

**OVERSIGHT REPORT IN RESPECT OF 2018 / 2019 ANNUAL REPORT FOR THE LANGEBERG MUNICIPALITY  
(DIRECTOR STRATEGY AND SOCIAL DEVELOPMENT)**

**1. PURPOSE OF THE REPORT**

To enable the Committee to execute its oversight responsibility in considering the Langeberg Municipality's Annual Report in terms of Section 129 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) (MFMA)

**2. BACKGROUND**

The draft Annual Report for 2018 / 2019 is available as a drop box link to all councillors:

<https://www.dropbox.com/s/zcwljj6emqbszi1/Final%20Annual%20Report%202018%202019%20with%20Council%20res.pdf?dl=0>

**STRATEGIC INTENT**

Organisational Transformation and Good Corporate Governance

**3. LEGAL IMPLICATIONS**

- 3.1 Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
- 3.2 Local Government: Municipal System Act, 2000 (Act 32 of 2000) Chapter 6, as read with the Local Government: Municipal Systems Amendment Act, 2003 (Act 44 of 2003)
- 3.3 Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)

**4. FOR DECISION**

Council

**5. EXECUTIVE SUMMARY**

- 5.1 The Municipality's Annual Report process has been prepared according to Section 121 (1) of the MFMA, which prescribes that, every municipality must for each financial year prepare an annual report. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality in accordance with section 129
- 5.2 **In terms of Section 129 of the MFMA**, the council must consider the annual report of the municipality, and by no later than two months from the date which the annual report was tabled in the council, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council-
  - (a) Has approved the annual report with or without reservations
  - (b) Has rejected the annual report; or
  - (c) Has referred the annual report back for revision of those components that can be revised.
- 5.3 MFMA Circular number 32 recommends the establishment of an oversight committee for the detailed analysis and review of the annual report (s), following their tabling in Council, receiving and reviewing representations made by the public, inputs from other councillors and Council Portfolio Committees and then drafting and oversight report that may take to full Council for discussion.
- 5.4 In terms of the MFMA Circular Number 32, in order to approve the Annual Report without reservations, Council should be able to agree that the information contained in the reports is a fair and reasonable record of the

performance of the municipality in the financial year reported upon. Approval means that the executive and administration have discharged in full, their accountability for decisions and actions and that their performance meets the criteria set by performance objectives and measures and is also acceptable in the community.

## 5.5 Auditor-General (Annexure A)

The Annual report was electronically submitted to the Auditor General on 05 December 2019:

*Good day All*

*Please find attached Adjustment Budget 2019/2020 and Tabling of the Draft Annual Report 2018/2019, that served before Council on the 04<sup>th</sup> of December 2019. Also find attached Council Resolutions A 3924 and A 3920. Also find below links to the Adjustment Budget 2019/2020 and Draft Annual Report 2018/2019 and attached submissions on the lift server as well as on g-mail, due to size limits of the documents.*

*Also find below links on our website: The Draft Annual Report 2018/2019 is open for public comments until 31 January 2020*

<https://www.langeberg.gov.za/langeberg-documents-and-notices/publications/annual-report/annual-report-2018-2019>

## 5.6 National and Provincial Treasury

5.6.1 The Annual Report was submitted to National and Provincial Treasury office on 05 December 2019.

**From:** Malcolm Booysen [<mailto:Malcolm.Booyesen@westerncape.gov.za>]

**Sent:** Wednesday, 05 February 2020 14:09

**To:** Celeste Matthys <[CMatthys@langeberg.gov.za](mailto:CMatthys@langeberg.gov.za)>

**Cc:** Soyisile Mokweni <[smokweni@langeberg.gov.za](mailto:smokweni@langeberg.gov.za)>; Tembela Nabe <[Tembela.Nabe@westerncape.gov.za](mailto:Tembela.Nabe@westerncape.gov.za)>

**Subject:** RE: Inputs on annual report

Dear Celeste,

Thank you for affording Provincial Treasury the opportunity to comment on the tabled 2018/19 Annual Report. I hope that the comments are helpful to improve the Annual Report going forward, specifically for next cycle (2019/20).

Kind regards, Malcolm



Dr Nabe  
Local Government Budget Office  
Email: [Tembela.nabe@westerncape.gov.za](mailto:Tembela.nabe@westerncape.gov.za)  
tel: +27 021 483 4824 fax: +27 21 483 4680

**Reference:** PTR/12/2/17/4

The Municipal Manager  
Langeberg Municipality  
Private Bag X2  
ASHTON  
6715

### PROVINCIAL TREASURY COMMENTS ON THE TABLED 2018/19 ANNUAL REPORT

#### 1. INTRODUCTION

- a. MFMA section 121(1) states that every municipality and every municipal entity must for each financial year prepare an annual report. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.
- b. MFMA sections 121(3) and (4) sets out the framework relating to the content of the annual reports for both municipalities and municipal entities.
- c. National Treasury has further introduced the new annual report template and MFMA Circular No. 63 on 26 September 2012. MFMA Circular 63 aims to provide guidance to municipalities and municipal entities on the Annual Report format and its contents.
- d. The municipal council is then obliged to consider any views of the local community; the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the Annual Report.

## **2. LEGISLATIVE COMPLIANCE**

### **2.1 Conformance**

The conformance assessment highlights compliance by Langeberg Municipality with the MFMA and Annual report MFMA Circular 63 is as follows:

- a. The Municipality submitted the draft 2018/19 Annual Report together with the AFS's to the Auditor General by 31 August 2019.
- b. The Annual report was tabled to Council on 4 December 2019 which is within 7 months after the end of the financial year in accordance to MFMA section 121(1).
- c. The draft Annual report was placed on the website on the 5 December 2019 which is within in accordance to section 75 of the MFMA.
- d. The Annual report was submitted to PT on 6 December 2019.
- e. The Annual report was made public and the public was invited to comment on the Annual report on 5 December 2019. This in accordance with section 127(5) of the MFMA via the website and municipal offices.
- f. An advert was placed on the municipal website on the 5<sup>th</sup> of December 2019 inviting public comments with a deadline of 31 January 2020.

### **2.2 Format of the Annual Report as per MFMA Circular 63**

- a. The Annual Report partially complies with the Annual Report Template as described by MFMA Circular 63 as it did not include all of the required appendices or the components of chapter 3.
- b. The Mayor's Foreword has been included and is broadly in line with MFMA Circular 63.
- c. The Municipal Manager's Foreword is included and is broadly in line with the MFMA Circular 63. It is however advised that the Municipal Manager include information related to the revenue trend by source, including borrowings undertaken by the municipality. If there were any management changes within the financial year then these should be included here as well.
- d. The annual report provides comprehensive overview of the demographics, population, economic sector performance, employment growth per sector, basic service levels access and basic service delivery challenges, economic growth and development structure of the municipal area. These should however also be expanded on within Chapter 3 where it is currently not present. See MFMA Circular 63 for an indication of the components to be included in Chapter 3.
- e. The Auditor-General awarded the Municipality a clean audit for the 2018/2019 financial year.



### 3. Chapter 3: Service Delivery Information and Performance

#### High Level Summary – Key Performance Areas

2018/19	Facilitate integrated human settlements & improved living conditions of all households SO1	Provide and maintain infrastructure to provide basic services to all citizens SO2	Promote an enabling environment for economic growth and decent employment. SO3	A responsive and accountable administration SO4	Adherence to all laws and regulations applicable to LG SO5
SDBIP Target Set (No of total KPI's)	3	42	1	18	23
Number of targets achieved	0	8	1	14	17
Percentage target achieved	0%	19%	100%	77.8%	73.9%
Number of targets not achieved	3	34	0	4	6

#### Comments on Service Delivery

In terms of service delivery, the Annual report reflects that 45.9 per cent (40 of 87) of the top levels KPIs were achieved in the 2018/19 financial year. This reflects a variance of 54.1 per cent between actual and planned performance for 2018/19. The variance falls outside of the PT MGAP threshold. Note however that the majority of unachieved KPI's were very close to the target.

The 47 targets not achieved are related to the following strategic objectives: Provision and maintenance of infrastructure to provide basic services to all citizens and to facilitate



integrated human settlement and improved living conditions of households within the Langeberg municipal area. The underperformance for the above Strategic Objectives is concerning considering the basic service backlogs within the Langeberg municipal area. Langeberg has provided explanations and corrective measures around the missed targets, which indicates they have /are being addressed.

Access to basic services for indigent households has increased in the 2018/19 financial year and while funding still remains a challenge, most targets set for provision of services to indigent households have been achieved. The municipality provided free basic services to 6 954 indigent households. To improve service delivery within the Langeberg municipal area, the municipality implemented the following capital projects:

- Upgraded the roads and storm water system in Robertson;
- Upgraded the electricity infrastructure by replacing 11Kv Switch gear at Ashton substation and Bonnievale main station;
- Upgraded the water supply system with the installation of bulk services;
- Installed bulk services of electrification, roads and water supply to the new informal housing development Kenana, Robertson and
- Build a new state of the art sport ground in Nkqubela, Robertson.

With respect to service delivery performance, the 2018/19 Annual report indicate that the municipality has infrastructure plans in place to prioritise and address existing service backlogs through government funding. The 2018/19 Annual report indicate that the municipality was crowned the Mbeki Awards winner of the Best Integrated Residential Development Programme Project (IRDP) for the McGregor Housing project. These awards are an annual event which recognises outstanding performance in the delivery of housing projects.

#### **Comments on Local Economic Development Initiatives**

As noted within the Annual Report, Langeberg has one of the smallest economies within the Western Cape and relatively high levels of employment and poverty. LED initiatives are therefore essential in this regard. The municipality has overachieved and created 447 jobs via its EPWP programme vs the 400 targeted jobs. Infrastructure projects and engagements with tourism and LED bodies also assist in this regard. In the Municipal managers forward there is an indication that Langeberg Municipality is assisting small business in order to promote LED. It may be beneficial to further elaborate on these initiatives within the document.

#### **Comments on the Audit Opinion**

The Municipality is commended for improving its audit opinion from an unqualified audit opinion in 2017/18 to a clean audit opinion in 2018/19. The improved governance measures are noted.

### Comments on the Personnel Expenditure

While the personnel to total operating expenditure ratio is within the norm at 29.6%, there has however been a steady increase over the last 5 years. The personnel expenditure should be noted when the budgeted and unbudgeted vacancies are filled.

### CONCLUSION AND RECOMMENDATIONS

Langeberg Municipality has complied with the legislation regarding the tabling, publishing document for comments, submission to Provincial Treasury and placement on the website within the time frames prescribed in the MFMA section 21. The Municipality has produced a comprehensive report 2018/19 Annual Report reflecting detailed information pertaining to the Municipality's performance during the year under review.

