised - Note 40.2	383 640
	Restated Balance on 30 June 2017	7 921 227
	40.4 PROPERTY PLANT AND EQUIPMENT	
	Balance previously reported	325 747 532
	Correction of Property, Plant and Equipment - Cost on 1 July 2016 - Note 40.5	9 797 065
	First time recognition of movable assets - Furniture & Fittings	4 805
	Barkly East Housing Infrastructure previously not capitalised	8 622 718
	Electrical Infrastructure previously not capitalised	1 440 512
	Electrical Infrastructure disposal previously not accounted for	(270 969)
	Correction of Backlog Depreciation on 1 July 2016 - Note 40.5	62 033
	Correction of Backlog Depreciation on 1 July 2016 for residual values not taken into account	2 184 023
	Barkly East Housing Infrastructure previously not capitalised	(2 172 196)
	Electrical Infrastructure disposal previously not accounted for	50 205
	Correction on Depreciation for 2016/2017 - Note 40.6	2 417
	First time recognition of movable assets - Furniture & Fittings	(610)
	Correction of Depreciation for 2016/2017 for residual values not taken into account	478 652
	Barkly East Housing Infrastructure previously not capitalised	(403 692)
	Electrical Infrastructure previously not capitalised	(50 568)
	Electrical Infrastructure disposal previously not accounted for	13 426
	Correction of Work-in-progress on Infrastructure assets	(34 791)
	Correction of Property, Plant and Equipment - Cost 2016/17 - Note 40.6	(124 499)
	Electrical Infrastructure disposal	(124 499)
	Correction of Property, Plant and Equipment - Cost 2016/17 - Note 40.6	26 857
	Electrical Infrastructure disposal	26 857
	Restated Balance on 30 June 2017	335 511 405

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

40	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2017 R
	40.5 ACCUMULATED SURPLUS	
	Correction of Inventory balance on 1 July 2016 - Note 40.1	(46 454)
	Correction of Property, Plant and Equipment - Cost on 1 July 2016 - Note 40.4	9 797 065
	First time recognition of movable assets - Furniture & Fittings	4 805
	Barkly East Housing Infrastructure previously not capitalised	8 622 718
	Electrical Infrastructure previously not capitalised	1 440 512
	Electrical Infrastructure disposal previously not accounted for	(270 969)
	Correction of Backlog Depreciation on 1 July 2016 - Note 40.4	62 033
	Correction of Backlog Depreciation on 1 July 2016 for residual values not taken into account	2 184 023
	Barkly East Housing Infrastructure previously not capitalised	(2 172 196)
	Electrical Infrastructure disposal previously not accounted for	50 205
	Restated Balance on 30 June 2017	9 812 644
	40.6 STATEMENT OF FINANCIAL PERFORMANCE	
	Balance previously reported	53 811 526
	Reclassify revenue for 2016/2017 to align with mSCOA regulations - Note 27	-
	Effect on Operational Revenue	21 992
	Effect on Licences and Permits	(21 992)
	Reclassify Cost of Free basic services for 2016/2017 to align with mSCOA regulations - Note 23	-
	Effect on Service Charges	(9 498 542)
	Effect on Bulk Purchases	4 797 720
	Effect on Contracted services	46 119
	Effect on Operational Cost	4 654 703
	Correction on Depreciation for 2016/2017 - Note 40.4	2 417
	First time recognition of movable assets - Furniture & Fittings	(610)
	Correction of Depreciation for 2016/2017 for residual values not taken into account	478 652
	Barkly East Housing Infrastructure previously not capitalised	(403 692)
	Electrical Infrastructure previously not capitalised	(50 568)
	Electrical Infrastructure disposal previously not accounted for	13 426
	Correction of Work-in-progress on Infrastructure assets	(34 791)
	Recognise Loss on Disposal of Fixed and Intangible Assets for 2016/2017 - Note 40.4	(97 642)
	Restated Balance on 30 June 2017	53 716 301

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

	2018 R	2017 R
41 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	61 255 260	53 716 301
Adjusted for:		
Non-Cash Items	22 639 235	23 207 797
Debt Impairment	5 408 394	5 081 959
Depreciation and Amortisation	18 217 500	19 455 351
Impairments	3 715 591	220 169
Gain on Fair Value Adjustments of Investment Property	(5 009 000)	(1 679 000)
Actuarial Gains	(4 024 645)	(1 706 256)
Actuarial Losses	38 647	-
Finance Charges	1 838 153	1 677 524
Loss on disposal of PPE	2 454 595	158 050
Contributions - Provisions and Employee Benefits	12 181 747	10 344 717
Post Retirement Medical Benefits	1 497 361	1 541 033
Long Service Awards	255 615	250 459
Performance Bonuses	2 346 673	2 243 574
Bonuses	4 450 931	3 899 211
Compensation for injuries on duty	843 147	770 354
Staff Leave	2 788 019	1 640 086
Expenditure - Provisions and Employee Benefits	(9 256 467)	(8 589 195)
Post Retirement Medical Benefits	(243 583)	(229 621)
Long Service Awards	(284 213)	(135 761)
Performance Bonuses	(2 140 426)	(1 928 703)
Bonuses	(4 088 923)	(3 620 388)
Compensation for injuries on duty	-	(1 468 687)
Staff Leave	(2 499 321)	(1 206 036)
41 NET CASH FROM OPERATING ACTIVITIES		
Other adjustments	(2 737 189)	(4 782)
Bad Debts Written Off	(2 809 279)	-
Movement on Operating Lease Asset	74 985	(1 998)
Movement on Operating Lease Liability	(2 895)	(2 784)
Operating Surplus before changes in working capital	84 082 586	78 674 839
Movement in working capital	3 685 121	(3 865 926)
Receivables from exchange and non-exchange transactions	(1 111 102)	(6 795 565)
Inventory	74 388	704 699
Payables from exchange transactions	1 120 630	5 142 803
Payables from non-exchange transactions	4 230 632	544 166
Taxes	(629 426)	(3 462 028)
Cash Flow from Operating Activities	87 767 707	74 808 913

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

	2018 R	2017 R
42 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	2 051 781	3 804 700
Call and short-term Investments Deposits	292 207 557	249 363 930
Cash Floats	700	700
Total	294 260 038	253 169 330

Refer to note 2 for more details relating to cash and cash equivalents.

43 BUDGET COMPARISONS

43.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consists out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Payables from non-exchange transactions (Unspent grants) and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and Donations, Actuarial Gains, Insurance Receipts, Gain on Fair Value Adjustments of Investment Property, Sales of Goods and Rendering of Services and Operational Revenue.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Actuarial Losses, Operating Leases and Operational Cost.

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

43 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

43.2 MATERIAL VARIANCES

Refer to the Statements of comparison of budget and actual amounts in pages 8 to 13 of this document.

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

44.1 UNAUTHORISED EXPENDITURE

No over-expenditure on votes for the two reporting periods in the financial statements.

	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R
Unauthorised expenditure - Operating			
Executive & Council	24 781 336	30 078 503	-
Planning & Development	16 285 675	18 370 503	-
Corporate Services	29 912 385	39 625 370	-
Budget & Treasury	26 588 645	30 528 113	-
Road Transport	21 588 673	26 477 926	-
Waste Water Management	3 552 793	3 599 511	-
Community & Social Services	9 447 348	9 484 446	-
Sport & Recreation	1 843 959	1 849 495	-
Public Safety	7 654 023	8 325 733	-
Electricity	39 325 726	48 243 919	-
Waste Management	21 460 108	23 376 623	-
Total	202 440 671	239 960 144	-
Unauthorised expenditure - Capital			
Executive & Council	1 265 642	1 460 600	-
Planning & Development	62 246	116 600	-
Corporate Services	4 002 403	6 230 400	-
Budget & Treasury	494 821	1 111 200	-
Road Transport	27 723 512	32 033 343	-
Community & Social Services	1 338 846	3 035 841	-
Sport & Recreation	1 001 124	2 644 177	-
Public Safety	594 273	1 183 040	-
Electricity	6 404 484	7 572 700	-
Waste Management	3 093 921	11 318 890	-
Total	45 981 271	66 706 792	-

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

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

44.2 FRUITLESS AND WASTEFUL EXPENDITURE	2018 R	2017 R
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	33 387	1 000 716
Fruitless and wasteful expenditure incurred	34 692	33 387
Approved by Council	(33 387)	(1 000 716)
Fruitless and wasteful expenditure awaiting approval	34 692	33 387

Details of Fruitless and wasteful expenditure incurred :

Interest paid to Eskom	-	32 894
Interest paid to Telkom	-	3
Interest paid to Prodiba	-	491
Interest paid to DBSA	28 828	-
Interest paid to SARS	5 864	-
Total	34 692	33 387

DBSA Statements were sent to the former Chief Financial Officer which resulted in late payment. The municipality followed up on this matter with the DBSA in order to reverse the interest that occurred. The matter is still ongoing.

44.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	73 592	1 469 959
Irregular expenditure incurred	-	73 592
Approved by Council	(73 592)	(1 469 959)
Irregular expenditure awaiting approval	-	73 592

Details of Irregular expenditure incurred :

Deviations from Supply Chain Regulations and Policies - Disciplinary processes have been initiated

	-	73 592
Total	-	73 592

The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

44.4 MATERIAL LOSSES

Electricity distribution losses

- Units purchased (Kwh)	24 780 158	26 469 634
- Units sold (Kwh)	21 303 123	21 747 466
- Units lost during distribution (Kwh)	3 477 035	4 722 168
- Units cost (Kwh)	0.9607	0.9522
- Percentage lost during distribution	14.03%	17.84%
- Units lost considered material losses above a 10% norm	999 019	2 075 205
- Cost of units lost considered as material losses	959 768	1 976 093

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

	2018 R	2017 R
45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
45.1 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	-	-
Expenditure incurred	928 694	874 347
Payments	(928 694)	(874 347)
Outstanding Balance	-	-
45.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	3 098 548	2 314 491
External Audit - Auditor-General	3 098 548	2 314 491
Payments	(3 098 548)	(2 314 491)
Outstanding Balance	-	-
45.3 VAT [MFMA 125 (1)(c)]		
Opening balance	10 277 836	7 700 551
Amounts received - previous year	(1 723 231)	(771 292)
Amounts received - current year	(3 607 995)	(3 084 689)
Amounts claimed - current year (payable)	6 300 502	6 433 267
Vat Receivable	11 247 113	10 277 836
Vat in suspense due to cash basis of accounting	(2 932 604)	(2 379 065)
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
45.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Payments due to SARS	14 093 653	13 143 650
Payments	(14 093 653)	(13 143 650)
Outstanding Balance	-	-
45.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	12 073 615	10 532 108
Payments	(12 073 615)	(10 532 108)
Outstanding Balance	-	-

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

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

45.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following Councillors had arrear account outstanding for more than 90 days at year end:

	<30 days balance	<60 days balance	<90 days balance	>90 days balance
PM Mnisi	311	8 224	274	9 637

45.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.

45.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.

45.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

2018
R

2017
R

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)

<u>Staff Member</u>	<u>Entity</u>		
M A Theron	Lady Grey Joinery and Construction (Spouse is Director)	34 323	144 718
M A Theron	Copper Leaf Trading CC (Spouse is Director)	154 066	199 888
D Oertel	First Wave (Son-in law is Director)	426 312	428 042
EH Ngwane	Erichayo Trading (Spouse is Owner)	10 700	-
IL Mangali	Kwa Jola & Trading (Sister is Owner)	20 800	
Total		646 201	772 648

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

	2018 R	2017 R
46 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	13 788 461	32 119 743
Land & Buildings	28 611	96 833
Infrastructure	12 257 466	26 622 883
Community	1 502 384	5 400 027
Total - Restated 2017	13 788 461	32 119 743

The amount for 2017 was reduced with R931 773.42 which consists of projects that were already completed and should not have formed part of the capital commitments balance at 30 June 2017.

This expenditure will be financed from:

Capital Replacement Reserve	838 732	3 643 301
Government Grants - MIG	11 475 710	28 476 443
Government Grants - INEP	1 474 018	-
Total	13 788 461	32 119 743

47 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

47.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	294 260 038	253 169 330
Receivables from exchange transactions	10 125 530	10 527 644
Total	304 385 568	263 696 974

Cash and Cash Equivalents

Deposits of the municipality are only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

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

47	FINANCIAL RISK MANAGEMENT (CONTINUED)	2018	2017
		R	R

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are 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.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

	2018	2017
	R	R
Electricity	1 989 899	2 077 362
Refuse	276 467	116 526
Other Services	381 117	154 380
Total	2 647 483	2 348 268

47.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign

The financial instruments of the municipality is not directly exposed to any currency risk.

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

47	FINANCIAL RISK MANAGEMENT (CONTINUED)	2018 R	2017 R
	47.3 Interest rate risk (Market Risk)		
	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.		
	The following balances are exposed to interest rate fluctuations:		
	Cash and Cash Equivalents (Excluding Cash on Hand)	294 259 338	253 168 630
	Borrowings (Including Current Portion)	(11 200 370)	(12 027 754)
	Net balance exposed	283 058 967	241 140 876

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2017 - 1%) increase in interest rates	2 830 590	2 411 409
0% (2017 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

47.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

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

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 733 090	6 183 371	8 791 970
Rehabilitation Provision	982 146	-	20 527 892
Payables from exchange transactions	8 594 113	-	-
Total	11 309 349	6 183 371	29 319 862

30 JUNE 2017	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 805 545	6 385 819	10 261 895
Rehabilitation Provision	923 043	-	23 724 417
Payables from exchange transactions	7 179 662	-	-
Total	9 908 250	6 385 819	33 986 311

Although the rehabilitation provision is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

47.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

48 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

	2018 R	2017 R
Cash and Cash Equivalents	294 260 038	253 169 330
Receivables from exchange transactions	9 677 568	10 169 500
Total	303 937 607	263 338 830

Financial Liabilities

Current Portion of Borrowings	840 402	827 098
Payables from exchange transactions	8 594 113	7 563 302
Borrowings	10 359 968	11 200 656
Total	19 794 484	19 591 056

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

49	STATUTORY RECEIVABLES	2018 R	2017 R
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Receivables from Non-Exchange Transactions		
	Rates	10 876 457	9 674 478
	Fines	649 900	529 800
	Total	11 526 357	10 204 278
	Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above		
50	EVENTS AFTER REPORTING DATE		
	None		
51	IN-KIND DONATIONS AND ASSISTANCE		
	None		
52	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The municipality did not enter into any PPP's in the current and prior year.		
53	CONTINGENT LIABILITIES		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	53.01 Moeletsi, Ngogodo & April defamation claims		
	The Councillors have each instituted separate legal proceedings against the Municipality, together with the Mayor, for defamation in respect of an article that appeared in the Eagle Eye Newspaper in March 2014.	300 000	300 000
	53.02 Languza matter - unfair dismissal		
	While the matter was finalised at the Labour Court, the employee may seek to institute a civil claim for the damages suffered as a result of the loss of income in the period under review. The matter was resolved and no contingent liability existed at the financial year end.	-	700 000
	53.03 Travel and Subsistence claim		
	Councillor Tindleni has put in a claim against the municipality for Travel and Subsistence money not yet paid out.	60 000	60 000

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

53	CONTINGENT LIABILITIES (CONTINUED)	2018 R	2017 R
53.04	<p><u>MTN Dispute</u> The Municipality defended a claim of R 779 411.47 by MTN after the Municipality's contract with MTN was renewed without approval by the Municipality and subsequent to the contract being set aside by the High Court. The Municipality advised the MTN lawyers that it will defend the claim. The matter is dormant but the liability remains.</p>	207 632.04	207 632.04
53.05	<p><u>Ex-gracia payment</u> Upon termination of MM and 2 other Section 56 Managers contracts, an ex-gracia amount of 1.25 x the employees' gross annual salary will be paid to these employees.</p>	7 906 178	8 180 640
	<p>The municipality is currently engaged in litigation listed below where the extent of the liability cannot be quantified at this stage:</p>		
53.06	<p><u>Landfill Sites</u> The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.</p>	-	-
53.07	<p><u>Hawks matter</u> Currently a Pending Investigation from the HAWKS is on-going, a case has been opened and employees has been charged. The matter is still ongoing.</p>	-	-
53.08	<p><u>Land Invasion</u> The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.</p>	-	-
53.09	<p><u>Councillors Pension Fund</u> There is a disputed claim by the Municipal Councillors Pension Fund for the pension fund contributions of councillors who resigned from the fund during or about 2011. The extent of the liability cannot be quantified at this stage.</p>	-	-
53.10	<p><u>Councillor mortification claim</u> During August 2016 a former Councillor of Senqu municipality has put in a claim against the municipality for mortification.</p>	-	-

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

54 RELATED PARTIES

Related parties are defined in note 1.34

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 28 and 29

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

	Rates - Levied 1 Jul 17 - 30 Jun 18	Service Charges - Levied 1 Jul 17 - 30 Jun 18
Year ended 30 JUNE 2018		
Councillors	3 592	23 932
N.P Mposelwa	499	1 731
M.N Mgojo	399	5 719
PM Mnisi	-	14 750
MA Mshasha	2 694	1 731
Municipal Manager and Section 56 Employees	6 777	34 318
MM Yawa	-	7 873
R Crozier	5 360	22 741
CNL Gologolo	1 417	3 704

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

55 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
Financial Performance						
Property rates	7 685 517	1	7 685 518	5 996 567	(1 688 951)	5 192 247
Service charges	35 141 666	12 318 915	47 460 581	41 980 287	(5 480 294)	43 176 649
Investment revenue	15 359 400	1 740 600	17 100 000	23 780 846	6 680 846	20 926 800
Transfers recognised - operational	139 519 750	-	139 519 750	144 367 274	4 847 524	140 468 439
Other own revenue	8 195 692	624 268	8 819 960	13 964 841	5 144 881	7 611 508
Total Operating Revenue	205 902 025	14 683 784	220 585 809	230 089 816	9 504 007	217 375 643
Employee costs	85 657 164	(100 920)	85 556 244	81 279 734	(4 276 510)	71 966 723
Remuneration of councillors	13 428 248	(545 766)	12 882 482	11 704 078	(1 178 404)	10 735 607
Debt impairment	4 982 541	-	4 982 541	6 347 979	1 365 438	5 028 954
Depreciation & asset impairment	21 015 920	7 490 184	28 506 104	21 933 091	(6 573 013)	19 455 351
Finance charges	2 817 565	166 759	2 984 324	2 876 497	(107 827)	2 823 727
Materials and bulk purchases	37 947 633	8 123 867	46 071 500	25 599 340	(20 472 160)	32 542 610
Contracted services	23 678 246	3 809 858	27 488 104	20 205 894	(7 282 211)	22 477 189
Transfers and grants	-	300 000	300 000	-	(300 000)	210 000
Other expenditure	30 617 631	571 213	31 188 844	30 039 464	(1 149 380)	31 944 692
Loss on disposal of PPE	-	-	-	2 454 595	2 454 595	158 050
Total Expenditure	220 144 948	19 815 196	239 960 144	202 440 671	(37 519 472)	197 342 902
Surplus/(Deficit)	(14 242 923)	(5 131 412)	(19 374 335)	27 649 144	47 023 479	20 032 740
Transfers recognised - capital	42 159 250	-	42 159 250	33 606 115	(8 553 135)	33 683 561
Surplus/(Deficit) for the year	27 916 327	(5 131 412)	22 784 915	61 255 260	38 470 344	53 716 301