Only partial compliance to the prescribed format of the report is achieved as the draft 2018/19 Annual Report did not include any of the recommended appendices or the components within Chapter 3 or the MM foreword as detailed in the MFMA Circular 63. The municipality should take this in consideration for the 2019/20 draft Annual Report.

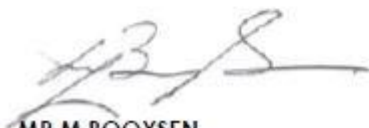
The municipality is advised to be cognisant of growing personnel and indigent expenditure in light of economic and financial challenges facing the municipality.

The municipality is commended for its excellent governance practices and clean audit opinion achieved.

For any further enquiries, please do not hesitate to contact Dr Nabe as per above details.

Kind regards

Kind regards



MR M BOOYSEN

DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE


DATE: 5 February 2020

### **Comments: Director Strategy & Social Development**


*"The comments received from the Province will be considered for the next annual report preparation. It remains however, a challenge to fully comply with the Regulations."*

#### **1.1 Public Participation**

- 1.1.1 Municipal website: **No comments were received** (Tabling of Draft Annual Report 18/19 was uploaded on 04 December 2019 and were downloaded 89 times)



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


- Advertisements and Notices
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  - Audit Committee
  - Risk Management
  - Town Planning Tribunal
  - Small-Scale Embedded Generators
  - Agendas for Council Meetings
  - Municipal Ward Boundaries
  - Application Forms
  - Municipality By-Laws
  - Council Resolutions
  - Tariffs
  - Budget
  - IMAP
  - Waste Removal Schedules
  - Valuations
  - Annual Report
    - Annual Report 2018/2019**
    - Annual Report 2017/2018
    - Annual Report 2016/2017
    - Annual Report 2015/2016
    - Annual Report 2014/2015
    - Annual Report 2012/2013
    - Annual Report 2011/2012
    - Annual Report 2013/2014
    - Annual Report 2010/2011
    - Annual Report 2009/2010

## Annual Report 2018/2019

### Documents


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**Notice: Draft Annual Report open for public comments**

Published on 04 December 2019 • 59 downloads

Comment on the Draft Annual Report for the 2018/2019 financial year.  
Closing date for the submission of comments and representations is 31 January 2020.

[View \(pdf, 197 KB\)](#)


**Draft Annual Report 2018/2019 open for public comments**


Published on 04 December 2019 • 89 downloads

Comment on the Draft Annual Report for the 2018/2019 financial year.  
Closing date: 31 January 2020


[View \(pdf, 12.49 MB\)](#)

- 1.1.1 Advert placed in the Breederiver Gazette on 10 December 2019
- 1.1.2 Hard copies were delivered to the Municipal offices and libraries on 5 December 2019
- 1.1.3 Facebook: **No comments were received**


### Post Details


**Langeberg Municipality**  
January 15 at 8:22 AM

**LANGEBERG MUNICIPAL NOTICE:**  
Members of the public and communities within the Langeberg Municipality, Government Institutions, the private sector and organs of the civil society, are hereby invited to comment on the Draft Annual Report for the 2018/2019 financial year.  
The report can be accessed on the municipal website:  
[www.langeberg.gov.za](http://www.langeberg.gov.za) ... [See More](#)



LANGEBERG.GOV.ZA  
**Annual Report 2018/2019**  
Langeberg Municipality - Municipal services and information for Robertson, Bonnievale, Ashton, Montagu and McGregor


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0 Comments	0 On Post	0 On Shares
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1.1.4 Twitter: **No comments were received**

**Langeberg Municipality** @Langeberg\_Muni

LANEBERG MUNICIPAL NOTICE: Members of the public and communities within the Langeberg Municipality, Government Institutions, the private sector and organs of the civil society, are hereby invited to comment on the Draft Annual Report for the 2018/2019 financial year.

**Impressions** 183  
times people saw this Tweet on Twitter

**Total engagements** 2  
times people interacted with this Tweet

**Replies** 1  
replies to this Tweet

**Likes** 1  
times people liked this Tweet



**Langeberg Municipality** @Langeberg\_Muni

The report can be accessed here: <https://www.langeberg.gov.za/langeberg-documents-and-notice/publications/annual-report/annual-report-2018-2019> ...

Hard copies are also available for comments and viewing at the Municipal offices and libraries.

**Impressions** 102  
times people saw this Tweet on Twitter

**Total engagements** 1  
times people interacted with this Tweet

**Langeberg Municipality** @Langeberg\_Muni

Closing date for the submission of comments and representations is 31 January 2020. Written comments may be addressed to: The Municipal Manager, Private Bag X2, Ashton, 6715 or be hand-delivered to any of the Municipal Offices listed above.

**Impressions** 112  
times people saw this Tweet on Twitter

**1.1.5 Through the municipal Administration Archive system: *No comments were received***

**From:** Joliza Swanepoel  
**Sent:** Monday, 03 February 2020 14:36  
**To:** Melissa Jones <mjones@langeberg.gov.za>  
**Cc:** Willy-John Gordon <wgordon@langeberg.gov.za>  
**Subject:** RE: Annual Report inputs from public

Hi, Melissa

Jammer, niks waarvan ek weet nie.

Die uwe

**Joliza Swanepoel**

Uitvoerende Persoonlike Assistent (MB)  
Langeberg Munisipaliteit • Langeberg Municipality  
Privaatsak X2 Private Bag • ASHTON • 6715  
Tel • (023) 615 8000 • Phone Faks • (023) 615 1563 • Fax

**From:** Charlene Eyssen  
**Sent:** Tuesday, 04 February 2020 08:40  
**To:** Melissa Jones <mjones@langeberg.gov.za>  
**Cc:** Johan Coetzee <JCoetzee@langeberg.gov.za>

**Subject:** RE: Annual Report comments

Good Morning Melissa

No comments received on the 2018/2019 Annual Report via the administration document system.

Regards, Charlene

**RECOMMENDATIONS: Municipal Public Accounts Committee (MPAC) / OVERSIGHT COMMITTEE**

That the Annual Report for 2018 / 2019 be considered and adopted by Council without reservations.

*Dat die Jaarverslag vir 2018 / 2019 oorweeg word en sonder voorbehoud aanvaar word deur die Raad.*

**This item served before the Municipal Public Accounts Committee (MPAC) on 12 February 2020**  
**Die item het voor die Munisipale Openbare Rekeninge Komitee (MORK) gedien op 12 Februarie 2020**  
**Recommendation / Aanbeveling**

That the Annual Report for 2018 / 2019 be considered and adopted by Council without reservations.

*Dat die Jaarverslag vir 2018 / 2019 oorweeg word en sonder voorbehoud aanvaar word deur die Raad.*

**This item served before the Executive Mayoral Committee on 18 February 2020**  
**Hierdie item het voor die Uitvoerende Burgemeesterskomitee gedien op 18 Februarie 2020**  
**Aanbeveling / Recommendation**

That the Annual Report for 2018 / 2019 be considered and adopted by Council without reservations.

*Dat die Jaarverslag vir 2018 / 2019 oorweeg word en sonder voorbehoud aanvaar word deur die Raad.*

**This item served before an Ordinary Meeting of Council on 25 February 2020**  
**Hierdie item het gedien voor 'n Gewone Vergadering van die Raad op 25 Februarie 2020**  
**Eenparig Besluit / Unanimously Resolved**

That the Annual Report for 2018 / 2019 be adopted by Council without reservations.

*Dat die Jaarverslag vir 2018 / 2019 sonder voorbehoud aanvaar word deur die Raad.*





# LANGEBERG MUNICIPALITY ANNUAL REPORT 2018/2019

COUNCIL RESOLUTION A3957  
APPROVED ON 25 FEBRUARY 2020



## TABLE OF CONTENT

## PAGE

<b>Chapter 1: Mayors Foreword and Executive Summary</b>	<b>7</b>
1.1 Mayor's Foreword	8
1.2. Executive Summary	10
1.2.1. Municipal Manager's Overview	10
1.2.2. Municipal Functions, Population and Environmental Overview	12
1.2.2.1 Municipal Functions	12
1.2.2.2 Population	12
1.2.2.3 Age Cohorts	13
1.2.2.4 Population Reality and Implications	13
1.2.2.5 Local Economic Development	14
1.2.2.6 Economic Sector Performance	14
1.2.2.7 Labour	15
1.2.2.8 Environmental Reality And Natural Resources	17
1.2.3. Access to Services and Housing	18
1.2.3.1. Poverty	19
1.2.3.2. GDP Per Capita	20
1.2.3.3. Income Inequality	20
1.2.3.4. Human Development	21
1.2.3.5. Indigent Households	22
1.2.4. Financial Health Overview	23
1.2.5. Organisational Development Overview	28
1.2.6. Auditor General Report	28
1.2.7. Statutory Annual Report Process	29
1.3 Committees of Council	30
1.3.1 Political Heads of Section 79 Committees	30
1.3.2 Portfolio Committees	31
1.3.3 Ward Committees and Community Participation	31
1.3.4 Community Liaison Workers	31
1.3.5 Performance Management Committee	32
1.3.6 Municipal Public Accounts (MPAC) Committees	32
1.3.7 Internal Audit and Audit & Performance Committee	32
1.3.8 Anti-Corruption and Anti-Fraud	32
<b>Chapter 2: Governance</b>	<b>33</b>
<i>Component A: Political and Administrative Governance</i>	<i>34</i>
2.1. Political Governance	35
2.2. Administrative Governance	36
2.2.1. Risk Management: Meeting the Requirements for Political and Administrative Governance	38

<i>Component B: Intergovernmental Relations</i>	43
2.3. Intergovernmental Relations	43
<i>Component C: Public Accountability And Participation</i>	54
2.4. Public Meetings: Ward Committee Establishment Programmes	54
2.5. IDP Participation and Alignment	64
<i>Component D: Corporate Governance</i>	65
2.6. Risk Management	65
2.7. Anti-Corruption and Fraud	66
2.8. Supply Chain Management	66
2.9. Policies And By-Laws	67
2.10. Website	68
2.11. Public Satisfaction on Municipal Services	68
<b>Chapter 3: Service Delivery Performance</b>	69
3.1. SDBIP (Service Delivery and Budget Implementation Plan)	70
<b>Chapter 4: Organisational Development Performance</b>	86
<i>Component A: Introduction To The Municipal Personnel</i>	87
4.1. Employee Totals, Vacancies and Turnover	87
<i>Component B: Managing The Municipal Workforce</i>	89
4.2. Policies	89
4.3. Injuries, Sickness and Suspensions	90
4.4. Performance Rewards	91
<i>Component C: Capacitating The Municipal Workforce</i>	92
4.5. Skills Development and Training	92
<i>Component D: Managing The Workforce Expenditure</i>	95
4.6. Employee Expenditure	95
4.7 Organisational Development Overview	96
4.8 Employment Equity Profile	97
<b>Chapter 5: Financial Performance</b>	
5.1. Annual Financial Statements	101
<b>Chapter 6: Audit General Audit Findings</b>	
6.1. Report from Audit Committee	269
6.2. Auditor General Report 2018/2019	272
6.3. Audit Action Plan	279



## LIST OF ACRONYMS

ACVV	Afrikaans Christelike Vroue Vereeniging
AG	Auditor General
AGSA	Auditor-General South Africa
AQMP	Air Quality Management Plan
AR	Annual Report
ART	Anti-Retroviral Treatment
CAD	Computer Aided Draft
CBD	Central business district
CLW	Community Liaison Workers
CRR	Capital Replacement Reserve
CRF	Cape Retirement Fund
CSD	Central Supplier Database
CWD	Cape Winelands District
CWDM	Cape Winelands District Municipality
DA	Democratic Alliance
DCAS	Department of Cultural Affairs and Sport
DCF	District Coordinating Forum
DEADP	Department of Environmental Affairs and Development Planning
DHS	Department of Human Settlements
DLG	Department of Local Government
DM	District Municipality
DoHS	Department of human Settlement
DSBD	Department of Small Business Development
DSD	Department of Social Development
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
EPWP	Extended Public Works Programme
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GDPR	Gross Domestic Product per Region
GMA	Goven Mbeki Awards
GRAP	Generally Recognised Accounting Practice
GVA	Gross Value Added
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HR	Human Resources
HSP	Human Settlement Plan
ICROP	Integrated Community Registration Outreach Programme
ICT	Information Communication and Technology
IDP	Integrated Development Plan
IEC	Electoral Commission of South Africa
IERM	Institute of Environment and Recreation Management
IGR	Inter-Governmental Relations
IIAMP	Integrated Infrastructure Asset Management Plan
IIF	Infrastructure Investment Framework
IPS	Integrated Performance System
IRDp	Integrated Residential Development Programme Project

ISA	International Standard on Auditing
ISSP	Informal Settlement Support Program
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
IYM	In-year Monitoring
JOC	Joint Operations Centre
KPA	Key Performance Area
KPI	Key Performance Indicator
Kv	Kilo Volt
LED	Local Economic Development
LGMTECH	Local Government Municipal Technical Engagement Committee
LG MTECH	Local Government Medium Term Expenditure Committee
LGSETA	Local Government Sector Education Training Authority
LIZS	Langeberg Integrated Zoning Scheme
LOC	Local Organisational Committee
LUPA	Land Use Planning Act
LUPO	Land Use Planning Ordinance
LSAAG	Langeberg Substance Abuse Action Group
MAG	Montagu Ashton Gemeenskapsdienste / Community Services
MAYCO	Mayoral Committee
MBRR	Municipal Budget and Reporting Regulations
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MIE	Managed Integrity Evaluation
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MMC	Member of the Mayoral Committee
MMP	Maintenance Management Plan
MN	Municipal Notice
MOP	Municipal Outreach Programme
MPAC	Municipal Property Assessment Corporation
MRF	Materials Recovery Facility
MSA	Municipal Systems Act
MSCOA	Municipal Standard Chart of Accounts
MSS	Municipal Support Services
MTREF	Medium Term Revenue and Expenditure Framework
MuSSA	Municipal Strategic Self-Assessment
NDHS	National Department Human Settlements
NEMWA	National Environmental Management: Waste Act, 59 of 2008
NCC	National Consumer Commission
NGO	Non-Governmental Organisation
NRCS	National Regulator for Compulsory Specifications
NO	Number
NPO	Non-Profit Organisation
PA	Personal Assistant
PMP	Pavement Management Plan
PMS	Performance Management Systems
PMS	Pavement Management System

PPCOM	Public Participation and Communication
PR	Proportional Representative
PROV	Provincial
PSG	Provincial Strategic Goal
PT	Provincial Treasury
RAD	Rural Arts Development
RDP	Reconstruction and Development Programme
SA	South Africa
SALGA	South African Local Government Association
SANS	South African National Standards
SAPS	South African Police Services
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SEPLG	Socio-economic Profile
SLA	Service Level Agreement
SLIMS	Seta Library Information Management System
SMME	Small, Medium and Micro-sized Enterprises
SMT	Senior Management Team
SOP	Standard Operating Procedure
SPCA	Society for the Prevention of Cruelty to Animals
STEERCOM	Steering Committee
SWMP	Storm water Management Plan
TB	Tuberculosis
TL	Top Level
TRP	Title Deed Restoration Programme
UISP	Upgrade of Informal Settlements Programme
WC	Western Cape
WDM	Water Demand Management
WSDP	Water Service Development Plan
WSP	Workplace Skills Plan
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works



# Chapter 1: Mayor's Foreword and Executive Summary



## 1.1. MAYOR'S FOREWORD



This report reflects on our performance of the past 2018/2019 financial year.

### **Vision**

It is our vision to move from being one of the best municipalities, to becoming the best municipality through strong leadership, good governance and sound management of our finances. The quality services delivered in 2018/2019 strongly put us on a path to make this vision a reality.

Our 2018/2019 IDP highlights the objectives which steered overall implementation of our planned local development. Our service delivery aligned well with the plans and development strategies of the other government spheres.

### **Key Policy Developments**

To improve good governance and accountability, our policies and strategies are regularly revised. This ensures that it remains relevant and that the Municipality's management systems stay effective, efficient and transparent.

### **Key Service Delivery Improvements**

To become the best municipality, we continually strive to deliver quality services to the people of Langeberg and impact the lives of residents in a meaningful way. The 2018/2019 financial year went over and above meeting the basic needs of our residents. It implemented projects that allowed for the expansion of our towns, keeping our towns clean and our facilities safe.

Bulk water supply and electricity infrastructure has been upgraded to make new housing and business development possible. Roads and storm water infrastructure have been improved as part of the municipality's continued effort to upgrade ageing road infrastructure. Electrical infrastructure, in need of attention, have been identified and repaired or replaced. Various community halls and sport facilities have been safeguarded with anti-cut fencing. Wheelie bins have been handed over to residents as an ongoing project. It has contributed greatly to a cleaner municipal area.

Based on a re-assessment of the water situation in Langeberg area, the Langeberg Municipal Council could lift the water restrictions that have been implemented in the 2017/2018 financial year. Due to sufficient rainfall that exceeded the water demand, the Langeberg municipal dams could fill up to capacity and Langeberg's water demand during the 2018/2019 financial year could be well supplied.

A proud new state-of-the-art sport facility has been built in Nqkubela, Robertson. This project has been in the pipeline for many years. A dream came true to the residents of this community who can now implement sports programmes for the youth of Nqkubela.

Ashton Traffic office received a new building that can now accommodate the number of visitors, in the new waiting room and learner driver testing venue, much better.

Although our budget remains tight in these difficult and demanding economic times, we continue to push forward to improve basic service delivery and to enhance the living conditions for our residents.

### **Public Participation**

Public Participation is a key performance area for the Municipality and it is included in the performance agreements of senior management. The Municipality has a Public Participation Department comprising of 7 CLW's, a Governance Support Manager and Ward Committee Coordinator who are responsible for public participation and ward committees.

All statutory requirements for public participation were met in 2018/2019. We provided an enabling, participative environment by convening participation meetings, allowing written submissions and using various means of advertising and information exchange. The external media, and especially the municipal newsletter and the official municipal website were fully exploited throughout 2018/2019 for notices, invitations and monthly updates.

Efforts to actively involve communities in 2018/2019 included:

- Langeberg Municipality in collaboration with the non-profit organisation, Doulos Trust, launched a cleaning project at the overgrown Willem Nels River in Robertson. Vegetation was cleared out by the homeless in the effort to give them work and to get them off the streets.
- Illegal dumping is becoming an increasingly tough challenge to deal with in the Langeberg municipal area. Langeberg Municipality is doing its best to discourage waste being dumped on unauthorised spaces, but need our community to take responsibility and join us in this fight. Garden waste skips have been removed in household areas, as it has become an easy target for illegal dumping of other waste. Information on the appropriate use of wheelie bins has been communicated to the public to educate them on this new method of household waste removal and the responsibility of maintaining their wheelie bins. The Langeberg Municipality, together with Ward Committee members, launched a Community Clean-up Day Project. The project brings the community of a particular area together every Friday at 10:00 to help clean, repair and improve its public spaces, and also informs the community on the impact of illegal dumping.
- Langeberg Municipality together with The Department of Trade and Industry (DTI), National Consumer Commission (NCC) and the National Regulator for Compulsory Specifications (NRCS) led a safe paraffin appliances awareness campaign. The campaign reached out to people in rural communities and informal settlements to educate them about the danger of using sub-standard paraffin stoves and heaters.
- The Municipality partnered with its communities to improve service delivery and community engagement in decision making. The Breede River Winelands Rural Development Association includes farm workers, farmers and wine cellars to assist with rural development challenges. Community vegetable gardening is one of its growing success stories and has the purpose of providing affordable, nutritional food to households. In addition, it creates additional income from selling surplus crops. The Breede River Winelands Rural Development Association, in partnership with the Department of Agriculture, recently hosted its Annual Vegetable Garden Recognition Ceremony in Robertson. The Municipality supports this self-help initiative by sponsoring seeds and seedlings on an annual basis. Since the project's inception, the gardener's entrepreneurial skills have much improved.
- Langeberg Municipality, in collaboration with the Rural Arts Development (RAD) Foundation, hosted its annual Langeberg Kultuurkis. Guests were entertained with first class performances in art and drama by talented, local youth. Acts dealt with topics such as bullying, substance abuse and harassment. The RAD Foundation conducted auditions prior to the festival, to identify talent within the Langeberg region. Once the acts were selected, they were trained by the RAD Foundation to improve their performances. These groups and individuals will continue to receive further training to refine their talent and skills.

### **Future Actions**

The adopted 2019/2020 IDP sets out Council's development path, goals and actions for the Langeberg municipal area for the next reporting year. The main focus is being pro-poor with an emphasis on providing services to the underdeveloped areas of the Langeberg Municipality. We will concentrate on upgrading our roads both in the central business districts and the previously disadvantaged communities and on addressing specific infrastructural capital investment aligned to the IDP focus areas.

### **Conclusion**

The aim and vision to become the best municipality is clearly displayed in this Annual Report. It is a true testimony of the committed effort of our Council, administration and communities to collaborate and to unify to achieve success. With 2018/2019 now behind us, we will no doubt work hard and persevere to face the challenges that the new year brings too.