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

55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
Capital expenditure & funds sources						
Capital expenditure	79 627 461	(12 920 669)	66 706 792	45 981 271	(20 725 520)	42 070 955
Transfers recognised - capital	42 159 250	-	42 159 250	33 606 115	(8 553 135)	33 683 561
Internally generated funds	37 468 211	(12 920 669)	24 547 542	12 375 156	(12 172 386)	8 387 394
Total sources of capital funds	79 627 461	(12 920 669)	66 706 792	45 981 271	(20 725 520)	42 070 955
Cash flows						
Net cash from (used) operating	51 465 491	(9 580 733)	41 884 758	87 767 707	45 882 949	74 808 913
Net cash from (used) investing	(79 627 461)	12 920 669	(66 706 792)	(45 981 271)	20 725 520	(41 833 043)
Net cash from (used) financing	(757 033)	1 191	(755 842)	(695 728)	60 114	(724 009)
Net Cash Movement for the year	(28 919 003)	3 341 127	(25 577 876)	41 090 707	66 668 583	32 251 861
Cash/cash equivalents at beginning of year	210 029 050	43 140 280	253 169 330	253 169 330	-	220 917 468
Cash/cash equivalents at the year end	181 110 047	46 481 407	227 591 454	294 260 037	66 668 583	253 169 330

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

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APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2017 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2018 R
<u>ANNUITY LOANS</u>						
DBSA loan	103126/1	Floating	2029	7 898 252	631 860	7 266 392
DBSA loan	103126/2	Fixed	2030	4 129 502	195 524	3 933 978
Total Annuity Loans				7 898 252	631 860	7 266 392
Total Borrowings				7 898 252	631 860	7 266 392

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APPENDIX B (UNAUDITED)

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2018

	Cost/Revaluation					Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions (Includes WIP) R	Total Revaluation R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals/ Revaluation R	Closing Balance R	
Executive & Council	4 625 048	1 265 642	-	(1 359 022)	4 531 669	2 579 422	621 817	(852 637)	2 348 603	2 183 066
Planning & Development	3 941 582	62 246	-	(16 194)	3 987 633	1 408 237	689 088	(10 861)	2 086 464	1 901 169
Corporate Services	113 207 090	4 002 403	25 770 998	(1 586 968)	141 393 524	1 330 120	913 752	(12 769)	2 231 103	139 162 421
Budget & Treasury	9 149 641	494 821	-	(346 252)	9 298 211	4 662 476	1 180 564	(282 113)	5 560 927	3 737 283
Road Transport	251 221 350	27 723 512	-	(351 052)	278 593 810	90 491 886	10 692 741	(289 481)	100 895 146	177 698 663
Community & Social Services	32 948 988	1 338 846	-	(365)	34 287 468	2 210 811	1 026 000	(364)	3 236 448	31 051 021
Sport & Recreation	16 997 773	1 001 124	-	-	17 998 896	779 982	551 141	-	1 331 123	16 667 773
Public Safety	1 364 348	594 273	-	(14 945)	1 943 676	343 451	143 838	(7 658)	479 630	1 464 046
Electricity	32 555 895	6 404 484	-	(342 805)	38 617 574	5 418 481	1 417 721	(107 285)	6 728 917	31 888 657
Waste Management	12 181 121	3 093 921	-	(1 790)	15 273 252	4 785 788	910 145	(1 631)	5 694 302	9 578 950
Total	478 192 837	45 981 271	25 770 998	(4 019 394)	545 925 713	114 010 656	18 146 806	(1 564 799)	130 592 663	415 333 050

SENQU LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2018

VOTE	30 JUNE 2018			30 JUNE 2017		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive & Council	6 947 591	24 781 336	(17 833 745)	6 484 849	25 117 317	(18 632 468)
Planning & Development	6 327 476	16 285 675	(9 958 200)	1 890 612	15 135 460	(13 244 849)
Corporate Services	5 385 387	29 912 385	(24 526 999)	2 241 659	25 371 094	(23 129 436)
Budget & Treasury	104 884 229	26 588 645	78 295 584	99 717 953	23 237 364	76 480 589
Road Transport	34 067 605	21 588 673	12 478 932	39 224 034	22 781 206	16 442 828
Waste Water Management	-	3 552 793	(3 552 793)	-	2 369 966	(2 369 966)
Community & Social Services	1 648 017	9 447 348	(7 799 330)	1 587 987	7 853 309	(6 265 321)
Sport & Recreation	288	1 843 959	(1 843 672)	2 233	1 420 287	(1 418 054)
Public Safety	1 232 221	7 654 023	(6 421 802)	551 925	7 373 295	(6 821 370)
Electricity	66 916 406	39 325 726	27 590 680	64 968 860	46 285 043	18 683 817
Waste Management	36 286 712	21 460 108	14 826 604	34 389 092	20 398 561	13 990 531
Total	263 695 931	202 440 671	61 255 260	251 059 203	197 342 902	53 716 301

SENQU LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2018

Refer to Note 44.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
OPERATING EXPENDITURE			
Executive & Council	24 781 336	30 078 503	(5 297 168)
Planning & Development	16 285 675	18 370 503	(2 084 828)
Corporate Services	29 912 385	39 625 370	(9 712 985)
Budget & Treasury	26 588 645	30 528 113	(3 939 468)
Road Transport	21 588 673	26 477 926	(4 889 253)
Waste Water Management	3 552 793	3 599 511	(46 718)
Community & Social Services	9 447 348	9 484 446	(37 099)
Sport & Recreation	1 843 959	1 849 495	(5 535)
Public Safety	7 654 023	8 325 733	(671 710)
Electricity	39 325 726	48 243 919	(8 918 193)
Waste Management	21 460 108	23 376 623	(1 916 516)
Total	202 440 671	239 960 144	(37 519 472)
CAPITAL EXPENDITURE			
Executive & Council	1 265 642	1 460 600	(194 958)
Planning & Development	62 246	116 600	(54 354)
Corporate Services	4 002 403	6 230 400	(2 227 997)
Road Transport	27 723 512	32 033 343	(4 309 831)
Community & Social Services	1 338 846	3 035 841	(1 696 995)
Sport & Recreation	1 001 124	2 644 177	(1 643 054)
Public Safety	594 273	1 183 040	(588 767)
Electricity	6 404 484	7 572 700	(1 168 216)
Waste Management	3 093 921	11 318 890	(8 224 969)
Total	45 981 271	66 706 792	(20 725 520)

SENQU LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	132 828 000	-	132 828 000	-	-
Municipal Finance Management	-	1 700 000	-	1 700 000	-	-
Municipal Infrastructure Grant	-	39 115 000	-	6 250 381	29 836 716	3 027 904
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
Integrated National Electrification Grant	-	5 000 000	-	552 894	3 769 399	677 707
EPWP (Expanded Public Works Program)	-	1 536 000	-	1 536 000	-	-
Total	2 010 056	180 179 000	-	142 867 274	33 606 115	5 715 667
PROVINCIAL GOVERNMENT						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing Libraries	9 445 749	-	525 022	-	-	9 970 771
	-	1 500 000	-	1 500 000	-	-
Total	9 678 402	1 500 000	525 022	1 500 000	-	10 203 424
ALL SPHERES GOVERNMENT	11 688 458	181 679 000	525 022	144 367 274	33 606 115	15 919 090

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE OUTCOME 2017 R
REVENUE						
Governance and administration	106 289 629	6 389 149	112 678 778	117 075 805	4 397 027	108 206 467
Executive and council	6 675 000	-	6 675 000	6 947 591	272 591	6 484 849
Finance and administration	99 614 629	6 389 149	106 003 778	110 128 214	4 124 436	101 721 618
Internal audit	-	-	-	-	-	-
Community and public safety	6 067 520	(4 361 420)	1 706 100	5 570 296	3 864 196	4 848 601
Community and social services	1 590 100	33 500	1 623 600	1 645 487	21 887	1 575 851
Sport and recreation	-	-	-	288	288	2 233
Public safety	4 477 420	(4 394 920)	82 500	3 924 521	3 842 021	3 270 518
Housing	-	-	-	-	-	-
Economic and environmental services	43 959 640	(1 003 840)	42 955 800	37 844 182	(5 111 618)	38 625 983
Planning and development	2 203 790	(115 040)	2 088 750	6 468 877	4 380 127	2 120 542
Road transport	41 755 850	(888 800)	40 867 050	31 375 305	(9 491 745)	36 505 442
Trading services	91 733 886	13 667 895	105 401 781	103 203 118	(2 198 663)	99 357 952
Energy sources	62 996 407	7 208 774	70 205 181	66 916 406	(3 288 775)	64 968 860
Waste management	28 737 479	6 459 121	35 196 600	36 286 712	1 090 112	34 389 092
Other	10 600	(8 000)	2 600	2 530	-	20 200
Total Revenue - Standard	248 061 275	14 683 784	262 745 059	263 695 931	950 942	251 059 203

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
EXPENDITURE						
Governance and administration	94 108 191	7 145 299	101 253 490	82 121 710	(19 131 780)	74 452 369
Executive and council	27 084 749	603 837	27 688 586	23 130 271	(4 558 315)	23 496 471
Finance and administration	64 300 423	6 874 563	71 174 986	57 340 375	(13 834 612)	49 335 052
Internal audit	2 723 019	(333 102)	2 389 917	1 651 064	(738 853)	1 620 846
Community and public safety	19 585 292	(612 402)	18 972 890	19 731 388	758 499	17 635 316
Community and social services	7 912 230	885 432	8 797 662	8 824 230	26 568	7 311 044
Sport and recreation	1 551 727	297 768	1 849 495	1 843 959	(5 535)	1 420 287
Public safety	10 121 335	(1 795 602)	8 325 733	9 063 199	737 466	8 903 985
Housing	-	-	-	-	-	-
Economic and environmental services	41 574 792	1 180 546	42 755 338	34 760 159	(7 995 179)	34 735 971
Planning and development	15 642 231	484 681	16 126 912	14 422 961	(1 703 951)	13 353 951
Road transport	25 750 199	727 727	26 477 926	20 179 497	(6 298 429)	21 250 515
Environmental protection	182 362	(31 861)	150 501	157 702	7 201	131 504
Trading services	63 026 280	12 193 773	75 220 053	64 338 627	(10 881 427)	69 053 571
Energy sources	42 501 667	5 742 252	48 243 919	39 325 726	(8 918 193)	46 285 043
Waste water management	2 336 506	1 263 005	3 599 511	3 552 793	(46 718)	2 369 966
Waste management	18 188 107	5 188 516	23 376 623	21 460 108	(1 916 516)	20 398 561
Other	1 850 393	(92 021)	1 758 372	1 488 787	(269 586)	1 465 676
Total Expenditure - Standard	220 144 948	19 815 196	239 960 144	202 440 671	(37 519 472)	197 342 902
Surplus/(Deficit) for the year	27 916 327	(5 131 412)	22 784 915	61 255 260	38 470 414	53 716 301

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE						
Executive & Council	6 675 000	-	6 675 000	6 947 591	272 591	6 484 849
Planning & Development	1 991 790	16 960	2 008 750	6 327 476	4 318 726	1 890 612
Corporate Services	432 952	4 994 048	5 427 000	5 385 387	(41 613)	2 241 659
Budget & Treasury	99 393 677	1 263 101	100 656 778	104 884 229	4 227 451	99 717 953
Road Transport	41 755 850	(888 800)	40 867 050	34 067 605	(6 799 445)	39 224 034
Community & Social Services	1 600 700	25 500	1 626 200	1 648 017	21 817	1 587 987
Sport & Recreation	-	-	-	288	288	2 233
Public Safety	4 477 420	(4 394 920)	82 500	1 232 221	1 149 721	551 925
Electricity	62 996 407	7 208 774	70 205 181	66 916 406	(3 288 775)	64 968 860
Waste Management	28 737 479	6 459 121	35 196 600	36 286 712	1 090 112	34 389 092
Total Revenue by Vote	248 061 275	14 683 784	262 745 059	263 695 931	950 872	251 059 203

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
EXPENDITURE						
Executive & Council	29 807 768	270 735	30 078 503	24 781 336	(5 297 168)	25 117 317
Planning & Development	17 972 922	397 581	18 370 503	16 285 675	(2 084 828)	15 135 460
Corporate Services	33 320 633	6 304 737	39 625 370	29 912 385	(9 712 985)	25 371 094
Budget & Treasury	29 927 551	600 562	30 528 113	26 588 645	(3 939 468)	23 237 364
Road Transport	25 750 199	727 727	26 477 926	21 588 673	(4 889 253)	22 781 206
Waste Water Management	2 336 506	1 263 005	3 599 511	3 552 793	(46 718)	2 369 966
Community & Social Services	8 666 533	817 913	9 484 446	9 447 348	(37 099)	7 853 309
Sport & Recreation	1 551 727	297 768	1 849 495	1 843 959	(5 535)	1 420 287
Public Safety	10 121 335	(1 795 602)	8 325 733	7 654 023	(671 710)	7 373 295
Electricity	42 501 667	5 742 252	48 243 919	39 325 726	(8 918 193)	46 285 043
Waste Management	18 188 107	5 188 516	23 376 623	21 460 108	(1 916 516)	20 398 561
Other	-	-	-	-	-	-
Total Expenditure by Vote	220 144 948	19 815 196	239 960 144	202 440 671	(37 519 472)	197 342 902
Surplus/(Deficit) for the year	27 916 327	(5 131 412)	22 784 915	61 255 260	38 470 344	53 716 301

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATE D OUTCOME 2017 R
REVENUE BY SOURCE						
Property rates	7 685 517	1	7 685 518	5 996 567	(1 688 951)	5 192 247
Service charges	35 141 666	12 318 915	47 460 581	41 980 287	(5 480 294)	43 176 649
Rental of facilities and equipment	429 300	(339 400)	89 900	1 234 403	1 144 503	503 341
Interest earned - external investments	13 780 000	1 220 000	15 000 000	20 576 605	5 576 605	18 020 973
Interest earned - outstanding debtors	1 579 400	520 600	2 100 000	3 204 240	1 104 240	2 905 827
Fines, penalties and forfeits	515 520	(461 520)	54 000	410 879	356 879	158 694
Licences and permits	1 531 700	(475 800)	1 055 900	1 295 286	239 386	1 108 892
Agency services	795 000	-	795 000	975 474	180 474	1 137 797
Transfers and Subsidies - Operating	139 519 750	-	139 519 750	144 367 274	4 847 524	140 468 439
Other revenue	4 924 172	1 900 988	6 825 160	10 048 799	3 223 639	4 702 785
Total Revenue (excluding capital transfers and contributions)	205 902 025	14 683 784	220 585 809	230 089 816	9 504 007	217 375 643

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
EXPENDITURE BY TYPE						
Employee related costs	85 657 164	(100 920)	85 556 244	81 279 734	(4 276 510)	71 966 723
Remuneration of councillors	13 428 248	(545 766)	12 882 482	11 704 078	(1 178 404)	10 735 607
Debt impairment	4 982 541	-	4 982 541	6 347 979	1 365 438	5 028 954
Depreciation & asset impairment	21 015 920	7 490 184	28 506 104	21 933 091	(6 573 013)	19 455 351
Finance charges	2 817 565	166 759	2 984 324	2 876 497	(107 827)	2 823 727
Bulk purchases	30 103 455	3 227 426	33 330 881	25 599 340	(7 731 541)	32 542 610
Other materials	7 844 178	4 896 441	12 740 619	-	(12 740 619)	-
Contracted services	23 678 246	3 809 858	27 488 104	20 205 894	(7 282 211)	22 477 189
Transfers and subsidies	-	300 000	300 000	-	(300 000)	210 000
Other expenditure	30 617 631	571 213	31 188 844	30 039 464	(1 149 380)	31 944 695
Loss on disposal of PPE	-	-	-	2 454 595	2 454 595	158 050
Total Expenditure	220 144 948	19 815 196	239 960 144	202 440 671	(37 519 472)	197 342 905
Surplus/(Deficit)	(14 242 923)	(5 131 412)	(19 374 335)	27 649 144	47 023 479	20 032 737
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	42 159 250	-	42 159 250	33 606 115	(8 553 135)	33 683 561
Surplus/(Deficit) for the year	27 916 327	(5 131 412)	22 784 915	61 255 260	38 470 344	53 716 298

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Corporate Services	7 600 000	(1 500 000)	6 100 000	2 792 821	(3 307 179)	-
Road Transport	29 920 598	(1 392 255)	28 528 343	23 747 916	(4 780 427)	12 644 774
Community & Social Services	2 650 000	(1 200 000)	1 450 000	1 547 719	97 719	45 060
Sport & Recreation	500 000	894 177	1 394 177	773 509	(620 668)	6 941 820
Public Safety	800 000	(800 000)	-	-	-	-
Electricity	7 000 000	317 800	7 317 800	-	(7 317 800)	3 884 152
Waste Management	15 600 000	(5 146 110)	10 453 890	3 018 328	(7 435 562)	340 295
Total Multi-year expenditure	64 070 598	(8 826 388)	55 244 210	31 880 293	(23 363 917)	23 856 100
Single-year expenditure						
Executive & Council	1 820 600	(360 000)	1 460 600	1 286 230	(174 370)	95 353
Planning & Development	150 600	(34 000)	116 600	71 069	(45 531)	1 420 152
Corporate Services	95 900	34 500	130 400	1 209 582.15	1 079 182	2 185 432
Budget & Treasury	1 516 200	(405 000)	1 111 200	465 410	(645 790)	1 352 420
Road Transport	3 095 700	409 300	3 505 000	3 975 595.18	470 595	8 069 622
Community & Social Services	-	1 585 841	1 585 841	456 308.27	(1 129 533)	438 466
Sport & Recreation	900 000	350 000	1 250 000	-	(1 250 000)	1 212 966
Public Safety	2 699 503	(1 516 463)	1 183 040	156 706	(1 026 334)	131 325
Electricity	138 360	116 540	254 900	6 404 484	6 149 584	3 055 757
Waste Management	5 140 000	(4 275 000)	865 000	75 593.16	(789 407)	6 316
Total Single-year expenditure	15 556 863	(4 094 282)	11 462 581	14 100 978	2 638 397	17 967 809
Total Capital Expenditure by Vote	79 627 461	(12 920 669)	66 706 792	45 981 271	(20 725 520)	41 823 909