**Alderman HM Jansen**  
**Executive Mayor**

## 1.2 EXECUTIVE SUMMARY

### 1.2.1 MUNICIPAL MANAGER'S OVERVIEW



The 2018/2019 financial year brought with it a great deal of challenges. There was indeed great progress made through a collaboration of political will, accountable administrative governance and committed support of all other government spheres. However, we could have achieved even more should we overcome some major challenges.

#### **Housing: Effective approach to human settlement and improved living conditions of all households**

One of the Municipality's major challenges is the continued spate of illegal squatters in the Langeberg area. It is of great concern to the municipality and community creating a housing demand that cannot be met. The number of shacks that has been erected illegally in the past year, has significantly impacted the housing backlog and service delivery.

The financial viability is put under strain by the additional influx of people in the area that do not contribute to the revenue stream, but services are provided for. Poverty plays a major role in the ability of households to pay for services such as water, electricity, sanitation, and refuse removal. The municipality provided free basic services to 6 954 indigent consumers.

Local Economic Development is seen as one of the most important ways of decreasing poverty as it aims to create jobs by making the local economy grow. The municipality contributed to the economic performance, including, among others, procurement of goods and services, job creation through expanded public works programmes as well as creating an enabling environment for small businesses.

#### **Basic Service Delivery: Maintain the infrastructure to provide basic services to all citizens**

Our 2018/2019 projects, all aimed at improving service delivery, included the following capital projects:

- Upgraded the Solid Waste Infrastructure by improving the public drop off at McGregor and purchased a Double Axle High Lifter Compactor - Refuse Removal Truck.
- Upgraded the Roads & Storm water system in Robertson.
- Upgraded the Electrical infrastructure by replacing an 11Kv Switchgear at Ashton Main Substation and Upgrade Bonnievale Main Substation.
- Upgraded the water supply system with the installation of bulk services.
- Installed bulk services of electrification, roads and water supply to the new informal housing development at Kenana, Robertson
- Built a new state of the art Sports grounds in Nkqubela, Robertson.

#### **An Efficient, effective, responsive and accountable administration**

The Municipality improved its efforts to create effective service delivery integration. The 2018/19 IDP was reviewed in compliance with Section 34 of the Municipal Systems Act, 2000 (Act no.32 of 2000) Chapters 7 of the Reviewed 2018/19 IDP provide measurable targets which were linked to the strategic objectives and priorities of Council. The achieved targets are illustrated in the Municipality's SDBIP.

#### **Sound Financial Management: Adherence to all laws and regulations applicable to Local Government**

Through passion and dedication, we have continued to promote good governance, accountability, financial health and improved service delivery to our citizens and recently received an unqualified audit opinion in the 2017/18 financial year.

### **Service Delivery Performance**

The Municipality has infrastructure master plans in place to prioritise and address existing service backlogs through government funding. All 2018/2019 municipal capital projects have been aligned to national and provincial targets.

The municipality was crowned the Mbeki Awards winner of the Best Integrated Residential Development Programme Project (IRDP) for the McGregor Housing project. Mbeki Awards are an annual event which recognises outstanding performance in the delivery of housing projects.

### **Access to Basic Services in Langeberg Municipality**

The graph below illustrates the provision of basic services in the Municipality. Due to inherited service backlogs, high influx in informal settlements, and a generally low income base, the Municipality remained challenged to provide equal access to basic services to all its residents.

### **Policies and Restrictive Measures**

The Municipality implemented restrictive administrative measures to curb spending by upholding its policies and bylaws and by implementing punitive steps when and where needed.

### **Shared Services**

Disaster Management continued to be shared with the Cape Winelands District Municipality. The function is managed efficiently and effectively with an updated Disaster Management Plan.

Library Services are still shared with other spheres of Government for infrastructure development, mobile services, material and a contribution towards personnel salaries. The management of facilities and staff provision are delivered at the expense of the Municipality.

The LED unit is dependent on the support of other government departments, e.g. Department of Trade and Industry (DTI), Small Enterprise Development Agency (SEDA) and the Department of Small Business Development (DSBD) to work together on enterprise development programs and to provide support to our informal traders

In conclusion, the Municipality remained committed to achieve the Council's objectives aimed at improving the lives and prospects of our residents.

I herewith present this 2018/2019 Annual Report.

**SA Mokweni**  
**Municipal Manager**

## 1.2.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.2.2.1 MUNICIPAL FUNCTIONS

In accordance with Section 155/156 of the Constitution and Chapter 3 of the Municipal Systems Act, 2000 (Act no. 32 of 2000), the broad functions and powers of the Municipality are tabled.

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the Municipality contributed as follows to the functions below (Statistics South Africa's Community Survey 2016):

**Water:** Access to potable water in Langeberg was recorded at 98.3 per cent.

**Sanitation:** An estimated 92,6 per cent of households in Langeberg had access to basic sanitation services.

**Energy:** Langeberg Municipality's household access level to electricity was 94,7 per cent.

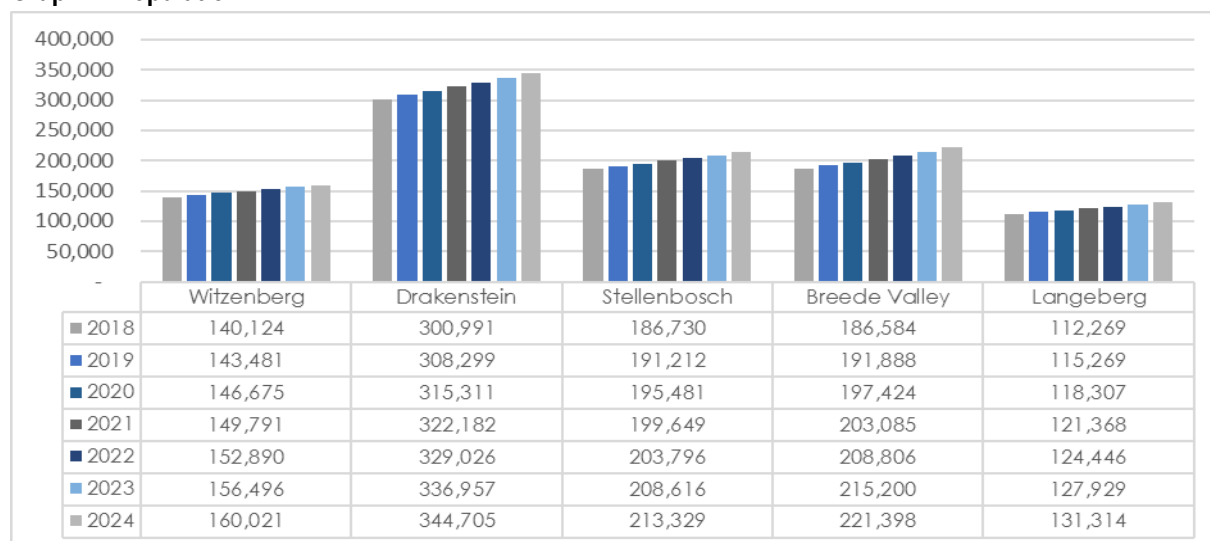
**Refuse removal:** The household access level to refuse removal in the Langeberg municipal area was 79.3% per cent.

**Housing:** 89.3 per cent of households in Langeberg had access to formal housing.

**Roads:** Road construction and maintenance are costly. Addressing inherited backlogs, coupled with funding constraints, remain a persistent challenge.

### 1.2.2.2 POPULATION

Graph 1: Population



According to the Department of Social Development's 2018 projections, Langeberg currently has a population of 112 269, rendering it the smallest municipal area within the Cape Winelands District. This total is estimated to increase to 131 314 by 2024 which equates to an a 2.6 per cent growth rate. The estimated population growth rate of Langeberg is therefore above the estimated population growth of the Cape Winelands of 2.4 per cent.



### 1.2.2.3 AGE COHORTS

Table 1: Age Cohorts

Year	Children: 0 – 14 Years	Working Age: 15 – 65 Years	Aged: 65 +	Dependency Ratio
2011	27 759	64 029	5 939	52.6
2019	32 622	73 121	9 526	57.6
2024	36 232	83 178	11 905	57.9

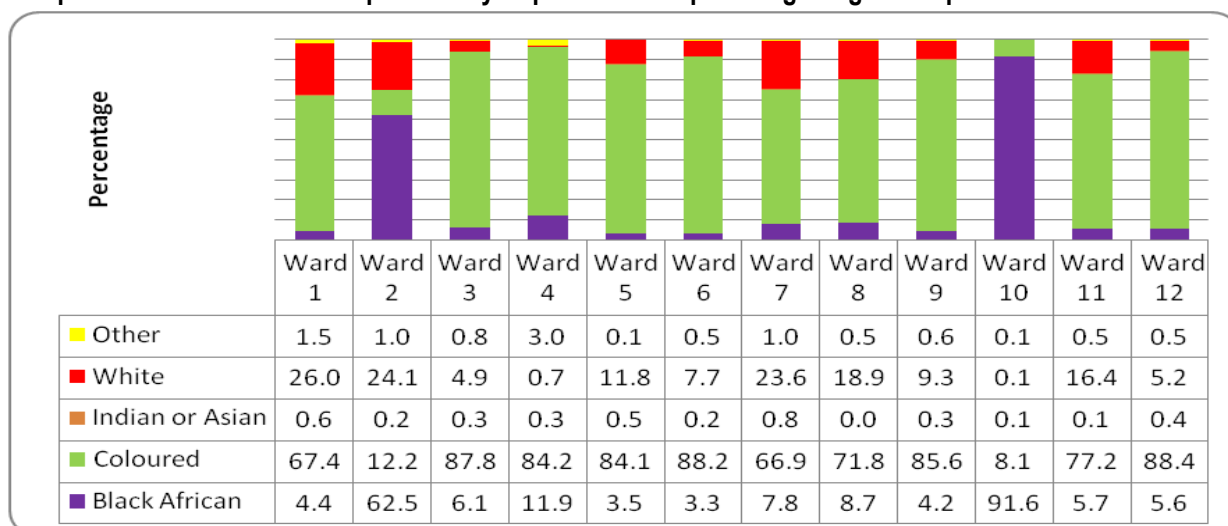
The above table depicts Langeberg's population composition per age cohorts. These groupings are also expressed as a dependency ratio which in turn indicates who are part of the workforce (Age 15 - 65) and those, who are depending on them (children and seniors). A higher dependency ratio means a higher pressure on social systems and the delivery of basic services.

A comparison between the 2011 and 2019 estimate shows a sharp increase in the dependency ratio from 52.6 in 2011 to 57.6 in 2019; this is projected to increase marginally to 57.9 in 2024. The higher dependency ratio is attributed to a sharp rise in the aged (65+) cohort over the 2011 to 2024 period.

### 1.2.2.4 POPULATION REALITY AND IMPLICATIONS

**Size:** Langeberg has the lowest population within the Cape Winelands District, which is estimated at 104 289 in 2018. According to population forecasts by the Department of Social Development, Langeberg Municipality's population will continue to grow at a rate of 4.4 per cent on average per annum and it is projected to reach 125 937 by 2020.

Graph 2: Distribution of the Population by Population Group in Langeberg Municipal Wards



**Age/Gender:** When comparing the shape of the 2015 and 2020 population pyramids, population increases are expected at the younger ages, particularly 10 to 14 years, as well as in the working age population between 35 and 44 years. This holds particular implications for the provision of educational facilities and services related to children about to enter (and already attending) high school. The growth in the labour force will result in a greater need for employment opportunities.

### 1.2.2.5 LOCAL ECONOMIC DEVELOPMENT

Langeberg has the lowest GDRP per capital compared to other municipalities in the Cape Winelands district. At R56 052 in 2017, Langeberg's real GDRP per capita is well below that of the Cape Winelands District's figure of R71 426 as well as that of the Western Cape's R87 110.

### 1.2.2.6 ECONOMIC SECTOR PERFORMANCE

#### GDPR Growth

The local economy of the Langeberg municipal area is dominated by the wholesale and retail trade, catering and accommodation sector (R1.168,1 billion or 18.7 per cent in 2016), followed by the manufacturing sector (R1.128,0 billion or 18.0 per cent); finance, insurance, real estate and business services sector (R1.051 billion or 16.9 per cent); agriculture, forestry and fishing (R876.3 million or 14.1 per cent). Combined, these top four sectors contributed R4.218 billion or 67.7 per cent to the Langeberg municipal economy, which was estimated to be worth R6.234.7 billion in 2016.

**Table 2: GDPR performance per sector**

Langeberg GDPR performance per sector, 2006 - 2017									
Sector	Contribution to GDPR (%) 2016	R million value 2016	Trend		Real GDPR growth (%)				
			2006 - 2016	2013 - 2017	2013	2014	2015	2016	2017e
<b>Primary Sector</b>	14.2	886.5	1.3	0.0	1.8	7.3	-4.3	-10.5	5.6
Agriculture, forestry and fishing	14.1	876,3	1,3	0.0	1.7	7.3	-4.3	-10.6	5.6
Mining and quarrying	0.2	10,1	0,3	3.3	2.7	7.1	-0.8	0.5	7.0
<b>Secondary Sector</b>	25.3	1 575,7	0.3	0.1	0.3	0.6	0.4	-1.0	0.4
Manufacturing	18.0	1 123,0	-0,6	-0,7	-1.0	-0.2	-0.3	-1.4	-0.8
Electricity, gas and water	1.9	116,8	0,3	2,3	0.0	0.3	-1.1	-2.4	14.4
Construction	5.4	336,0	5,7	3,4	6.7	4.5	3.8	1.1	0.9
<b>Tertiary Sector</b>	60.5	3 772.5	5.1	3.8	4.9	4.3	3.9	3.0	2.9
Wholesale and retail trade, catering and accommodation	18.7	1 168,1	4,6	3,2	4.1	3.3	3.9	3.2	1.2
Transport, storage and communication	10.4	647,1	5,6	4,3	5.7	5.9	3.4	2.3	4.4
Finance, insurance, real estate and business services	16.9	1 051,3	6,9	5,4	5.7	5.7	6.1	4.5	4.9
General government	8.1	504,5	3,0	1,6	3.0	3.0	0.6	0.7	-0.3
Community, social and personal services	6.4	401,5	3,5	2,8	3.8	2.7	2.2	2.2	2.5
<b>Total Langeberg</b>	100	6 234.7	3.1	2.3	3.2	3.9	1.7	0.0	2.7

Source: Quantec Research, 2017 (e denotes estimate)

The 10-year trend, between 2006 and 2016, shows that the finance and business services sector (6.9 per cent) registered the highest average growth followed by the the construction sector (5.7 per cent), transport, storage and communication (5.6 per cent) and wholesale and retail trade, catering and accommodation (4.6 per cent). A cause of concern is the fact that sectors with a significant contribution to the economy such as the agriculture sector (1.3 per cent) recorded low growth whilst the manufacturing sector (-0.6 per cent) contracted. The agriculture sector contracted in 2015 and 2016 due to the severe drought that was affecting some parts of the Western Cape Province.

### 1.2.2.7 LABOUR

This section highlights key trends in the labour market within the Langeberg municipal area, beginning with a breakdown of skills of the labour force, followed by employment numbers per sector as well as the unemployment levels. The majority of workers in the Langeberg labour force in 2016 was dominated by low skilled workers (47.5 per cent) and only 16.0 per cent were skilled.

**Table 3: Langeberg trends in labour force skills, 2006 - 2017**

Langeberg trends in labour force skills, 2006 - 2017					
Formal employment by skill	Skill level contribution (%)	Average growth (%)	Average growth (%)	Number of jobs 2016	
	2016	2006 - 2016	2013 – 2017e	2016	2017e
Skilled	16.0	3.6	3.0	5 018	5 086
Semi-skilled	36.5	2.3	2.9	11 448	11 603
Low skilled	47.5	-2.1	2.1	14 875	14 602
Total Langeberg	100	0.1	2.5	31 341	31 291

Source: Quantec Research, 2018 (e denotes estimate)

The number of skilled workers increased much more than that of semi-skilled and low skilled workers during the period 2006 – 2016. An improvement in education and economic performance can contribute to a further decrease in low-skilled workers.

The agriculture, forestry and fishing sector contributed the most jobs in the Langeberg municipal area in 2016 (14 376; 28.1 per cent). Another sector that contribute significantly to the employment is the wholesale and retail trade, catering and accommodation sector (11 352; 22.2 per cent). The manufacturing sector contributed significantly less jobs (8.7 per cent) relative to its GDP contribution (18.0 per cent) to Langeberg economy.

**Table 4: Langeberg employment growth per sector 2006 – 2017**

Langeberg employment growth per sector 2006 – 2017									
Sector	Contribution to	Number of jobs	Trend		Employment (net change)				
	2016	2016	2006 - 2016	2013 – 2017e	2013	2014	2015	2016	2017e
Primary Sector	28.1	14 395	-8 257	1 637	683	-914	3 066	-780	-418
Agriculture, forestry and fishing	28,1	14 376	-8 256	1 635	683	-914	3 065	-780	-419
Mining and quarrying	0,0	19	-1	2	0	0	1	0	1
Secondary Sector	13,6	6 974	415	701	268	173	120	-19	159
Manufacturing	8,7	4 462	-162	286	189	19	91	-133	120
Electricity, gas and water	0,2	106	39	17	2	5	4	3	3

Langeberg employment growth per sector 2006 – 2017									
Sector	Contribution to	Number of jobs	Trend		Employment (net change)				
	2016	2016	2006 - 2016	2013 – 2017e	2013	2014	2015	2016	2017e
Construction	4,7	2 406	538	398	77	149	25	111	36
Tertiary Sector	58,2	29 802	10 719	5 620	1 323	1 113	1 452	-130	1 862
Wholesale and retail trade, catering and accommodation	22,2	11 352	3 790	2 310	399	292	647	-15	987
Transport, storage and communication	3,7	1 871	943	423	149	61	192	-126	147
Finance, insurance, real estate and business services	12,6	6 424	2 988	1 476	354	345	409	53	315
General government	6,4	3 295	919	115	-5	182	-44	74	-92
Community, social and personal services	13,4	6 860	2 079	1 296	426	233	248	-116	505
Total Langeberg	100	51 171	2 877	7 958	2 274	372	4 638	-929	1 603

Source: Quantec Research, 2018 (e denotes estimate)

The agriculture, forestry and fishing and manufacturing sector in the Langeberg municipal area reported net jobs losses (-8 256) between 2006 and 2016. There were job losses reported in these sector in 2016 and 2017 due to the severe drought. This is a major cause for concern considering the significant contribution of this sector to the Langeberg economy. The sector which reported the largest increase in jobs between 2006 and 2016 was wholesale, retail and trade (3 790), followed by finance, insurance, real estate business services (2 988); community, social and personnel services (2 079); and transport, storage and communication (943).

**Table 5: Unemployment Rates for the Western Cape (%)**

Unemployment Rates for the Western Cape (%)												
Area	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017e
Langeberg	3.6	3.8	4.3	5.2	6.2	6.4	6.4	6.2	6.6	5.9	6.7	7.1
Cape Winelands District	6.3	6.5	7.2	8.3	9.6	9.8	9.7	9.4	9.9	9.1	10.1	10.7
Western Cape	13.8	13.3	12.9	14.2	15.5	15.7	15.8	15.7	16.1	16.2	17.4	18.2

Source: Quantec Research, 2018 (e denotes estimate)

Over the last decade, the unemployment rate has been rising steadily. Unemployment in the Langeberg municipal area started off at a low 3.6 per cent in 2006, rising steadily to reach 6.2 per cent in 2010, where after it hovered around 6.0 per cent until 2016, then edged up to 7.1 per cent in 2017. The Langeberg unemployment rate of 7.1 per cent in 2017 is lower than of the District's 10.7 per cent and the Province's 18.2 per cent.

### **1.2.2.8 ENVIRONMENTAL REALITY AND NATURAL RESOURCES**

#### **Land use**

The Premier of the Province of the Western Cape has assented to the following Act (Act no 3 of 2014: Western Cape Land Use Planning Act, 2014), which was published (Provincial Gazette Extraordinary, 7250) for general information on 7 April 2014.

The Langeberg Municipal Land Use Planning By-Law, May 2015, was published (PN 264/2015) for general information on 30 July 2015.

The Langeberg Integrated Zoning Scheme By-Law, 2018 was published (PN 71/2018) for general information on 18 May 2018.

#### **Solid Waste Management**

A shortage of available landfill airspace exists across the Province and the recovery of waste material for the waste economy is only at 9 per cent. There is a need to move away from the landfill bias towards integrated waste management. To achieve this, more integrated waste management infrastructure is needed, which will increase the recovery of waste material and thereby save landfill airspace, promote the waste economy, reduce the environmental impacts of waste management and create jobs.

Due to strict environmental requirements set by the national government, closure and rehabilitation of waste disposal facilities became increasingly expensive. Lacking the necessary resources and staff capacity, municipalities find it difficult to comply. The Municipality is no exception in this regard.