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	11 032 700	(2 230 500)	8 802 200	5 754 043	(3 048 157)	3 633 205
Executive and council	1 780 600	(340 000)	1 440 600	1 286 230	(154 370)	95 353
Finance and administration	9 212 100	(1 870 500)	7 341 600	4 467 813	(2 873 787)	3 537 852
Internal audit	40 000	(20 000)	20 000	-	(20 000)	-
Community and public safety	7 549 503	(686 445)	6 863 058	2 496 676	(4 366 383)	8 769 636
Community and social services	2 650 000	385 841	3 035 841	1 338 846	(1 696 995)	483 526
Sport and recreation	1 400 000	1 244 177	2 644 177	1 001 124	(1 643 054)	8 154 785
Public safety	3 499 503	(2 316 463)	1 183 040	156 706	(1 026 334)	131 325
Economic and environmental services	33 166 898	(1 016 955)	32 149 943	28 232 147	(3 917 796)	22 134 549
Planning and development	150 600	(34 000)	116 600	71 069	(45 531)	1 420 152
Road transport	33 016 298	(982 955)	32 033 343	28 161 078	(3 872 265)	20 714 396
Trading services	27 878 360	(8 986 770)	18 891 590	9 498 405	(9 393 185)	7 286 519
Energy sources	7 138 360	434 340	7 572 700	6 404 484	(1 168 216)	6 939 909
Waste management	20 740 000	(9 421 110)	11 318 890	3 093 921	(8 224 969)	346 611
Total Capital Expenditure - Standard	79 627 461	(12 920 669)	66 706 792	45 981 271	(20 725 520)	41 823 909

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	42 159 250	-	42 159 250	33 606 115	(8 553 135)	33 683 561
Transfers recognised - capital	42 159 250	-	42 159 250	33 606 115	(8 553 135)	33 683 561
Internally generated funds	37 468 211	(12 920 669)	24 547 542	12 375 156	(12 172 386)	8 140 348
Total Capital Funding	79 627 461	(12 920 669)	66 706 792	45 981 271	(20 725 520)	41 823 909

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CASH FLOWS

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	6 659 844	257 123	6 916 966	4 658 170	(2 258 796)	3 870 789
Service charges	30 451 823	12 792 500	43 244 323	33 428 182	(9 816 141)	39 436 228
Other revenue	8 138 400	(2 666 430)	5 471 970	14 180 543	8 708 573	5 396 394
Government - operating	139 519 750	-	139 519 750	140 044 772	525 022	139 804 566
Government - capital	42 159 250	-	42 159 250	42 159 250	-	34 891 600
Interest	15 148 621	(148 621)	15 000 000	20 576 605	5 576 605	18 020 973
Payments						
Suppliers and employees	(187 794 631)	(19 348 547)	(207 143 177)	(166 241 471)	40 901 706	(165 255 434)
Finance charges	(2 817 565)	(166 759)	(2 984 324)	(1 038 344)	1 945 980	(1 146 204)
Transfers and Grants	-	(300 000)	(300 000)	-	300 000	(210 000)
NET CASH FROM OPERATING ACTIVITIES	51 465 491	(9 580 733)	41 884 758	87 767 707	45 882 949	74 808 913
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	237 912
Payments						
Capital assets	(79 627 461)	12 920 669	(66 706 792)	(45 981 271)	20 725 520	(42 070 955)
NET CASH USED IN INVESTING ACTIVITIES	(79 627 461)	12 920 669	(66 706 792)	(45 981 271)	20 725 520	(41 833 043)

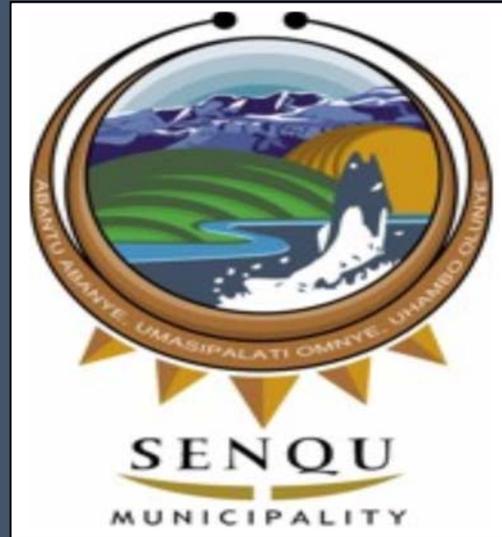
SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

CASH FLOWS

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	70 433	1 191	71 624	131 655	60 031	90 898
Payments						
Repayment of borrowing	(827 466)	-	(827 466)	(827 384)	82	(814 907)
NET CASH FROM FINANCING ACTIVITIES	(757 033)	1 191	(755 842)	(695 728)	60 114	(724 009)
NET INCREASE/ (DECREASE) IN CASH HELD	(28 919 003)	3 341 127	(25 577 876)	41 090 707	66 668 583	32 251 861
Cash/cash equivalents at the year begin:	210 029 050	43 140 280	253 169 330	253 169 330	-	220 917 468
Cash/cash equivalents at the year end:	181 110 047	46 481 407	227 591 454	294 260 038	66 668 584	253 169 330



ORGANISATION & ESTABLISHMENT
July 2017 until 30 June 2022

SENQU MUNICIPAL COUNCIL

CATEGORY B MUNICIPALITY - COLLECTIVE EXECUTIVE SYSTEM COUNCIL - 34 Councillors (Ward Councillors and Party Representatives)

INITIALS and SURNAME	POSITION IN COUNCIL	PARTY
Nomvuyo P Mposelwa (Honourable Mayor)	PR Councillor	ANC
Georgina Mbonzana	PR Councillor	ANC
Sukani S Ndzongana	Ward Councillor	ANC
Velile V Stokhwe (Chief Whip)	PR Councillor	ANC
Thenjiwe M Dumzela	Ward Councillor	ANC
Isaac Mosisidi (Speaker)	Ward Councillor	ANC
Nomme R Lose	PR Councillor	ANC
Mlifi A Mshasha	Ward Councillor	ANC
Adelaide Kwinana	PR Councillor	ANC
Mandla B Gojo	Ward Councillor	ANC
Simon Mfisa	Ward Councillor	ANC
Nomlali C Mraji	Ward Councillor	ANC
Nonkusele January	PR Councillor	ANC
Phakamile Jeje	Ward Councillor	ANC
Joseph Mposelwa	Ward Councillor	ANC
Samuel M Ntlwatini	Ward Councillor	ANC
Asanda P Mqakelana	Ward Councillor	ANC
Koliwe S Mpiti-Xhelesha	Ward Councillor	ANC
Joseph D Somsila	Ward Councillor	ANC
Mzuvukile H Rorwana	Ward Councillor	ANC
Ndileka Nyongwana	Ward Councillor	ANC
Zoleka S Khoba	Ward Councillor	ANC
Mahlubi Phuza	Ward Councillor	ANC
Mohlomi G Moeletsi	PR Councillor	EFF
Mcebisi N Mgojo	PR Councillor	SCA
Patrick M Mnisi	PR Councillor	SCA
Benjamin S Maqala	PR Councillor	SCA
Andisiwe W Mkangala	PR Councillor	SCA
Madisema C Kibe	PR Councillor	SCA
Moeketsi T N Sehloho	PR Councillor	SCA
Nokuzola M Phama	PR Councillor	SCA
Mthuvumile Ndoda	PR Councillor	SCA
Xola G Magcai	PR Councillor	DA
Nomzekelo Monakali	PR Councillor	DA

EXECUTIVE COMMITTEE (EXCO) 2016 / 2020

Chairperson: N Mposelwa (Mayor)
Councillors:
V Stokhwe (Chief Whip)
T Dumzela
P Mnisi
S Ndzongana
G Mbonzana
M C Kibe

S 79 & S 80 COMMITTEES
(MPAC /OVERSIGHT COMMITTEE
(INDEPENDENT COMMITTEE/S)

AUDIT COMMITTEE

STANDING COMMITTEES X 5

Budget & Treasury - Finance Standing Committee
Chairperson: Patrick Mnisi

Development & Town Planning
Standing Committee Chairperson: Velile V Stokhwe (Chief Whip)

Corporate Services Standing Committee
Chairperson: Georgina Mbonzana

Community Services Standing Committee
Chairperson: Sukani S Ndzongana

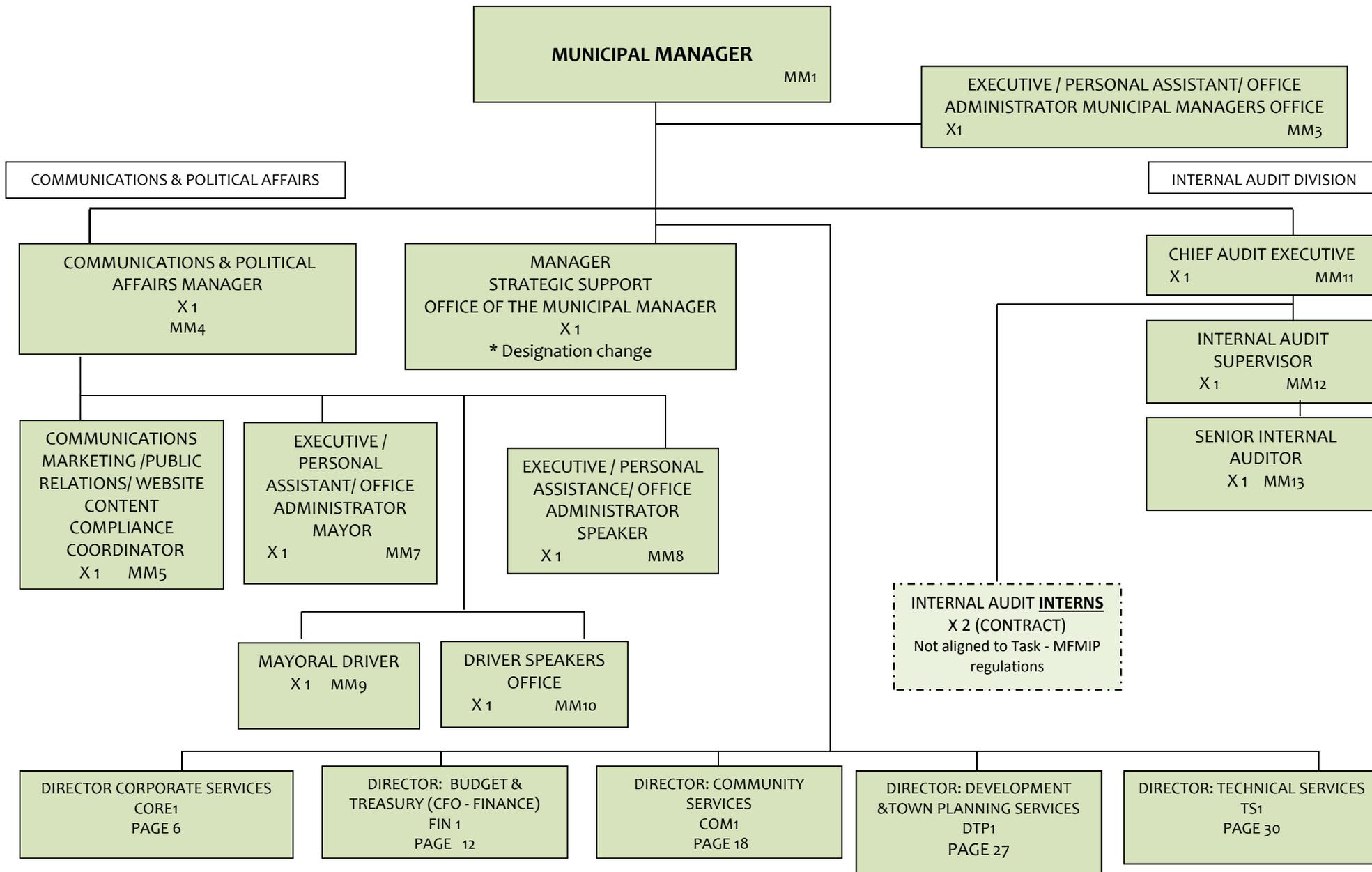
Technical Services Standing Committee
Chairperson: Thenjiwe M Dumzela

OFFICE MUNICIPAL MANAGER	
<u>Focus Areas</u>	
<ul style="list-style-type: none"> • Strategic support (administration) • political executive support 	<ul style="list-style-type: none"> • Internal Audit • Strategic Communications
BUDGET AND TREASURY STANDING COMMITTEE	
<u>Focus Areas</u>	
<ul style="list-style-type: none"> • Management of financial resources <ul style="list-style-type: none"> – Budget and Treasury, – Revenue Services, – SCM, – stores and Expenditure Management • Policies, Procedures and By-lays (MFMA and National Treasury) • Financial support to all Departments 	<ul style="list-style-type: none"> • Information Technology Support • ENaTIS Licensing
TECHNICAL SERVICES	
<u>Focus Areas</u>	
<ul style="list-style-type: none"> • Infrastructure Development (Maintenance and Minor Construction) • Technical Service Delivery • Electricity 	<ul style="list-style-type: none"> • Roads (Maintenance and Minor Roads Construction) and Stormwater • PMU Project Management /Administration
COMMUNITY SERVICES	
<u>Focus Areas</u>	
<ul style="list-style-type: none"> • Community based service provision <ul style="list-style-type: none"> – cemeteries, – environmental management, – Libraries and amenities) 	<ul style="list-style-type: none"> • Traffic Services – Law enforcement • Community based by-laws • Waste Management and Refuse
CORPORATE AND SUPPORT SERVICES	
<u>Focus Areas</u>	
<ul style="list-style-type: none"> • Council Administration, Assets and Building Preservation • Council Support and ward support • HR & Labour Relations • Stakeholder Relations – participation • Customer Care/ presidential hotline 	<ul style="list-style-type: none"> • Legal Services / Compliance • Special Programmes (HIV Aids Youth, disabled, elderly and woman) • By-Laws Facilitation • Document Management • Fleet Management
DEVELOPMENT AND TOWN PLANNING	
<u>Focus Areas</u>	
<ul style="list-style-type: none"> • Support to community participation structures • Housing, Town Planning and Land Use Management • Performance Management • Integrated Planning and Economic Development 	<ul style="list-style-type: none"> • Governance and Compliance – Risk Management • Strategic Planning • LED

A

OFFICE OF THE MUNICIPAL MANAGER

ORGANIZATION & ESTABLISHMENT – STRATEGIC - OFFICE OF THE MUNICIPAL MANAGER



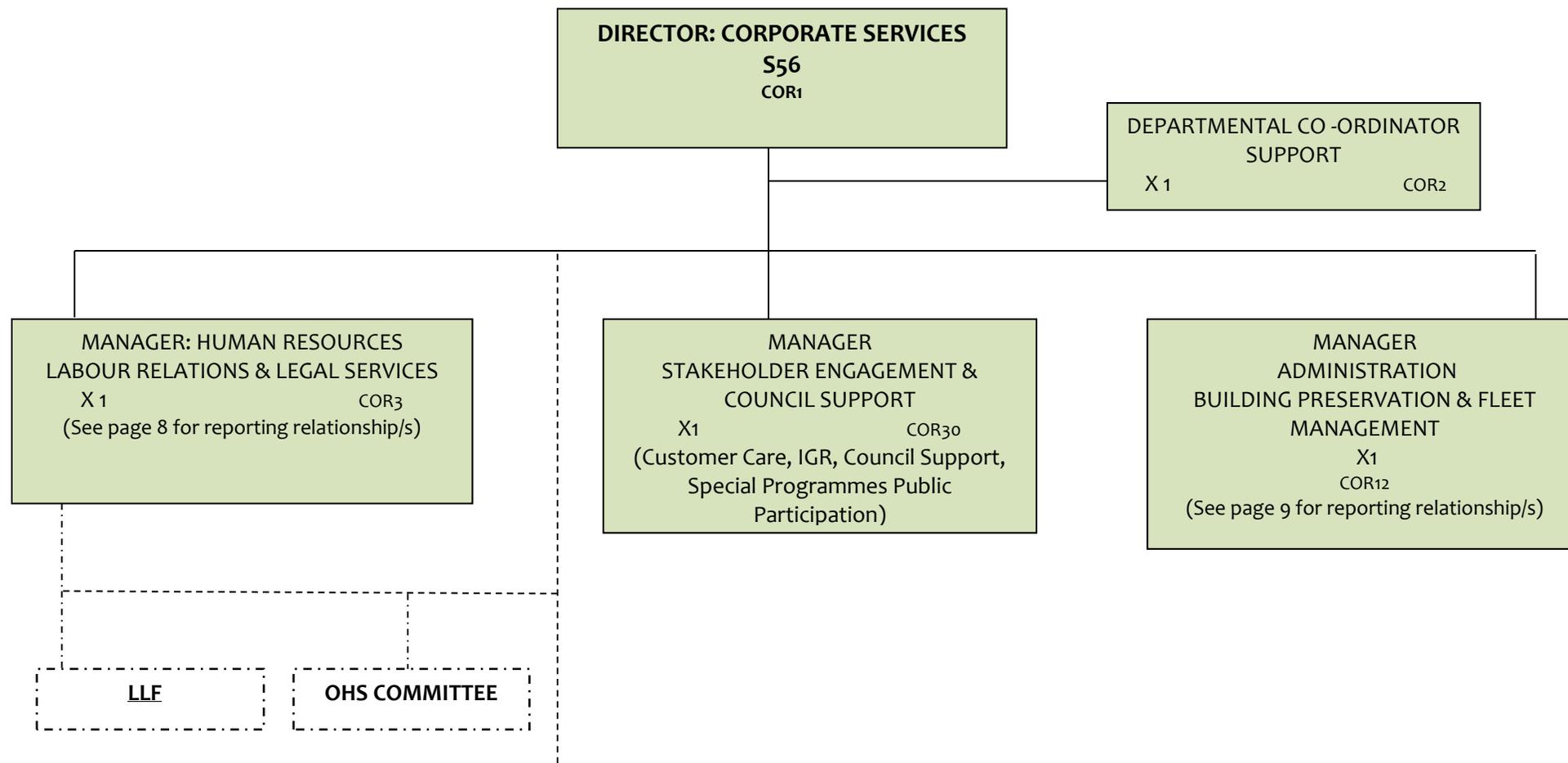
Funded filled post	Approved Funded Vacant Post
Unfunded/ New Post	Unfunded (critical) Post