#### **In terms of waste minimisation**

The Langeberg Solid Waste Management department is engaged in multiple waste minimisation, reuse and recycling initiatives. Besides offering separation at source for the main towns, the municipality provides educational programmes that drive and increase the levels of participation of the community. The Municipal Newsletter, is also used to encourage waste minimisation and spread useful information such as recycling information.

The Municipality provides on average a 17% diversion rate and quantities have been determined with weighbridge measurements at the Ashton Landfill and the Robertson transfer station and composting site. This is currently below the diversion target of 20% by 2019. However, the decrease in average diversion percentage since the previous year is due to less building rubble received, which contributes a large portion of diversion in weight.

With regards to solid waste management, the Municipality conducts internal and external audits on all sites as required, with an average between 60 to 85 percent compliance in terms of waste licence conditions. These reports were submitted to the Western Cape Government Department of Environmental Affairs and Development Planning. The Municipality delivers waste removal, storage and disposal services in a manner that does not conflict with National or Provincial Norms and Standards. All the waste management facilities which trigger waste listed activities, are licensed/authorised in terms of the NEMWA.

#### **Air Quality**

There are good intergovernmental relations, between the Department: Environmental Affairs and Development Planning and the Cape Winelands District Municipality, on Air Quality Matters. A draft Air Quality Management Plan has been approved.

#### **Climate Change and global warming**

In terms of climate change mitigation, pushing energy efficiency projects is one of the Municipality's strategic objectives. The Municipality also has an Electrical Master Plan, outlining how future growth will be handled.



Climate change variability already has direct impact on the department's ability to meet service delivery objectives. There are more complaints regarding baboons, rats and snakes due to extreme weather conditions causing them to move closer to residential areas. The possibility of devastating veld fires and other natural disasters has dramatically increased.

In terms of adaptation, The Municipality has a disaster Management plan in place which is reviewed annually. Disaster risk assessments have been undertaken and climate change has been specifically identified as a consideration for flood risks.

### Opportunities

- Development of a fire breaks management plan
- Alien Invader Vegetation control on private properties within the municipal boundaries - bylaw to be formulated
- The outsourcing of the municipal pound function
- Upgrading of Langeberg tourism attractions: Kanonkop, Montagu Mountain Reserve, Montagu Nature Garden and Dassieshoek / Arangieskop
- Development of a Reserves Management Plan

### 1.2.3 ACCESS TO SERVICES & HOUSING

Since no new household survey information is available (compared to SEP-LG, 2017), this section highlights housing and household services access levels from the most recent available information.

The next household survey which includes municipal level access to household services will be the Census in 2021.

The table below indicates access to housing and services in the Langeberg Municipal area. With a total of 28 401 households, 89.3 per cent have access to formal housing.

**Table 6: Access to Services & Housing**

Community Survey 2016	Langeberg	Cape Winelands District
<b>Total number of households</b>	<b>28 401</b>	<b>236 006</b>
<b>Formal main dwelling</b>	25 362	191 077
	89.3%	81.0%
<b>Water (piped inside dwelling/ within 200m)</b>	22 631	232 605
	79.68%	98.6%
<b>Electricity (primary source of lighting)</b>	23 664	228 650
	83.32%	96.9%
<b>Sanitation (flush/chemical toilet)</b>	20 597	218 483
	72.52%	92.6%
<b>Refuse removal (at least weekly)</b>	18 011	192 974
	63.42%	81.8%

Access to water, electricity and sanitation services were however significantly higher than this at 98.3 per cent, 94.7 per cent and 92.6 per cent respectively. While household access to refuse removal services was at 79.3 per cent. With the exception of electricity and refuse access to services in Langeberg are on par or above that of the Cape Winelands District.

### SERVICES GROWTH

A key element to the sustainable management of services is accurate and reliable information on the demand for services to enable informed projections on future demand. This section reflects on services growth based on information from Statistics South Africa's Non-Financial Survey of Municipalities. The unit of measure is a

consumer/ billing unit which is not comparable to household level information. Services provided by municipalities are done per 'plot' or consumer/billing unit, however, since households are the unit of measurement more often used in demographic surveys, an understanding of household dynamics remains important.

A comparison is made between 2007 and 2017 to determine services growth per consumer/billing unit over the past 10 years. This growth is contrasted against growth in support for indigent households, for which municipalities do not receive services revenue. An understanding of these trends will allow for improved planning for the demand of services per consumer unit as well as for revenue projections.

**Table 7: Basic Services**

<b>Non-Financial Census of Municipality</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>Average Annual Change</b>
<b>Number of formal residential properties that receive piped water</b>	13093	14142	8.01%
<b>Number of indigent households receiving free basic water</b>	6794	6665	-1.89%
<b>Number of residential properties which are billed for electricity or have pre-paid meters</b>	16858	15201	-9.83%
<b>Number of indigent households receiving free basic electricity</b>	6977	6954	-0.33%
<b>Number of residential properties which are billed for sanitation/sewerage</b>	13837	14619	5.65%
<b>Number of indigent households receiving free basic sanitation services</b>	6929	6828	-1.46%
<b>Number of residential properties which are billed for refuse removal</b>	14432	14664	1.61%
<b>Number of indigent households receiving free basic refuse removal services</b>	6940	6836	-1.49%

### 1.2.3.1 POVERTY

This section shows living conditions and economic circumstances of households in the Langeberg municipal area based on most recent data including Statistics South Africa's Non-Financial Census of Municipalities 2016 and Quantec. Economic theory suggests that when an economy prospers its households are expected to enjoy a good standard of living. On the contrary, a declining economy tends to lower the standards of living of people. This section uses indicators in terms of GDP per capita, income inequality, human development, as well as indigent households and free basic services to show the current reality of households residing in the Langeberg municipal area.

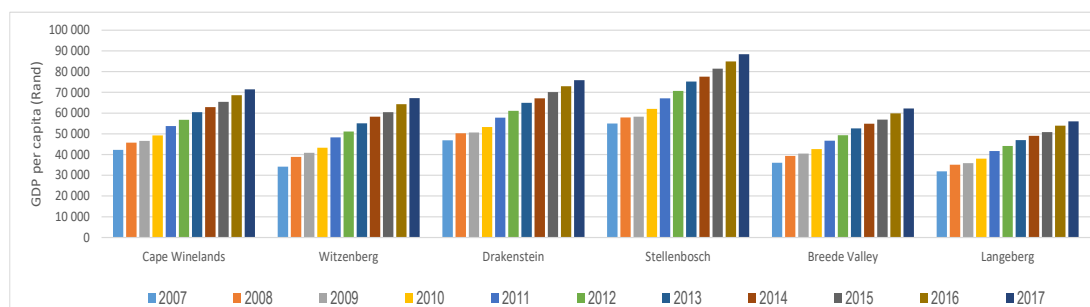
The deteriorating financial health of households and individuals under the weight of economic pressures, specifically between 2011 and 2015, has resulted in an increase in the poverty levels, according to the Poverty Trends in South Africa report released by Statistics South Africa in 2017. The report cites rising unemployment levels, low commodity prices, higher consumer prices, lower investment levels, household dependency on credit, and policy uncertainty as the key contributors to the economic decline in recent times. These recent findings indicate that the country will have to reduce poverty at a faster rate than previously planned.

According to the report the categories of people vulnerable to poverty remained to be African females, children 17 years and younger, people from rural areas, and those with no education. Inflation-adjusted poverty lines show that food poverty increased from R219 in 2006 to R531 per person per month in 2017. The lower-bound poverty line has increased from R370 in 2006 to R758 per person per month in 2017 while the upper-bound poverty line has increased from R575 in 2006 to R1 138 per person per month in 2017

### 1.2.3.2 GDPR Per Capita

An increase in real GDPR per capita, i.e. GDPR per person, is experienced only if the real economic growth rate exceeds the population growth rate. Even though real GDP per capita reflects changes in the overall well-being of the population, not everyone within an economy will earn the same amount of money as estimated by the real GDPR per capita indicator.

**Graph 3: GDPR Per Capita**



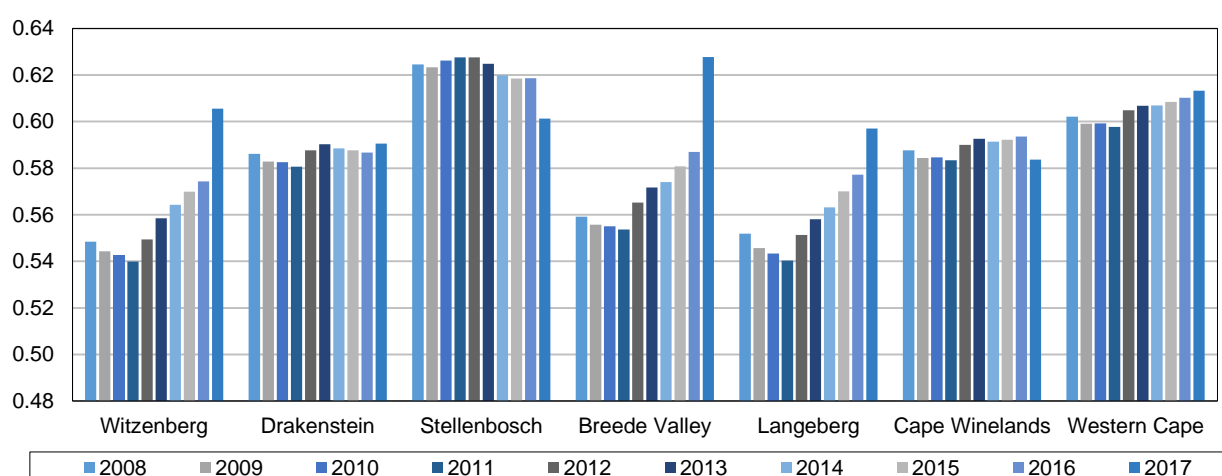
Source: Stats SA 2017, own calculations

Langeberg has the lowest GDRP per capital compared to other municipalities in the Cape Winelands district. At R56 052 in 2017, Langeberg's real GDPR per capita is well below that of the Cape Winelands District's figure of R71 426 as well as that of the Western Cape's R87 110.

### 1.2.3.3 Income Inequality

The National Development Plan (NDP) has set a target of reducing income inequality in South Africa from a Gini coefficient of 0.7 in 2010 to 0.6 by 2030. Income inequality has increased in Langeberg between 2014 and 2017 with the exception of 2011, when it dropped below 0.55.