DENOTES HUMAN CAPITAL THAT DO FORM PART OF THE MUNICIPAL ORGANOGRAM (Partnership between NT /Government and local structures of government I)

B

DIRECTORATE: CORPORATE SERVICES

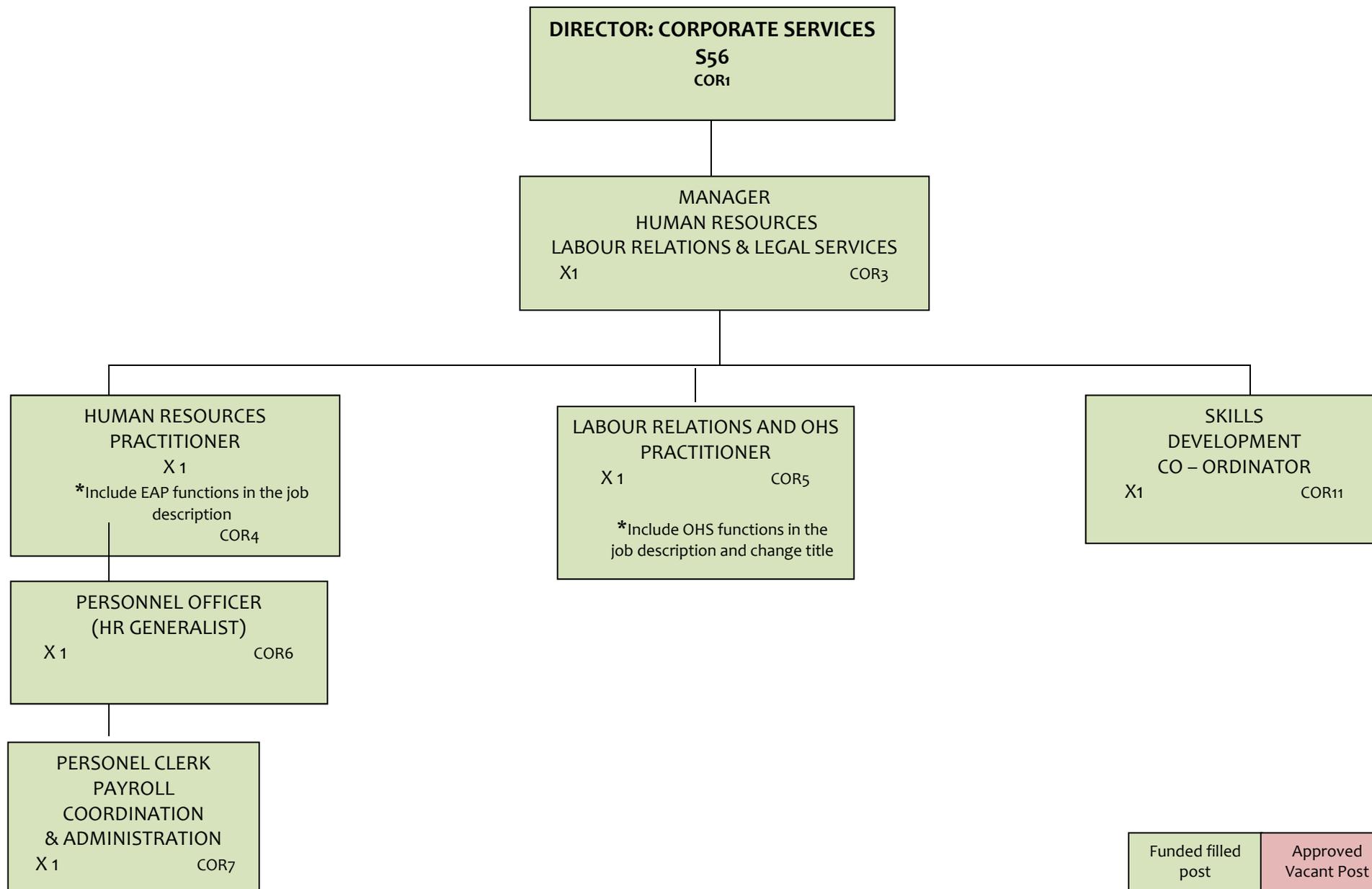
ORGANIZATION & ESTABLISHMENT – DIRECTORATE: CORPORATE SERVICES



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded (critical) Post

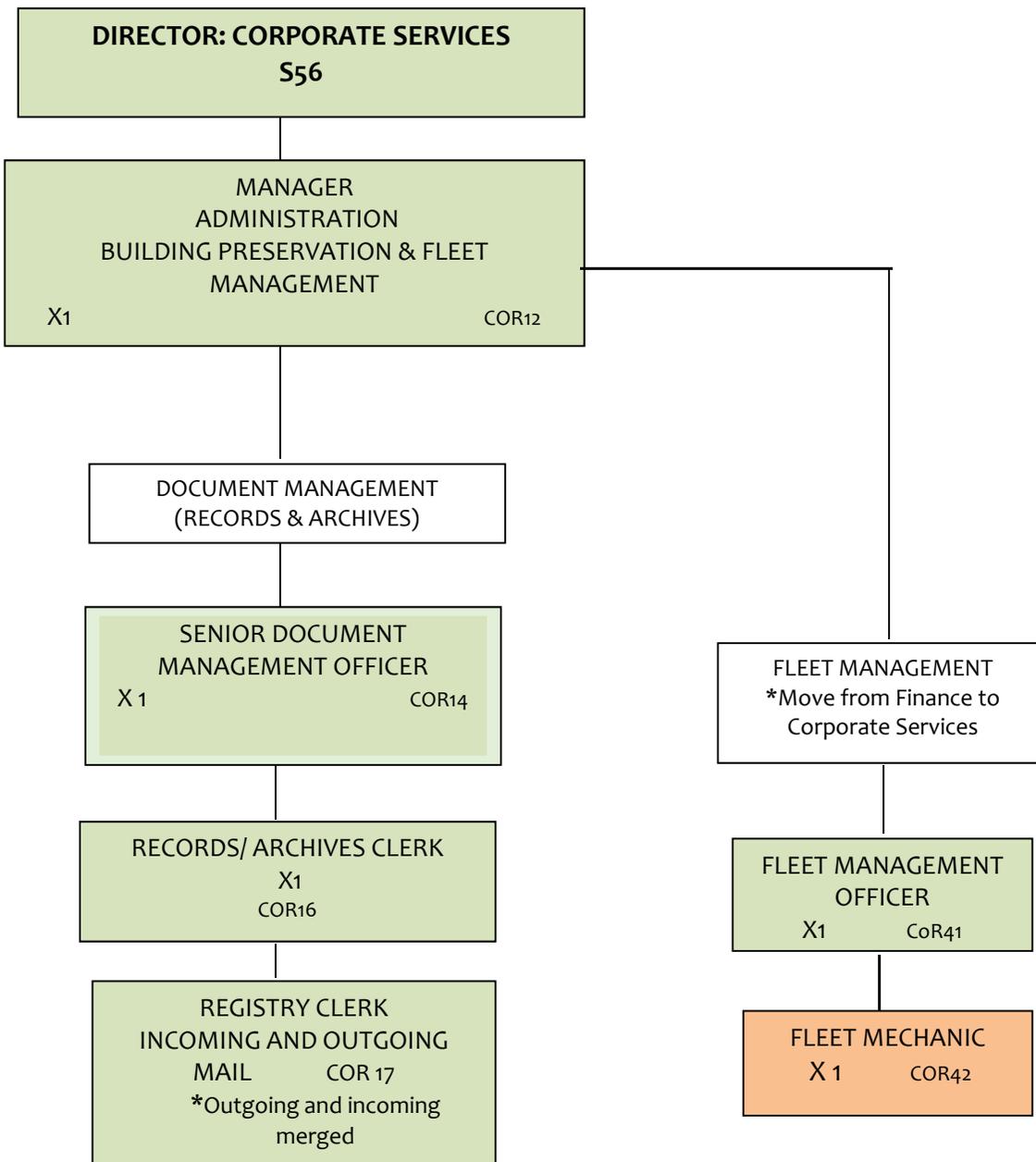
Note: Outsourced Services
 EAP (Counselling)
 Legal Services
 Security Services
 Training & Development (no in house training as there are not accredited Trainers in house)

ORGANIZATION & ESTABLISHMENT– DIRECTORATE: CORPORATE SERVICES HUMAN RESOURCES / LABOUR RELATIONS & LEGAL SERVICES



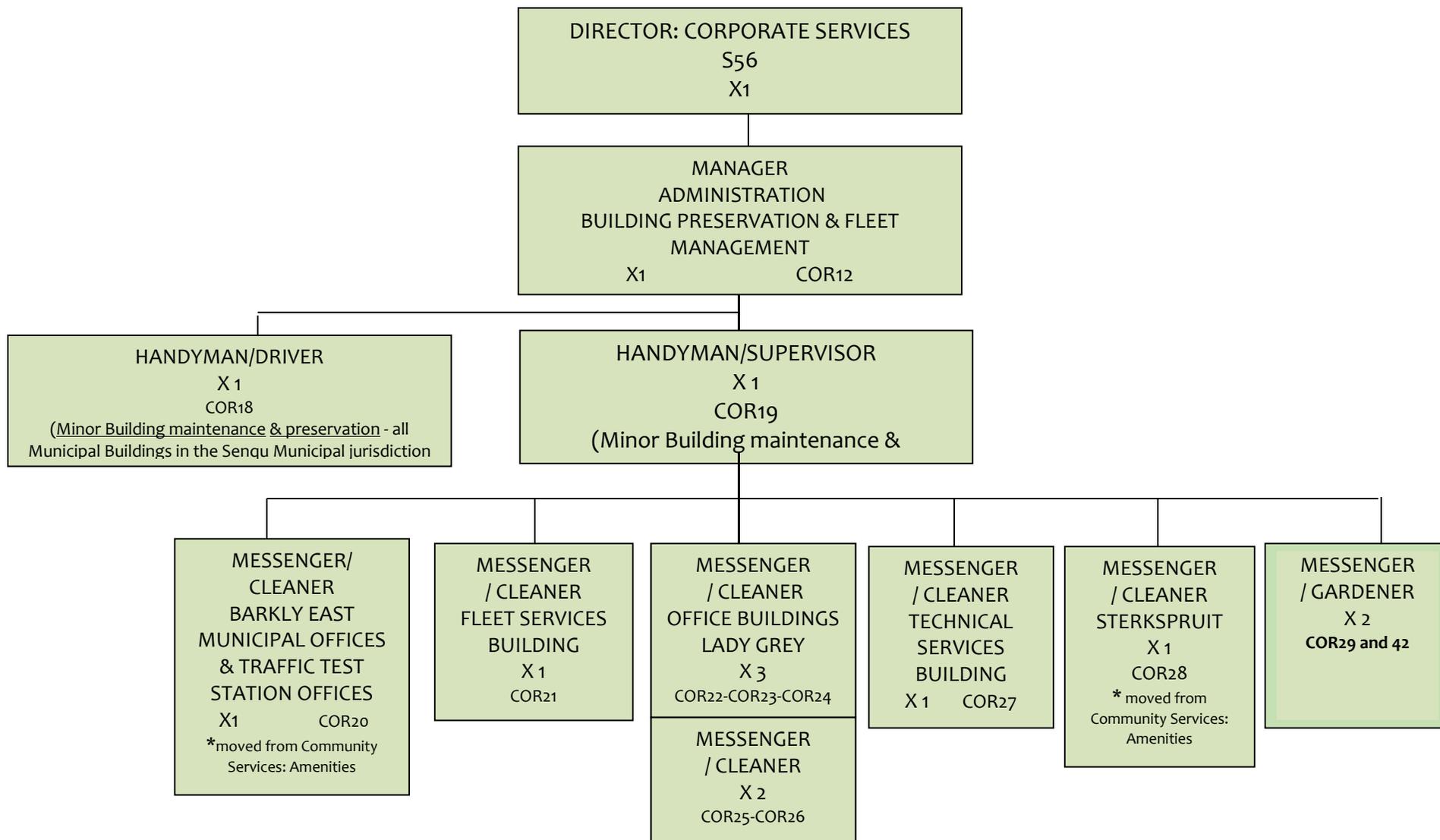
Funded filled post	Approved Vacant Post
Unfunded/ <u>New Post</u>	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT DIRECTORATE: CORPORATE SERVICES ADMINISTRATION / BUILDING PRESERVATION & FLEET MANAGEMENT



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

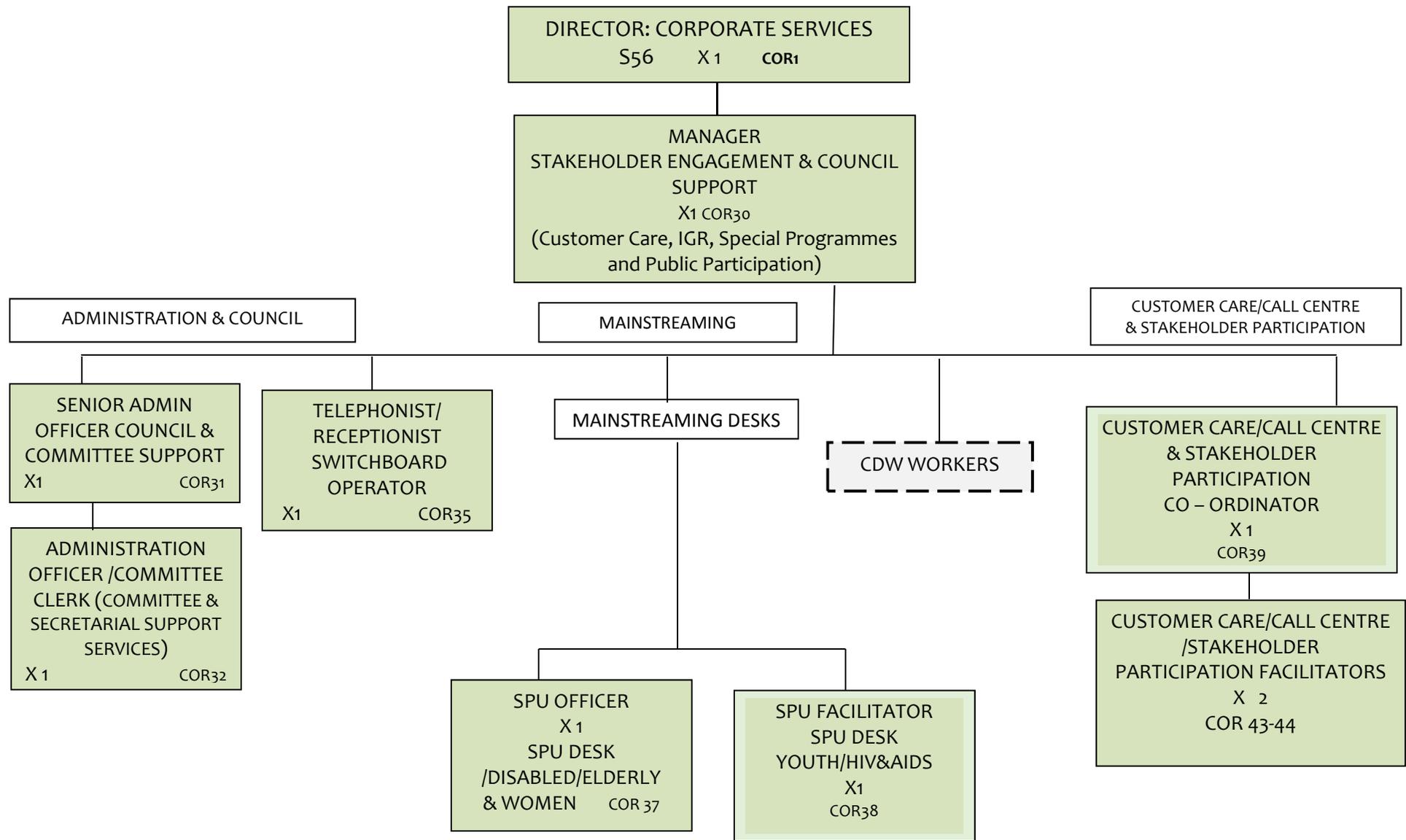
ORGANIZATION & ESTABLISHMENT DIRECTORATE: CORPORATE SERVICES ADMINISTRATION / COUNCIL SUPPORT & BUILDING PRESERVATION CONTINUED



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT DIRECTORATE: CORPORATE SERVICES

STAKEHOLDER ENGAGEMENT & COUNCIL SUPPORT

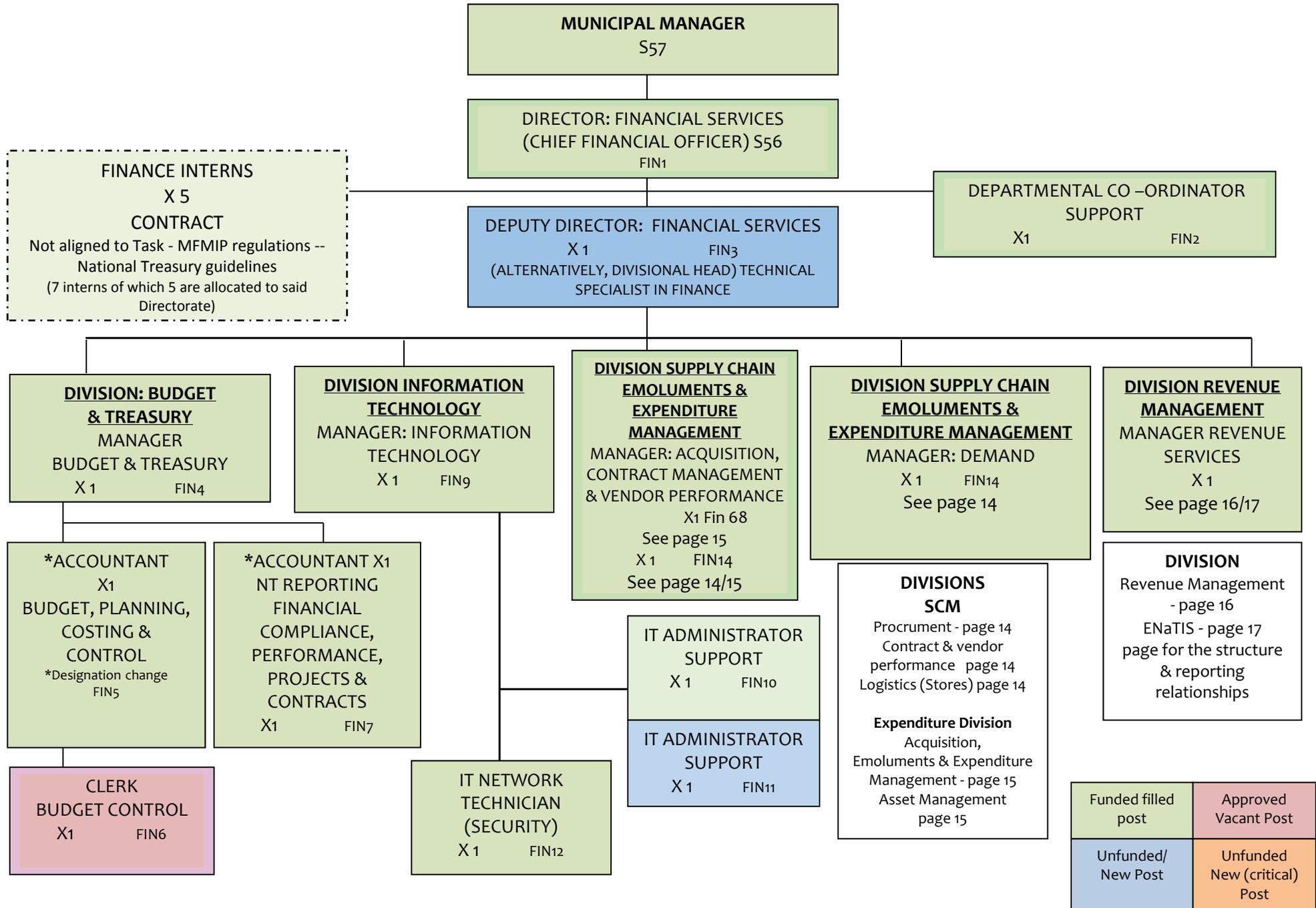


Funded filled post	Approved Vacant Post	DENOTES HUMAN CAPITAL THAT DOES FORM PART OF THE MUNICIPAL ORGANOGAM (Partnership between Government and local structures of government at community level)
Unfunded/ New Post	Unfunded (critical) Post	

C

**DIRECTORATE: BUDGET & TREASURY
(FINANCIAL SERVICES)**

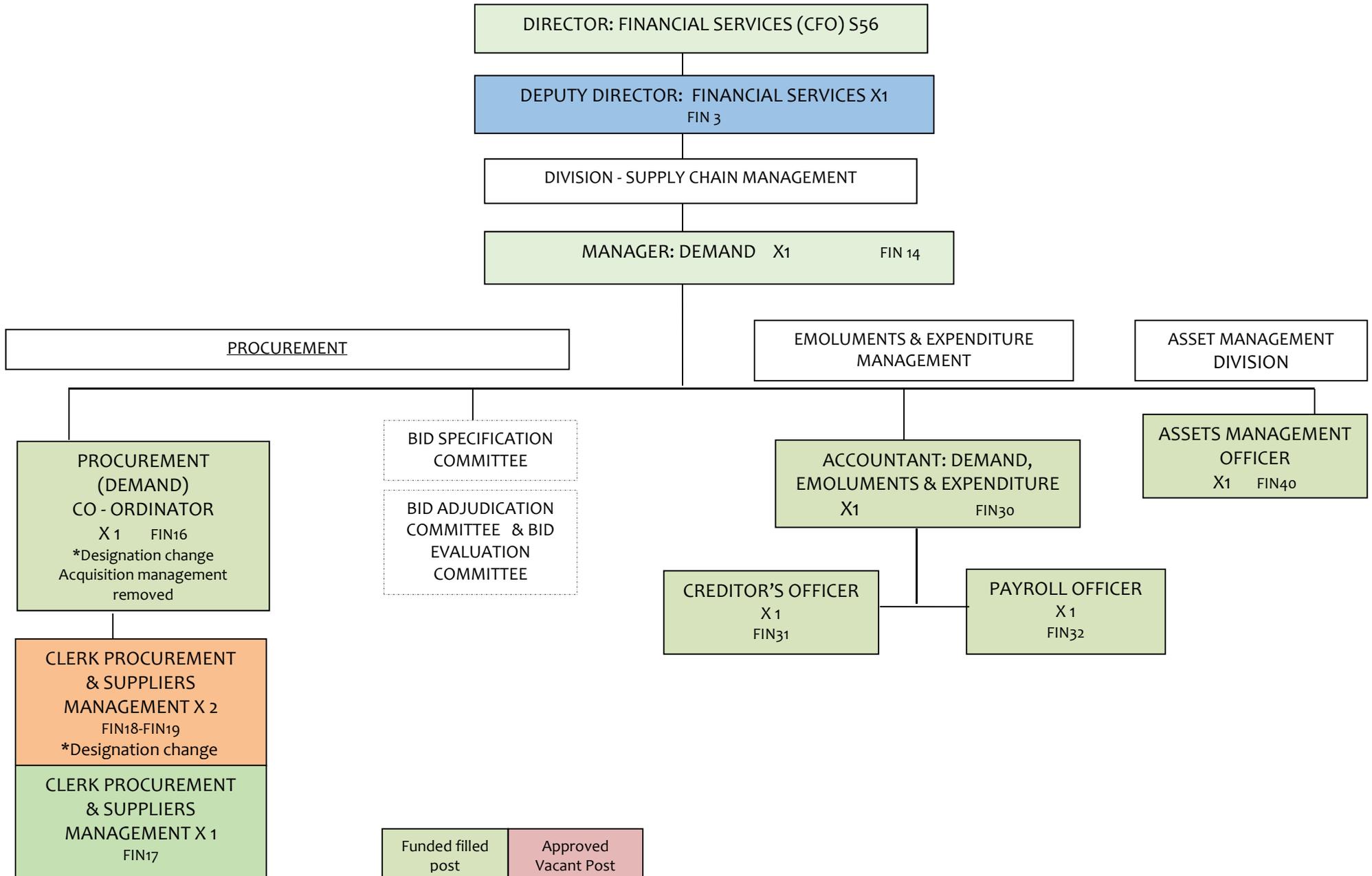
ORGANIZATION & ESTABLISHMENT: DIRECTORATE: FINANCIAL SERVICES



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

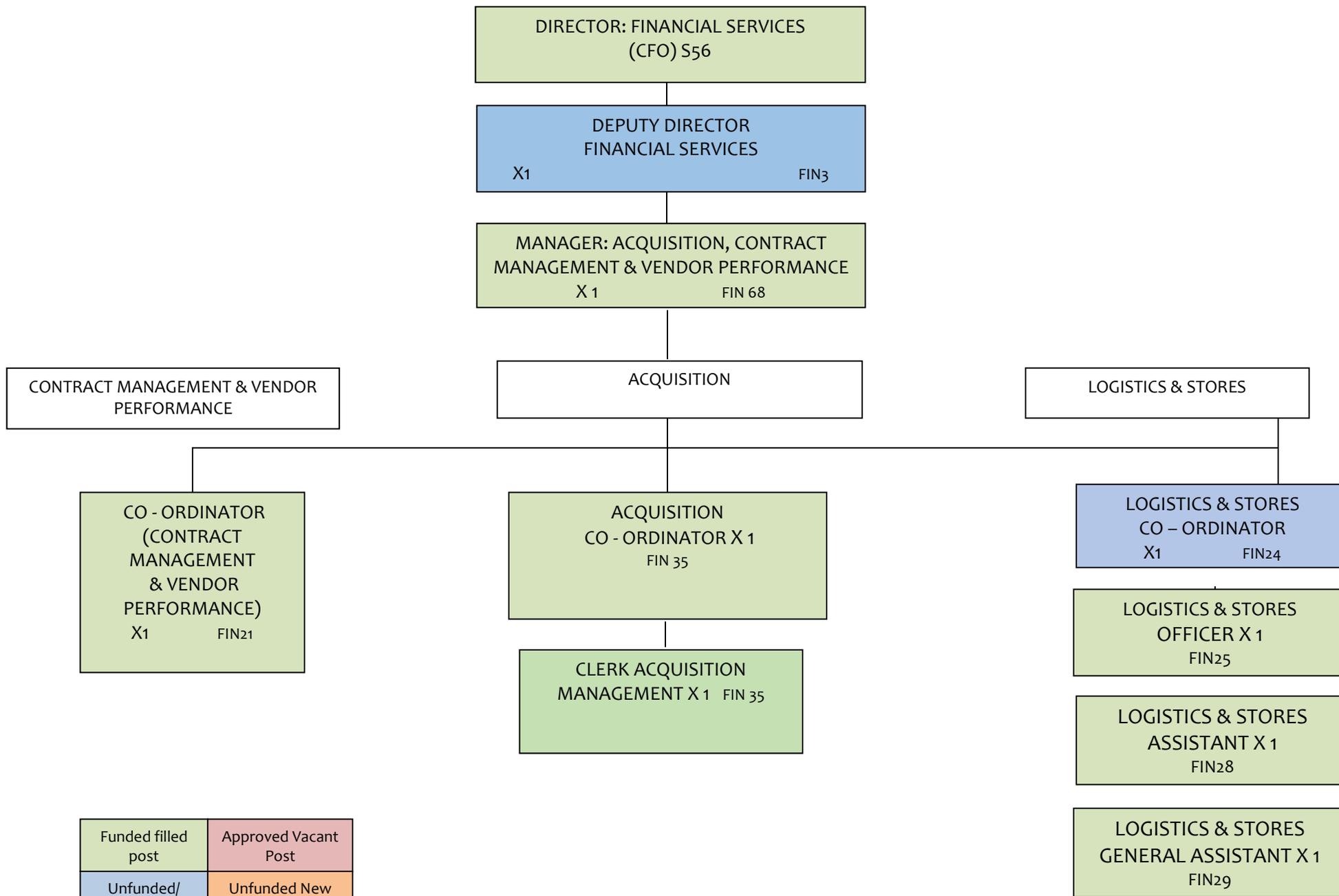
ORGANIZATION & ESTABLISHMENT: DIRECTORATE: FINANCIAL SERVICES

SUPPLY CHAIN MANAGEMENT (SCM)



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

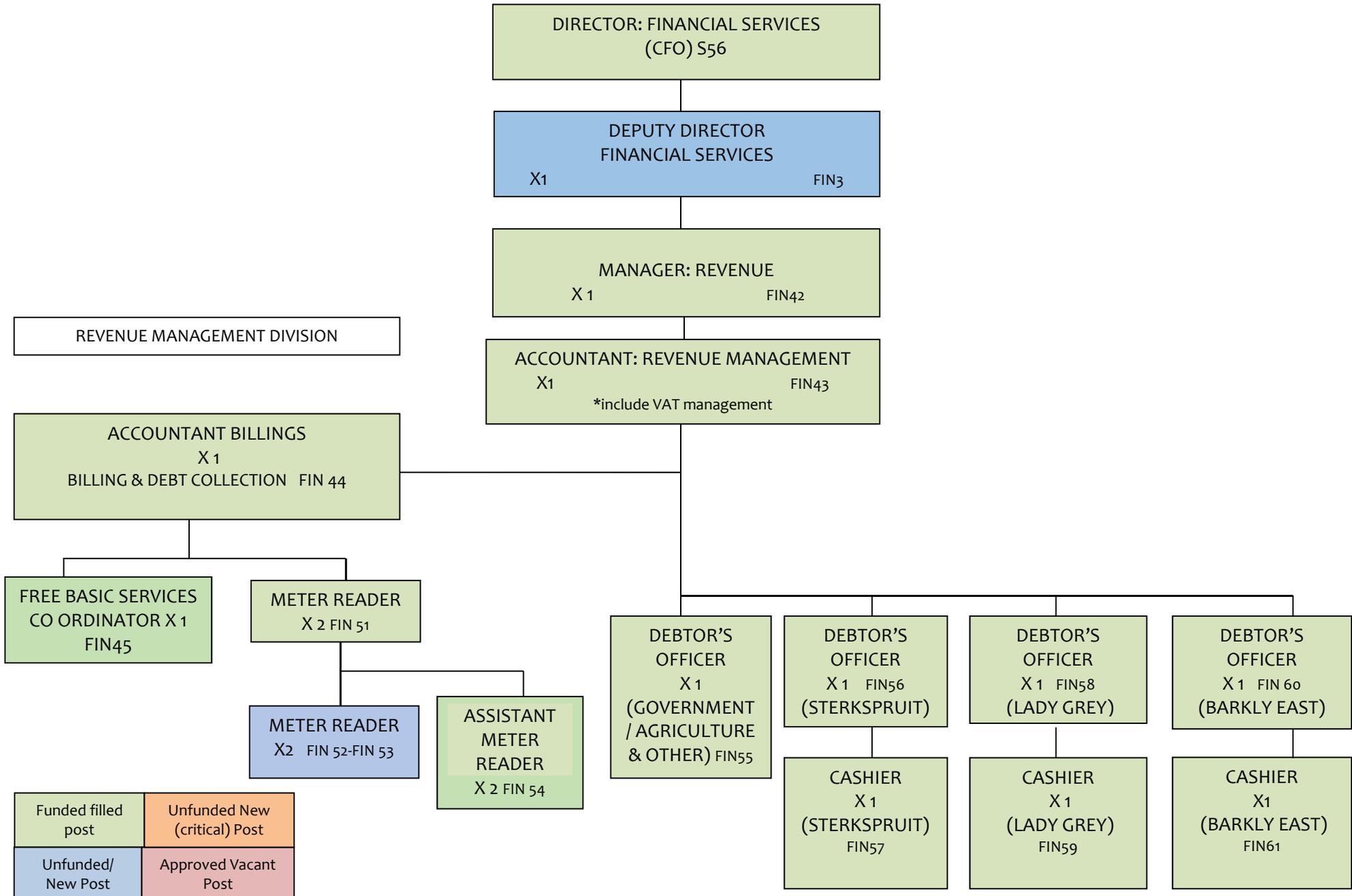
ORGANIZATION & ESTABLISHMENT: DIRECTORATE: FINANCIAL SERVICES ACQUISITION, CONTRACT & VENDOR PERFORMANCE MANAGEMENT