**Graph 4: Income Inequality**



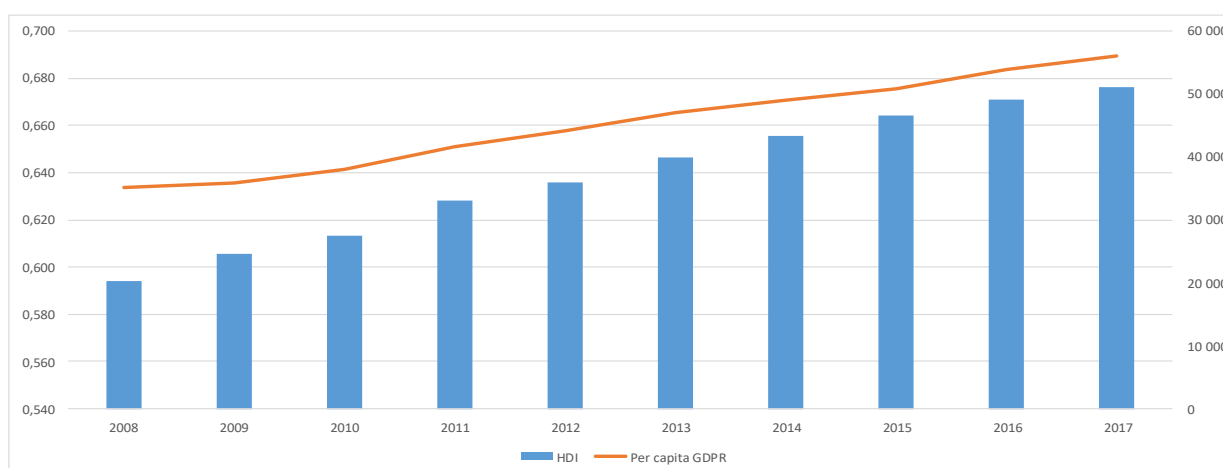
Source: Global Insight, 2017

Langeberg together with Witzenberg and Breede Valley experienced a steep increase in income inequality compared to the other municipalities within the Cape Winelands municipal area. Income inequality in Langeberg increased from 0.55 in 2016 to 0.59 in 2017.

#### 1.2.3.4 Human Development

The United Nations uses the Human Development Index (HDI)<sup>1</sup> to assess the relative level of socio-economic development in countries. Indicators that measure human development are education, housing, access to basic services and health. Per capita income is the average income. It is income per head of the population per year. Per Capita Income might not be the income of every individual in the state. Life expectancy and Infant Mortality Rate are other important criteria for measuring development.

**Graph 5: Human Development**



Source: Global Insight, 2017

The figure above shows that the HDI of Langeberg Municipality has increased steadily from 0.59 in 2008 to 0.66 in 2015, it increased further to 0.67 in 2017. The Langeberg's HDI is below the district (0.70) and the Province's (0.73) in 2017.

Naturally, per capita income as per definition is expected to mimic the trend of HDI and this is clearly displayed in the figure above.

### 1.2.3.5 Indigent Households

The objective of the indigent policies of municipalities is to alleviate poverty in economically disadvantaged communities.

**Table 8: Indigent Households**

Area	2016/2017	2017/2018	2018/2019
Langeberg	7 265	7 478	6 954

In 2016 the Real Revenue per Capita exceeds the expected amount for the Real GVA per Capita as researched by Schoeman<sup>7</sup>. In real terms the projected revenue per capita in 2026 is less than the revenue per capita in 2016. This provides comfort in the light of the proportional growth of indigent households.

**Table 9: Basic Service Delivery Challenges as at June 2019**

Informal settlement area	Number of dwellings	Challenges
Nkanini, Nkqubela	1206	Limited water access points and toilets
Robertson North	37	No access to basic services
Nkandla, Zolani	302	No access to basic services
Riemvasmaak, Ashton	112	No access to basic services
Mandela Square, Montagu	161	Limited water access points and toilets
Boekenhoudskloof,	259	Limited water access points and toilets
McGregor	32	Limited access to water and sanitation



## 1.2.4 FINANCIAL HEALTH OVERVIEW

### Financial Sustainability

**Table 10: Financial Overview**

Financial Overview - Year 2018/2019			
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	131,999,040	169,201,019	159,636,211
Taxes, Levies and tariffs	513,645,240	513,645,240	613,358,772
Other	47,463,890	42,558,076	42,453,225
Sub Total	693,108,170	725,404,335	730,541,758
Less Expenditure	680,022,870	686,225,052	631,395,090
Net Total*	13,085,300	39,179,283	99,146,668
*Note: surplus/deficit)			

The following table highlights some key financial management challenges experienced in 2018 / 2019.

- Financial system functionality

**Table 11: Key Financial Challenges and Interventions**

Key Financial Challenges and Interventions	
Challenges	Interventions
Improving the current turnaround time in populating financial information for financial reporting purposes.	Upgrading of the PROMUN financial system to its full capacity, to timely generate financial information for improved financial reporting
Ensuring more effective, efficient and improved interpretation of financial information, to make informed decisions throughout the financial planning process.	Linking the Stores requisition system to Collaborator for the electronic processing of transactions
Development and implementation of a long term financial plan to ensure long term financial sustainability	Implementing the Municipal Standard Chart of Accounts (MSCOA)
	Updating the Accounting Policy in the financial statements to ensure consistency with the treatment of capitalized restoration cost
Debt collection: Outstanding debts of more than 90 days are increasing.	Third Party Vending Project = on-going
The high rate of staff turnover negatively affects	Debt collection (long outstanding) by external service provider = on-going

Key Financial Challenges and Interventions	
Challenges	Interventions
productivity. Trained staff is lost - many within a short space of time.	Investigate the viability of outsourcing external pay points through third party vending in the future  General Valuation
Timely processing of requisitions during high volume periods (at the beginning of a financial year and before cut-off date for requisitions)  Verification of false information supplied by suppliers	Updating of the Suppliers Database to ensure that no duplicate suppliers are registered thereon  Ensure implementation of the SCM Policy i.t.o. action taken against suppliers providing false information  Develop staff capacity, to give effect to all Supply Chain Management functions as prescribe in the SCM regulations  Develop efficiency on demand management.

#### Financial Health

Based on the operating ratios provided below as well as endorsed by the opinion of the Auditor General, the Municipality is of sound financial health.

**Table 12: Operating Ratios**

Operating Ratios				
Detail	%	Expected Norm	Variance from norm	Comment
Employee Cost	29.62%	30%	0.38%	Below industry norm
Repairs & Maintenance	2.95%	8%	5.05%	Below industry norm
Finance Charges & Impairment	0.63%	12%	11.37%	Low reliance on external funding

**Table 13: Total Capital Expenditure**

Total Capital Expenditure			
Detail	2017/2018	2018/2019	Comments on variations between Actual and Adjustment Budgets
Original Budget	56 671	88 111	Various factors contributed to the capital budget not fully spent
Adjustment Budget	58 674	101 331	
Actual	53 626	93 290	

## Risk Assessment

The organizational risks for 2018/2019 were assessed and a Risk Register was developed. The Langeberg Municipality's strategic risks and mitigation measures follow below:

**Table 14: Strategic Risks and Mitigating Measures**

Langeberg Municipality's Strategic Risks	Mitigating Measures to be Implemented
There is a risk of reputational damage to the Municipality.	Compliance with all laws and regulations applicable to local government and monitoring thereof. Established and transparent policies in place to ensure a clean, corrupt free and well-managed administration.
The risk is that the Municipality may have difficulties with implementing the Municipal Standard Chart of Accounts (mSCOA), the new financial-reporting regulatory reform.	The budget manager is available on a regular basis telephonically to assist in the allocation of items in the new standard chart of accounts. Logic was built into the vote numbers to ensure that the correct vote numbers are being used (e.g. expense item, departmental code and 7 segments). SCM officials verify requisitions against the budget book to identify whether the correct vote no. are transacted against. Old vote numbers and old vote descriptions are included in the budget book with MSCOA vote number and description for verification.
There may be unregistered properties in the municipal area.	Housing Department and deeds office liaise regularly and preparation of a reconciliation is prepared between the municipality's records and the deeds office. A list of all unregistered RDP houses are compiled. Lawyers appointed via tender to perform registrations of houses.
Fraud is an inherent risk through an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. (ISA 240).	Fraud Prevention Plan and Strategy. National and Provincial Hotlines.
The financial viability is put under strain by the additional influx of people in the area that do not contribute to the revenue stream, but for which services are provided.	The financial situation of the municipality is monitored on a daily basis. Reports indicating the liquidity ratios are generated and monitored to ensure that the municipality is financially viable. Appointment of Red Ant Security Relocation and Eviction Services to assist with illegal land invasion.

Langeberg Municipality's Strategic Risks	Mitigating Measures to be Implemented
There is a risk of non-compliance with Supply Chain Management laws and regulations.	Declaration forms to be completed by prospective bidders. SCM utilises the Central Supplier Database (CSD) and Searchwork to identify whether suppliers are in the service of the state. The municipality use a list of suppliers that have been identified by the AGSA that have in prior years submitted false declarations to prevent such awards from re-occurring. Implementation of approved SCM policy. Bid specifications, Bid evaluation and Bid Adjudication Committees in place. Monthly monitoring of contracts through a contract register. Requisition workflow has been amended on the collaborator system to allow the SCM Manager to include a comment before approval / disapproval by the MM.
The risk is that unauthorized changes could be made to the financial system, because vendors do not provide the municipality with a report/ audit trail of changes made when they access the system and this means that the changes they make on the system are not tracked / monitored.	Vendors must complete an access form to get access to the production environment. After a developer has accessed the production environment, the Finance department must sign off a report to confirm that only authorised changes were made by the vendor and that the vendor has only been granted access to production when support / maintenance is required.
The risk is that the municipality may not be able to continue with service delivery during a disaster.	No control processes in place.
The risk is that the management of user accounts for Promun and Syntell is inadequate.	SOP's were developed for the fire wall. Annual review of the user access as per ICT security policy. Monthly reports on the super user activities for Promun, Syntell and Ignite are reviewed. Segregation of duties. Changes made are authorised by the relevant manager. Audit trails are kept of changes made to systems and the Senior Network Administrator reviews the system activities of the IT personnel.
The risk is that there may be Illegal electricity connections	The municipality sends out notices for the disconnection of electricity supply to households identified that provide electricity to other households by means of illegal connections.
The risk is that Storm Water may cause Flood Damage due to the inadequate storm water systems.	Storm water master plans were developed and updated for all towns, except McGregor Cleaning of storm water systems in the municipal area. The municipality uses a high pressure pipe cleaning machine to clean the channels.