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

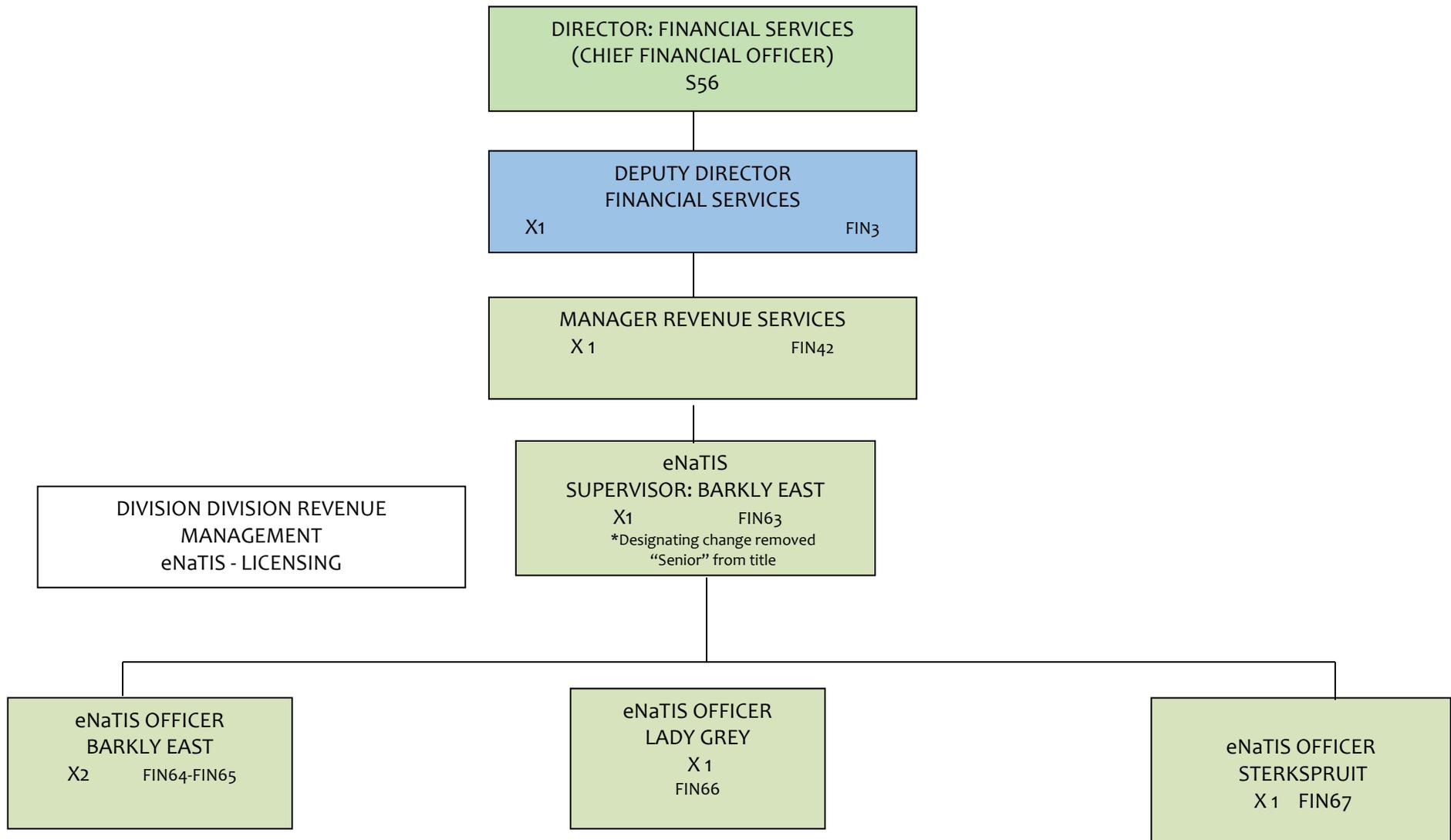
ORGANIZATION & ESTABLISHMENT: DIRECTORATE: FINANCIAL SERVICES

REVENUE MANAGEMENT



ORGANIZATION & ESTABLISHMENT: DIRECTORATE: FINANCIAL SERVICES

eNaTIS - LICENSING

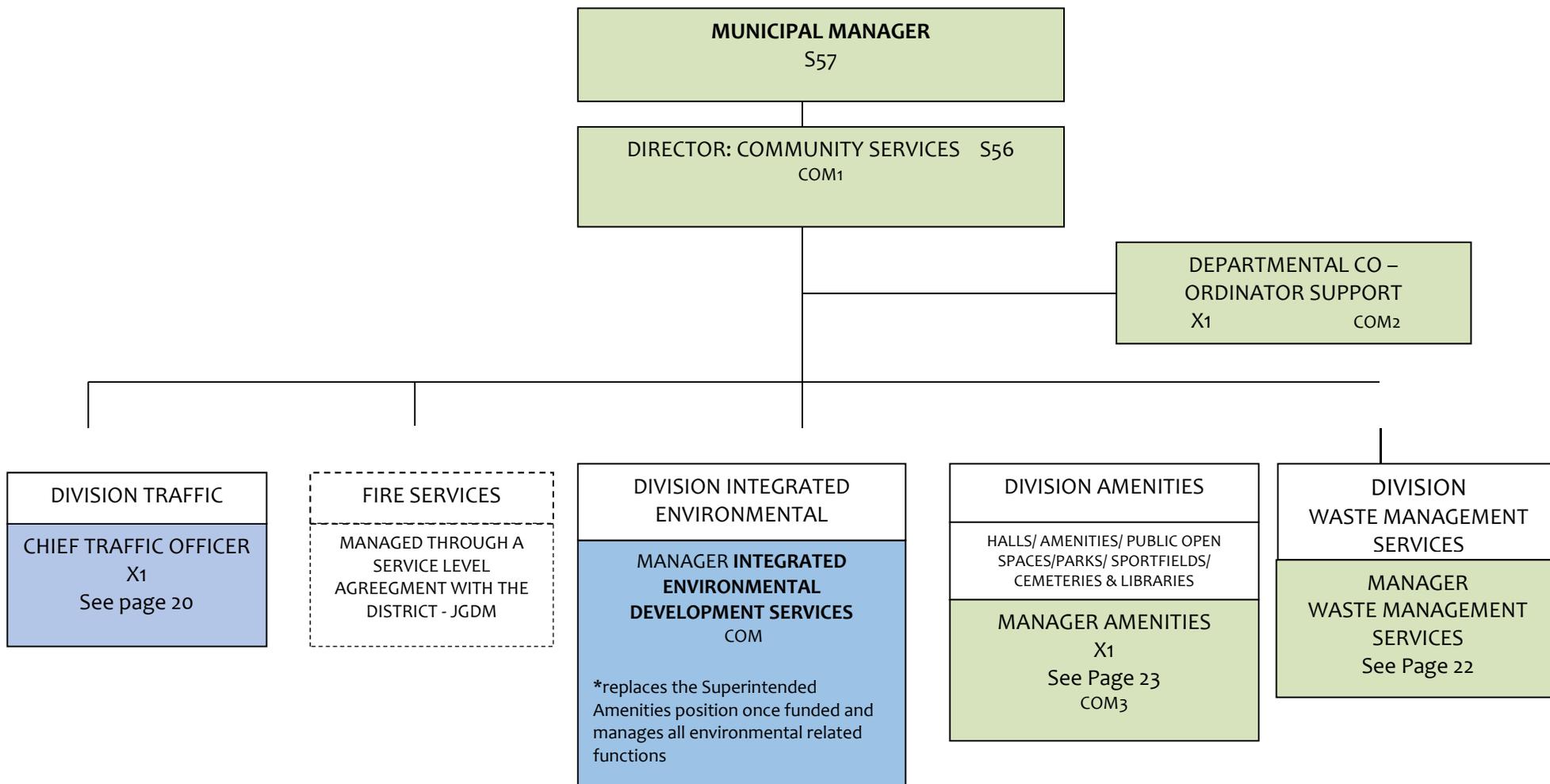


Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Funded

D

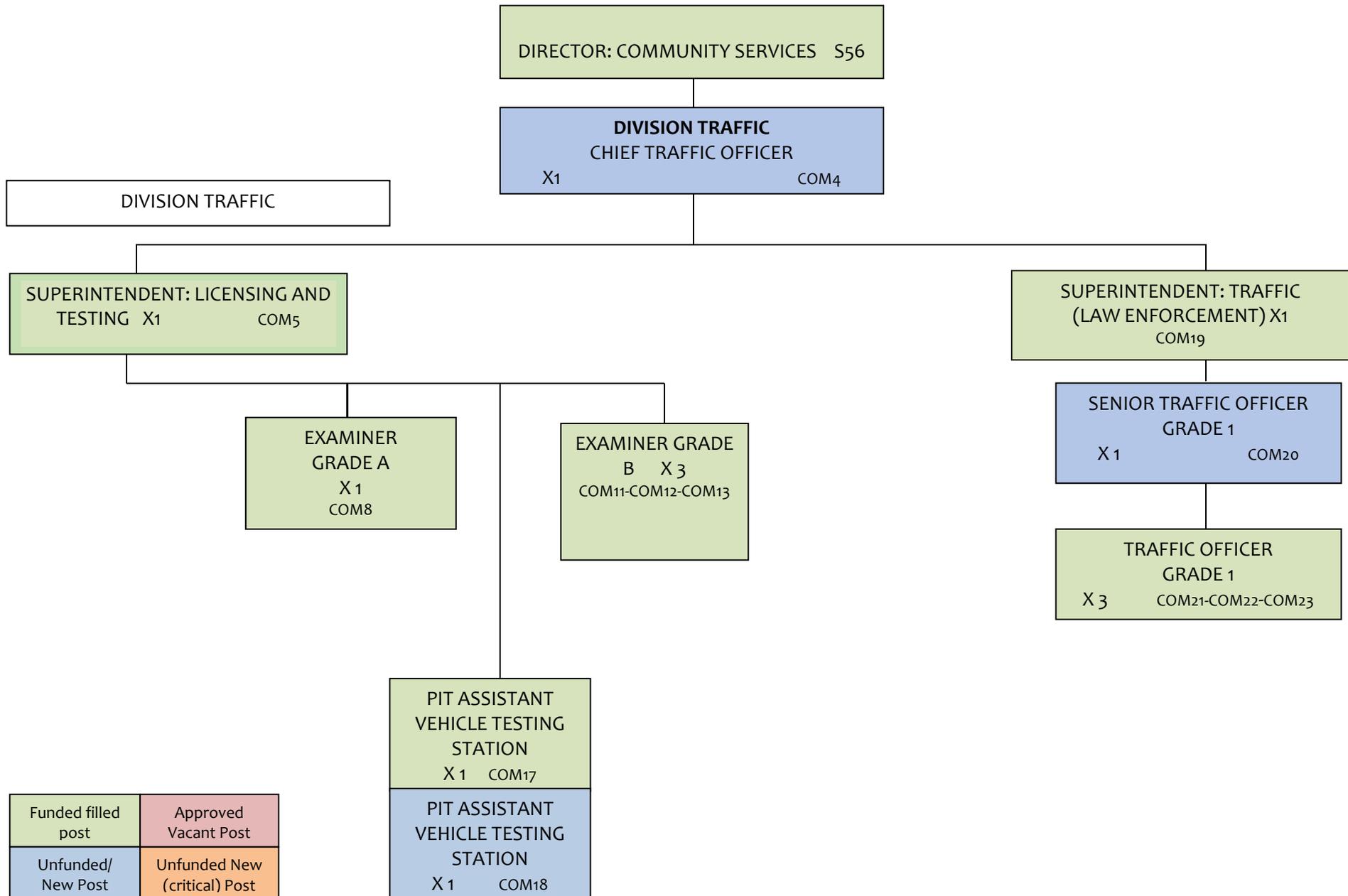
DIRECTORATE : COMMUNITY SERVICES

ORGANIZATION & ESTABLISHMENT – DIRECTORATE: COMMUNITY SERVICES



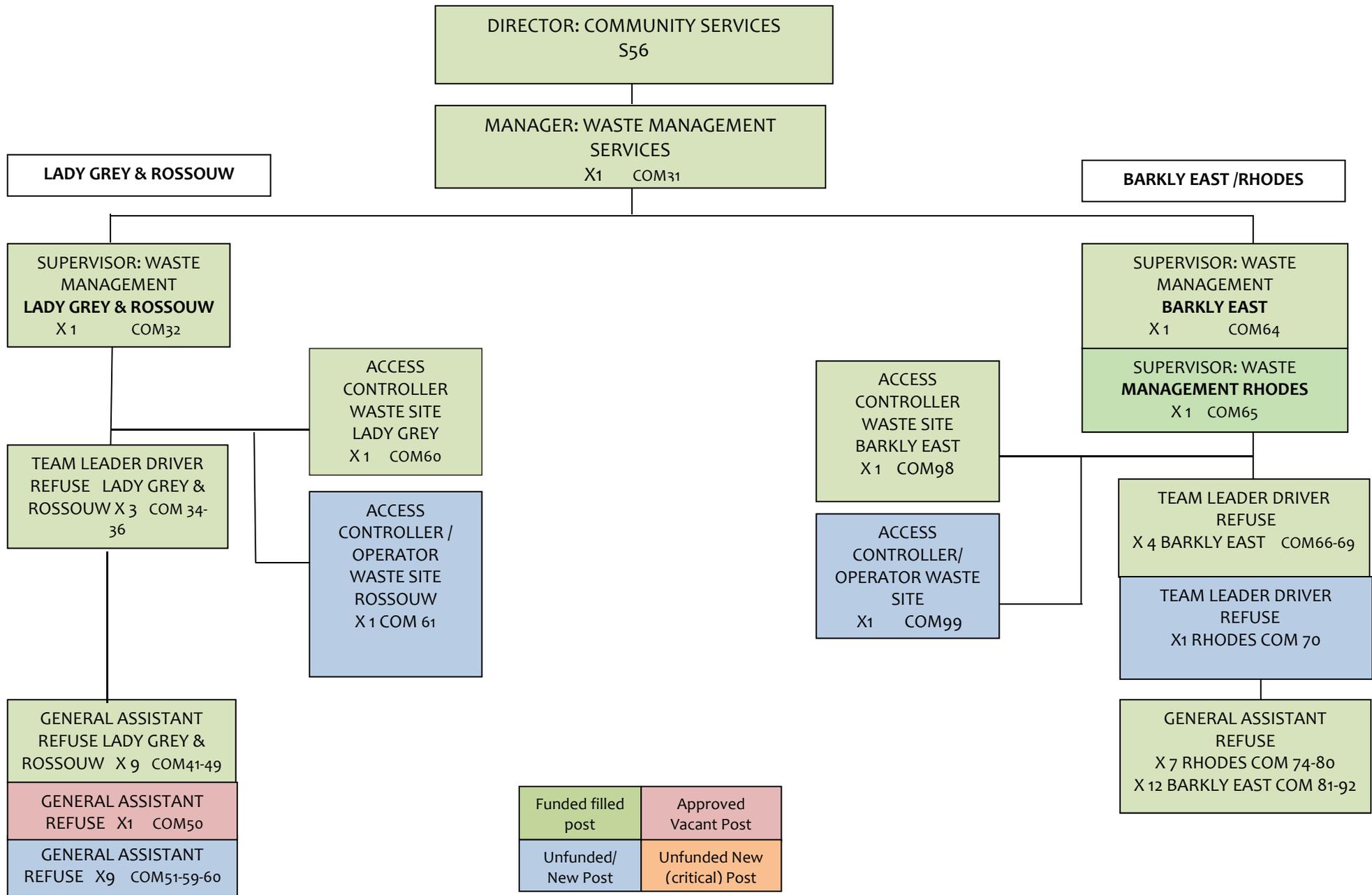
Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES TRAFFIC SERVICES



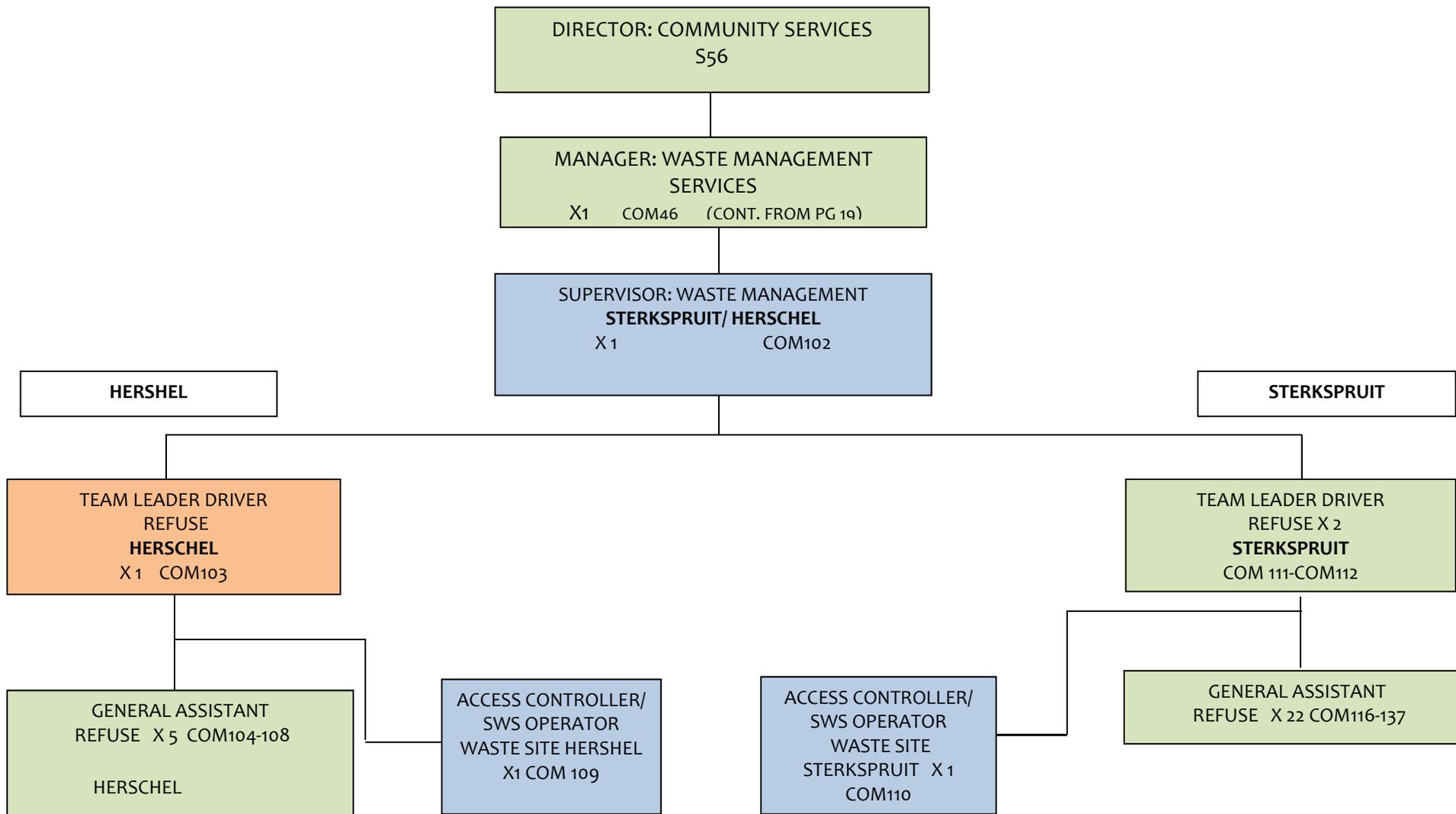
Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES WASTE MANAGEMENT



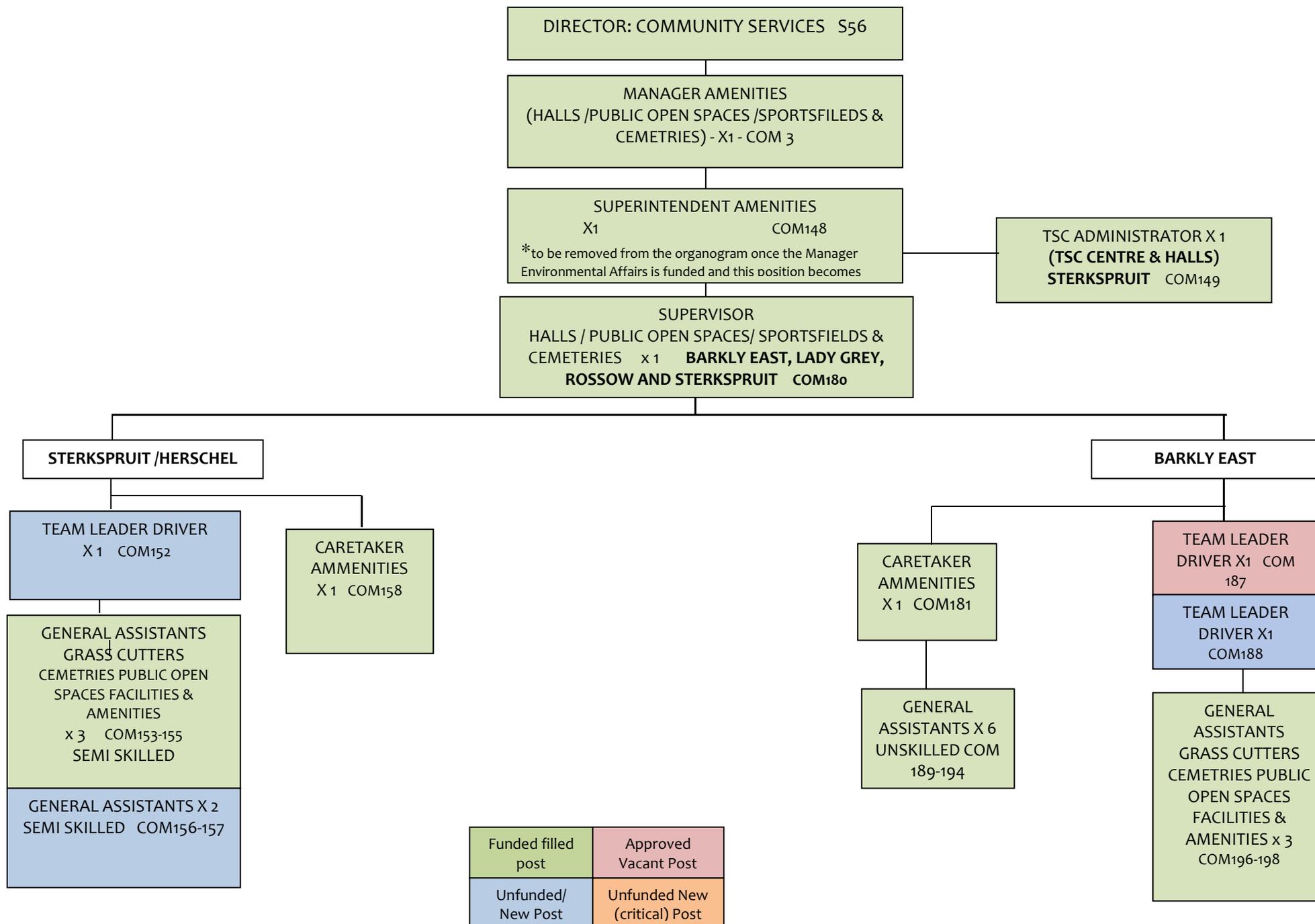
Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES WASTE MANAGEMENT CONTINUED

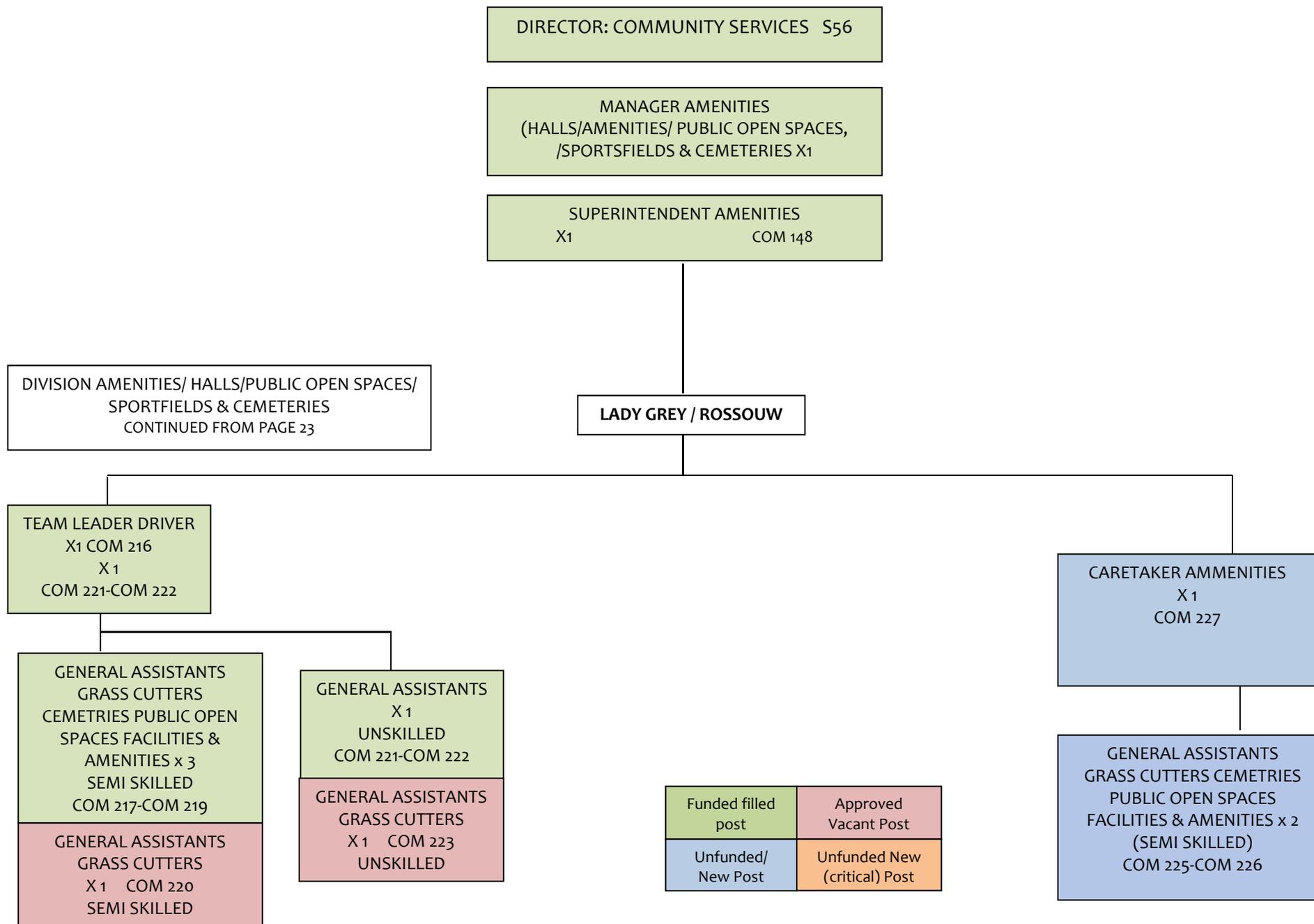


Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

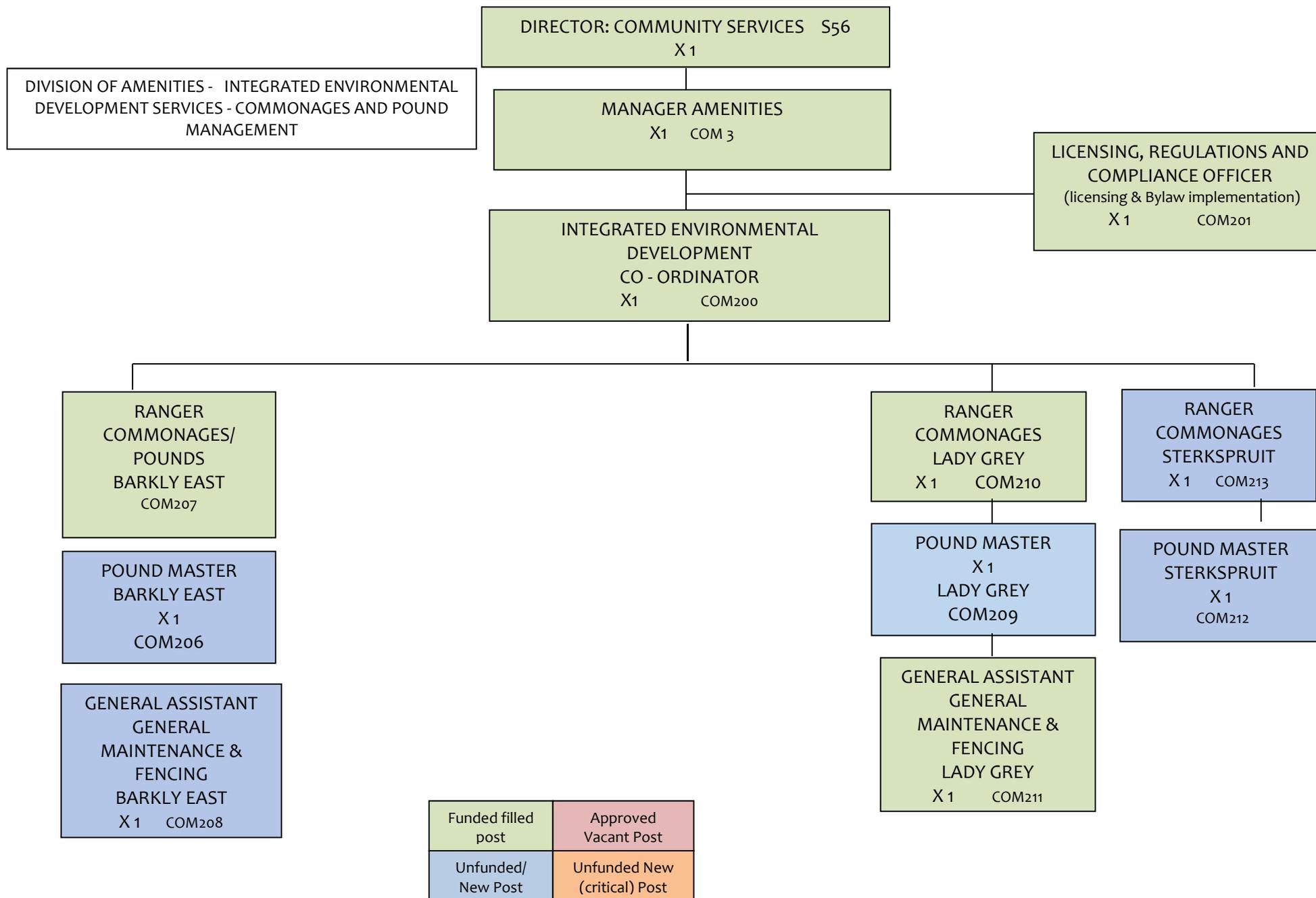
ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES: AMENITIES



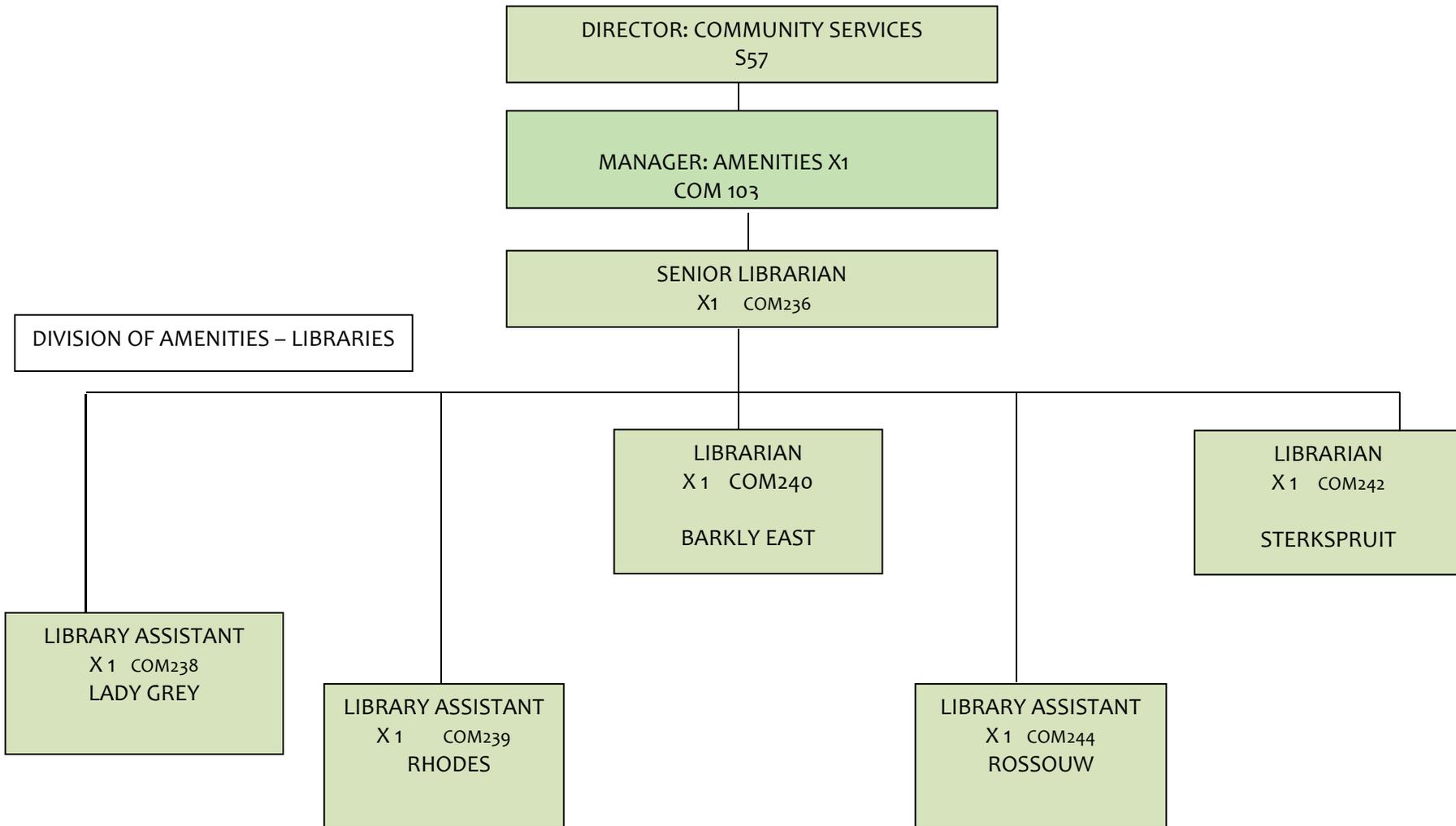
ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES AMENITIES CONTINUED - (HALLS/ PUBLIC OPEN SPACES /SPORTSFIELDS & CEMETERIES)



ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES AMENITIES - INTEGRATED ENVIRONMENTAL DEVELOPMENT DIVISION



ORGANIZATION & ESTABLISHMENT - DIRECTORATE: COMMUNITY SERVICES AMENITIES – LIBRARY SERVICES

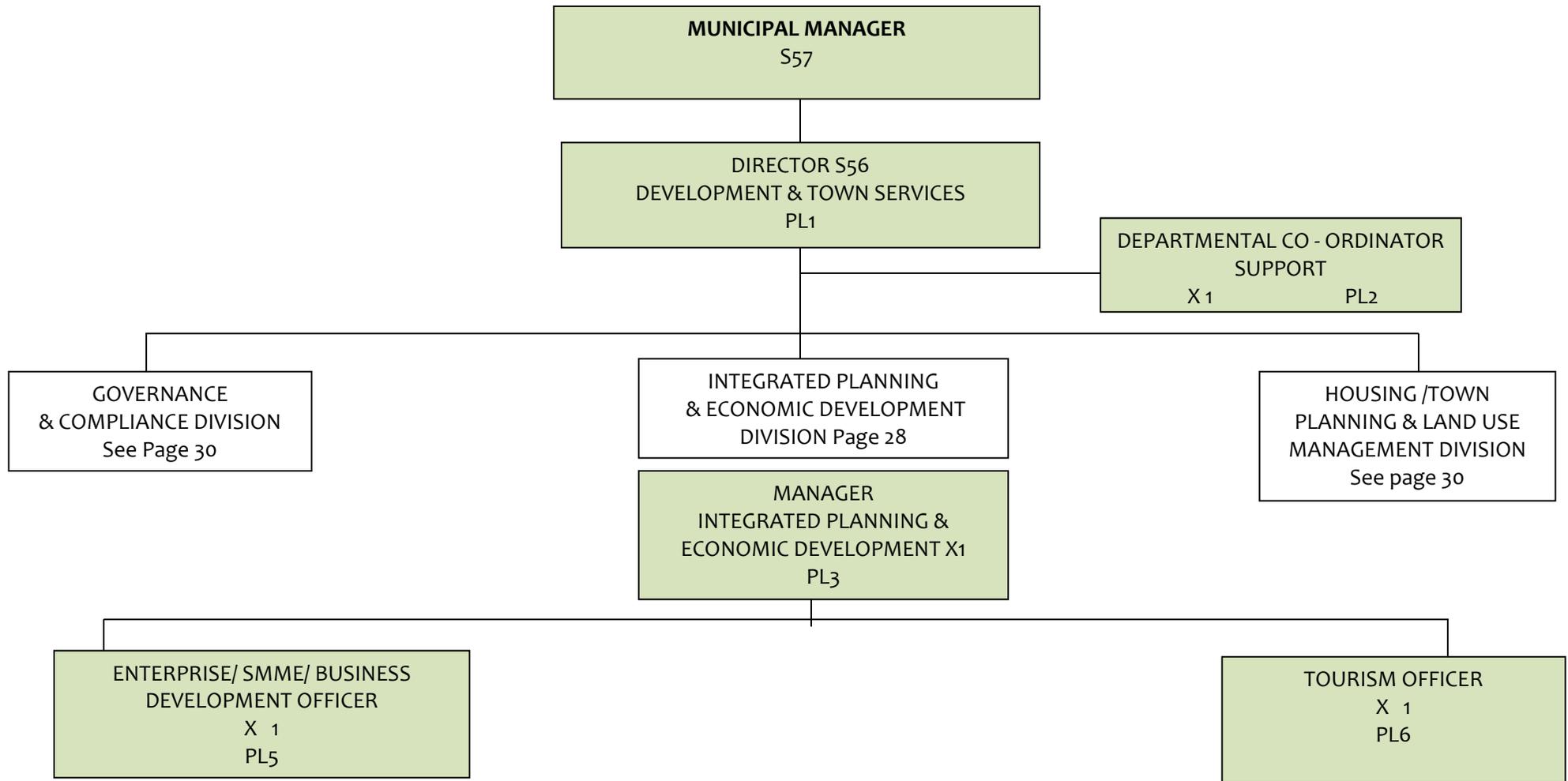


Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

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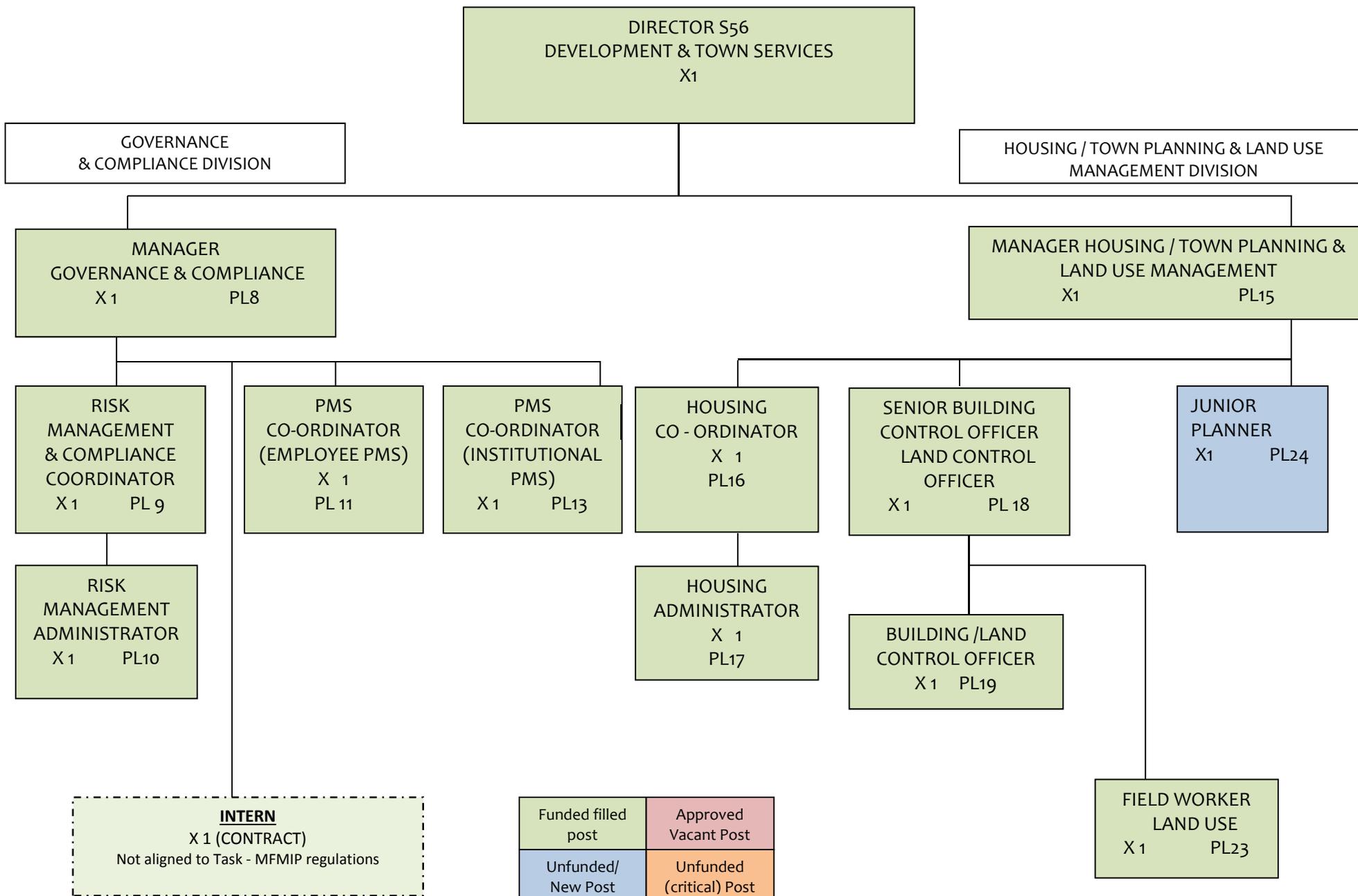
**DIRECTORATE: DEVELOPMENT
& TOWN PLANNING SERVICES**

ORGANIZATION & ESTABLISHMENT: DIRECTORATE DEVELOPMENT & TOWN PLANNING SERVICES



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

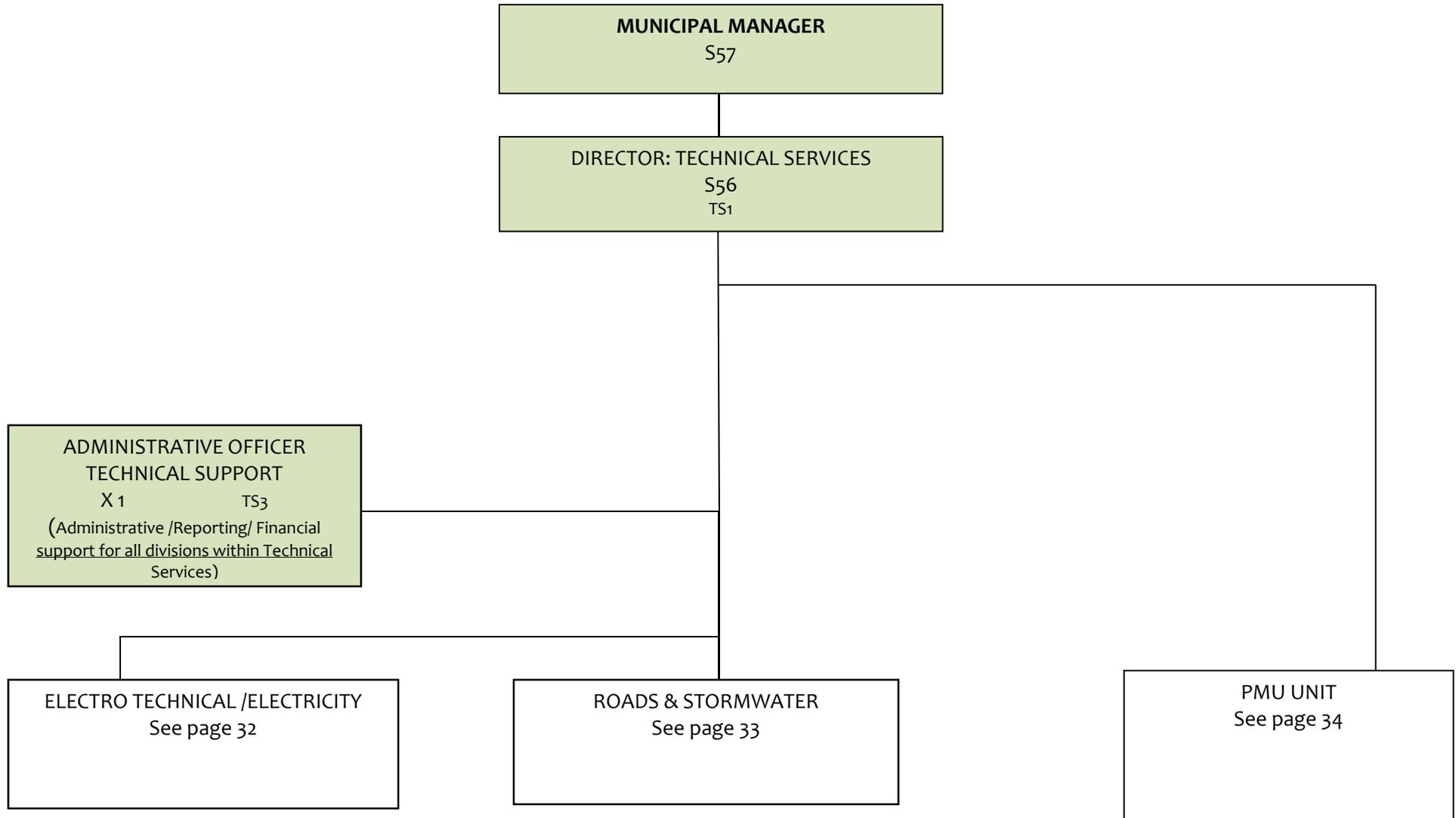
ORGANIZATION & ESTABLISHMENT: DIRECTORATE DEVELOPMENT & TOWN PLANNING SERVICES



F

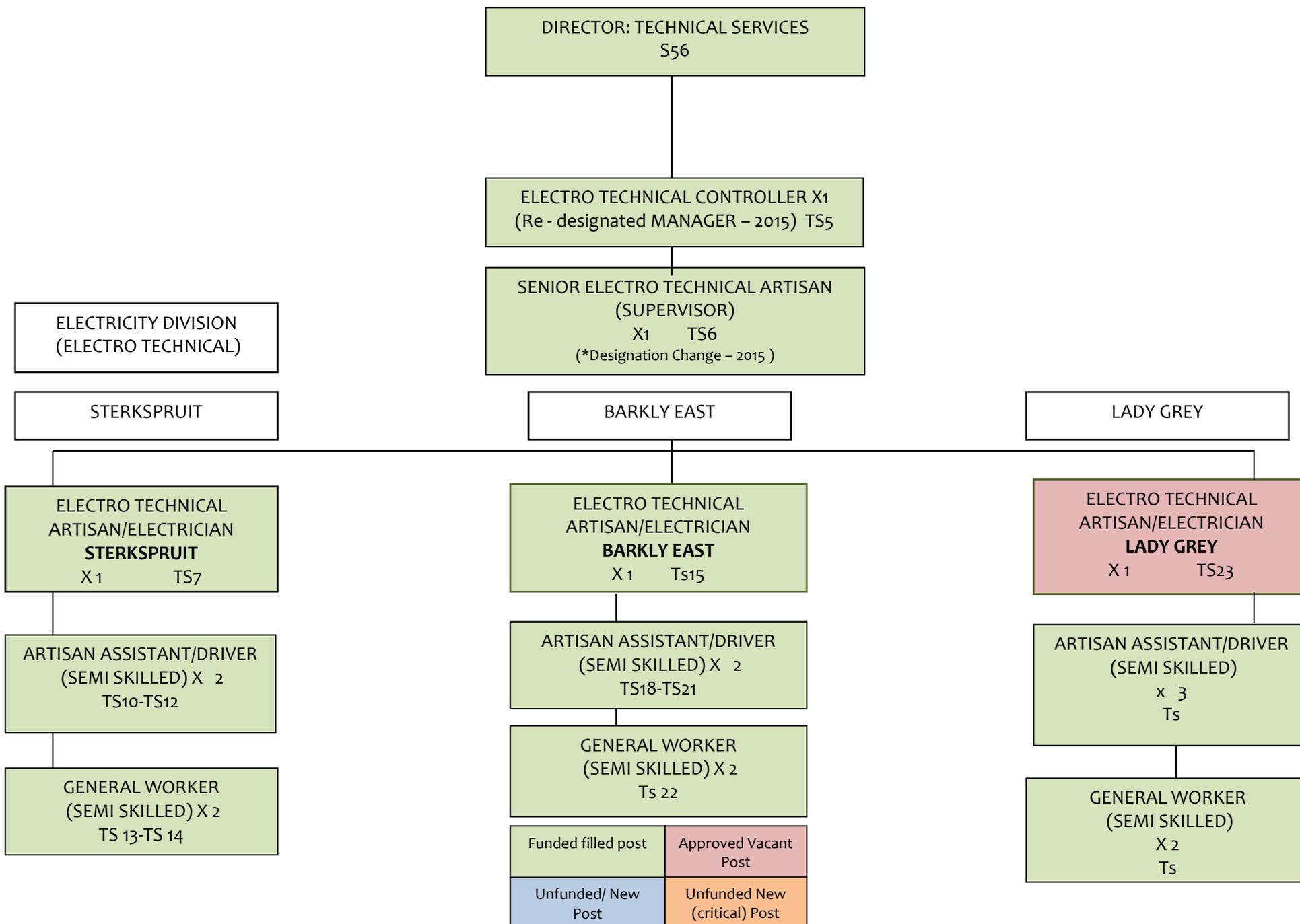
DIRECTORATE : TECHNICAL SERVICES

ORGANIZATION & ESTABLISHMENT : DIRECTORATE TECHNICAL SERVICES



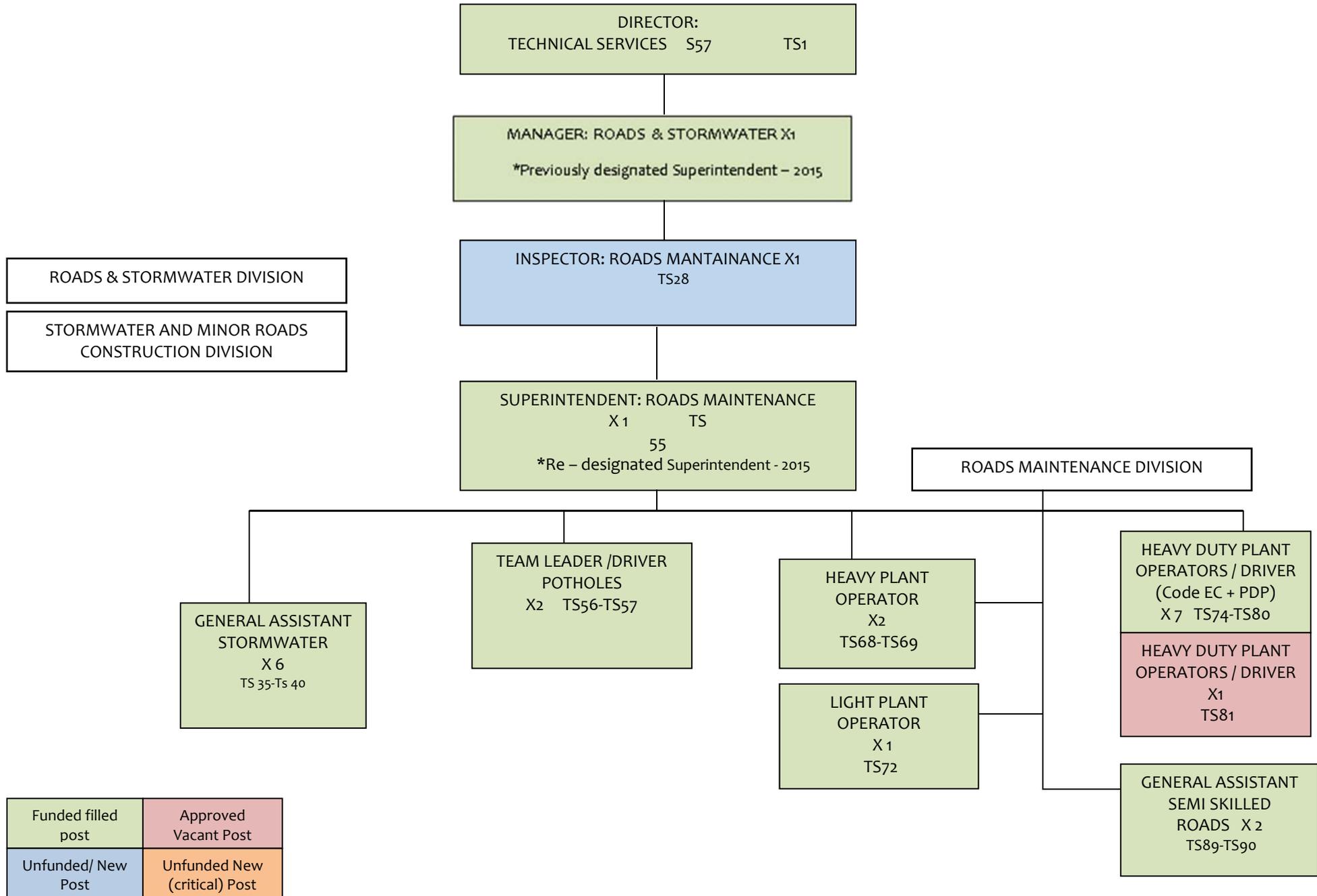
Funded filled post	Approved Vacant Post
Unfunded/ New Post	UnFunded New (critical) Post

ORGANIZATION & ESTABLISHMENT : DIRECTORATE TECHNICAL SERVICES



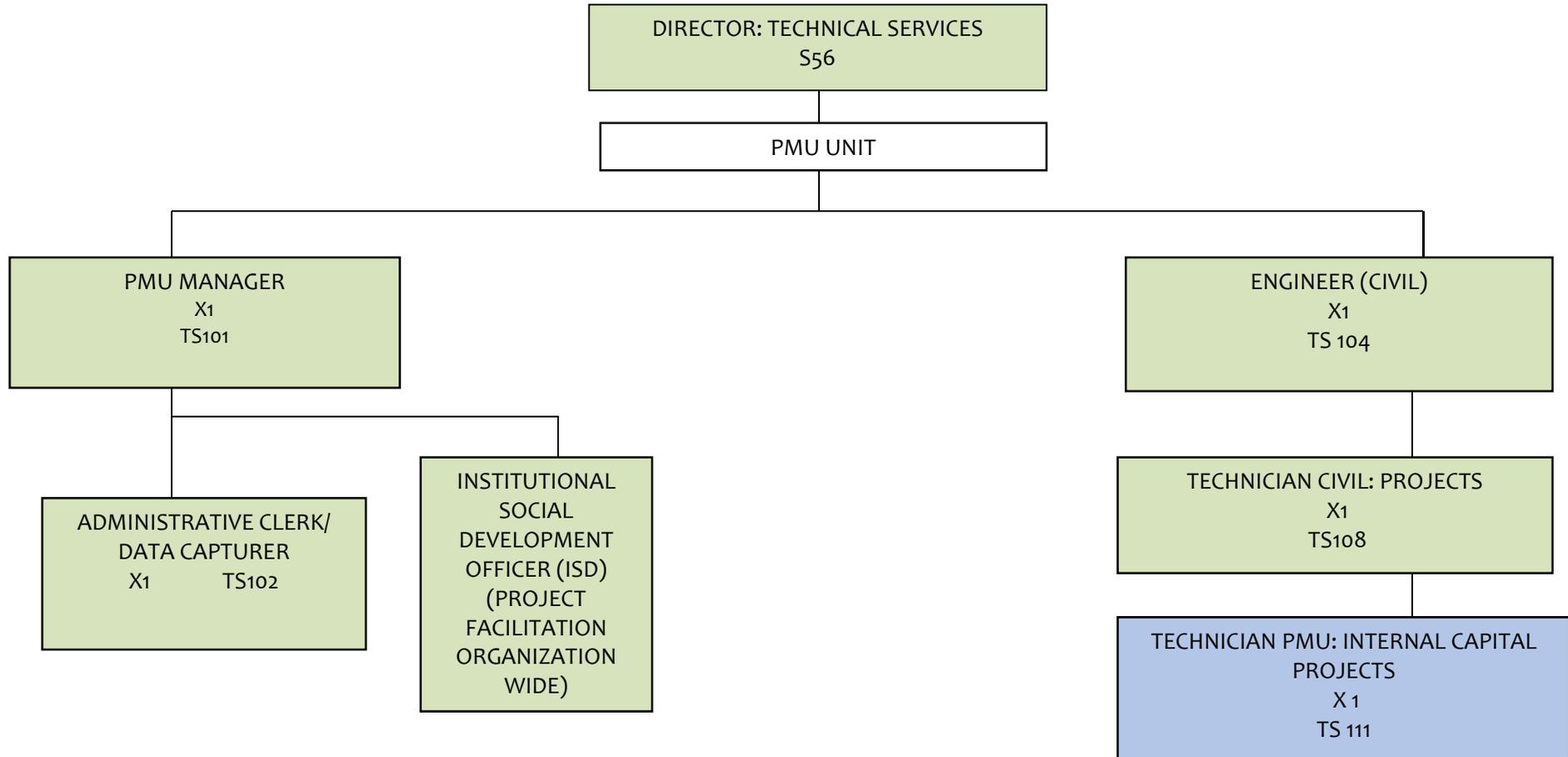
Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT : DIRECTORATE TECHNICAL SERVICES



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post

ORGANIZATION & ESTABLISHMENT : DIRECTORATE TECHNICAL SERVICES



Funded filled post	Approved Vacant Post
Unfunded/ New Post	Unfunded New (critical) Post