Langeberg Municipality's Strategic Risks	Mitigating Measures to be Implemented
The risk is that the streets network may be dilapidated.	A Pavement Management System (PMS) plan providing an overview on the conditions of roads and recommendations was developed and approved. Council approved that funds from the Capital Replacement Reserve (CRR) be utilised for repairs on roads in the CBD area. Repairs on the roads in the CBD area has commenced through utilisation of funds from the CRR. Master plans are also in place and funding has been allocated for maintaining the roads.
The risk is that service delivery to the public may be unsatisfactory.	Review of organisational structure to reflect actual operational processes.
The risk is that water may not be sufficiently available	The municipality charges block tariffs to consumers based on their water consumption. Implementation of "War on Leaks" programme to repair water leaks in poor households. Unaccounted water losses are minimised through implementation of a quick response time to attend to water leakages. Water restrictions and penalties are imposed during drought conditions.
The risk is that the municipality is approaching a shortage of capacity at Landfill sites.	Application for increased height of cells at the Ashton Landfill Site and encourage recycling.
The risk is that the municipality may not be complying with water and wastewater treatment standards	Expansion of existing water and sanitation master plans to include analysis of water and waste water treatment plants management, processes, capacities and compilation of comprehensive operation manuals. Water & wastewater treatment training programmes included annually in the workplace skills plan (WSP). For monitoring in terms of the WSP, reporting is done to the Training Committee on a quarterly basis. Improvement of Blue and Green Drop scores through regulatory compliance (WSDP, WSP, W2RAP, Blue and Green Drop Audits etc.) Internal monitoring done at the treatment works to ensure compliance with the SANS standards. Safeguarding of water and wastewater treatment works by means of attendants at treatment works' and fencing. The Montagu wastewater treatment works was upgraded. The SANS standards are displayed at all treatment works for ease of reference when performing testing on water and wastewater samples.
The risk is that there may be unlawful land use in the Municipal jurisdiction	Implementation of law enforcement unit to apply applicable legislation/bylaws. Availing of legal capacity to implement legal action against transgressors.
Ineffective water services delivery in the municipality as a result of vulnerabilities in key service areas/business attributes. (Results used from Municipal Strategic Self-Assessment (MuSSA))	Implementation of Water Services Development Plan (WSDP).



<b>Langeberg Municipality's Strategic Risks</b>	<b>Mitigating Measures to be Implemented</b>
The risk is that community facilities may be vandalized	EPWP as security officials have been appointed at the Van Zyl Sport fields, Cogmanskloof, Happy Valley, King Edward. Community & Stakeholder Involvement. Professional security appointed for Dirkie Uys swimming pool over weekends and public holidays.
The risk is that the municipality is approaching a shortage of Cemetery space in all towns	Consultant was appointed to identify possible sites for cemetery space.
The risk is that the public is not complying with the municipal by-laws	Development of a stray animals by law will be submitted to Council. Signing a SLA with the SPCA to collect stray animals.

### **1.2.5 ORGANISATIONAL DEVELOPMENT OVERVIEW**

The Municipality has an approved organisational structure which was revised on 27 May 2014. The organisational structure of the Municipality provides for five (5) section 56 positions and one (1) section 57 position. The overall vacancy rate of the Municipality for 2018/2019 was 7% (Budgeted posts).

Senior Management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework.

As required by the Skills Development Act, 97 of 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on 30 April 2019. The Municipality has a functional Training Committee.

### **1.2.6 AUDITOR GENERAL REPORT**

The Auditor-General awarded the Municipality a clean audit opinion for the 2018/2019 financial year.

### 1.2.7. STATUTORY ANNUAL REPORT PROCESS

The Annual Report process follows below:

**Table 15: Annual Report Process**

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

It is important to achieve the above deadlines, not only to achieve legislative compliance, but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

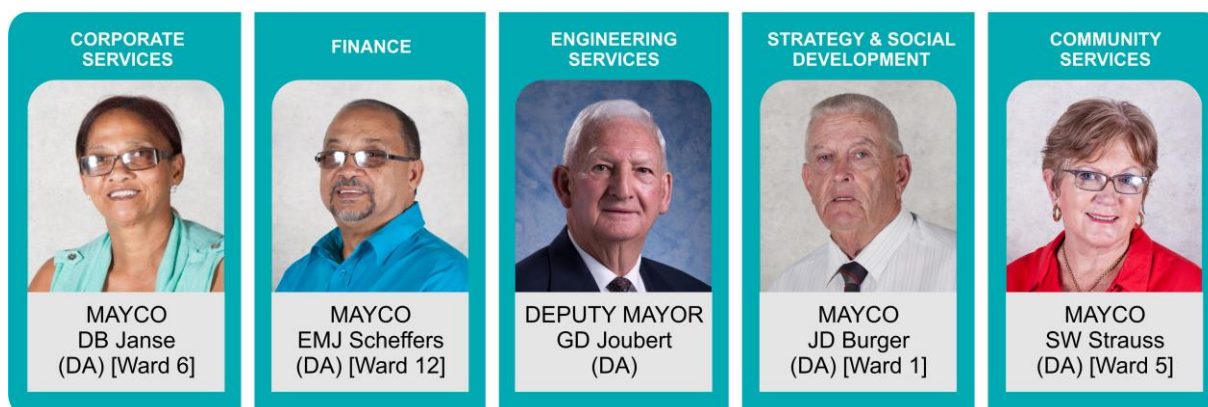
The table below shows that The Municipality complied with legislative requirements and timeframes in terms of the 2018/2019 Annual Report Process.

**Table 16: Legislative Compliance of the 2018/2019 Annual Report Process**

	<b>Applicable Legislation</b>	<b>Comment</b>
Annual Report tabled to Council within 7 months after end of financial year	MFMA No. 56 of 2003 Section 127(2)	The Annual Report was tabled in Council on 04/12/2019 - within 7 months after the end of the financial year
Annual Report made public for public comment	MFMA No. 56 of 2003 Section 127(5a)	Communities were invited to make comments on the AR on 10/12/2019. The advert was published at <a href="http://www.langeberg.gov.za">www.langeberg.gov.za</a>
Annual Report placed on website within 5 days after tabling in Council	MFMA No. 56 of 2003 Section 75	The Annual Report was placed on the municipal website on 05/12/2019.
Annual Report submitted to Provincial Treasury	MFMA No. 56 of 2003 Section 127(5b)	The Annual Report was submitted to PT on 06/12/2019.

### 1.3 Committees of Council

#### 1.3.1 Political Heads of Section 79 Committees



**Table 17: Mayoral Committee**

<b>Councillors</b>			<b>Party</b>	<b>PR/Ward</b>
<b>1</b>	Executive Mayor	Jansen HM, Alderman	DA	PR 1
<b>2</b>	Deputy Mayor	Joubert GD, Councilor	DA	PR 3
<b>3</b>	Mayco Member	Burger JD, Alderman	DA	Ward 1
<b>4</b>	Mayco Member	Janse DB, Councilor	DA	Ward 6
<b>5</b>	Mayco Member	Scheffers EMJ, Councilor	DA	Ward 12
<b>6</b>	Mayco Member	Strauss SW, Councilor	DA	Ward 5

### 1.3.2 Portfolio Committees

**Table 18: Portfolio Committees**

Portfolio Committee	Chairperson
Corporate Services	Cllr Beginsel NJ
Financial Services	Cllr Van Zyl JDF
Engineering Services	Cllr Kriel, J
Community Services	Cllr Mangenengene, HF
Strategy and Social Development	Cllr Hess P
Municipal Public Accounts	Cllr Swanepoel LM
Corporate Services	Cllr Beginsel NJ

### 1.3.3 Ward Committees and Community Participation

The municipality works together with Ward Committees in its public participation processes and reaches the community by disseminating information to them. This is done by engaging with them in consultation and by allowing community inputs in municipal decision-making regarding service delivery, developing credible IDPs, policy formulation, budgeting processes and organisational performance. For this purpose, the Ward Committees of Langeberg Municipality hold various meetings with the community e.g. IDP Community Input Meetings, Ward Based Planning Sessions and ordinary Community Feedback Meetings. The Council has twelve (12) Ward Committees. Each Ward Committee has approximately ten members. Ward Based Planning reviews were conducted in all twelve (12) wards.

**Table 19: Ward Committees and Chairpersons**

Ward Committee	Chairperson
Ward 1 – Robertson	Cllr JD Burger
Ward 2 – Robertson Nkqubela	Cllr AJ Shibili
Ward 3 – Robertson	Cllr P Hess
Ward 4 – Bonnievale (Happy Valley)	Cllr JJS Januarie
Ward 5 – McGregor	Cllr SW Strauss
Ward 6 – Robertson	Cllr DB Janse
Ward 7 - Montagu	Cllr J Kriel
Ward 8 – Bonnievale	Cllr SW Van Eeden
Ward 9 – Ashton	Cllr N Beginsel
Ward 10 – Ashton Zolani	Cllr BH Nteta
Ward 11 – Ashton Rural	Cllr JDF Van Zyl
Ward 12 - Montagu	Cllr EMJ Scheffers

### 1.3.4 Community Liaison Workers

The Langeberg Municipality embraces the use of CLWs to strengthen effective, participative democracy in the municipality.

**Table 20: Community Liaison Workers and their Linkage to Wards**

CLW	Town/Area	Ward Deployed
Ms Junielle Frieslaar	Robertson	1 & 3
Mr Johannes Jansen	Robertson and Nkqubela	2 & 6
Mr Andries Willemse	McGregor	5
Ms Lindiwe Kahla	Bonnievale	4 & 8
Ms Nandipha Fikizolo	Zolani	10
Mr Petrus Frans	Ashton	9 & 11
Vacant	Montagu	7 & 12

### **1.3.5 Performance Management Committee**

The Municipal Systems Act, 2000 (Act no. 32 of 2000) requires the Langeberg Municipality to establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in this integrated development plan.

For the purpose of evaluating the performance of employees, an evaluation panel was established in terms of Section 6.6 of the Performance Agreement. It includes:

- Mr SA Mokweni, Municipal Manager
- Alderman H Jansen Executive Mayor
- Mayoral Committee Members attending the evaluations for the portfolio's they represent
- Mr M Shude, Chief Audit Executive
- Mr. D McThomas, Municipal Manager from Worcester
- Mr. E Abrahams, member of the Audit & Performance Committee
- Mr R King, Member of the Community for the Municipal Manager

### **1.3.6 Municipal Public Accounts (MPAC) Committees**

In terms of the provision of Section 79 of the Local Government Municipal Structures Act 1998, (Act No. 117 of 1998), five (5) MPAC committee members were appointed to strengthen oversight within the municipality and to determine the institutional functionality of the Municipal Council in terms of effectiveness. The members of Langeberg Municipal Public Accounts Committee are:

- Cllr Swanepoel, LM                      Member of Committee & Chairperson
- Cllr Beginsel, NJ                      Member of Committee
- Cllr Kriel, J                              Member of Committee
- Cllr Mafilika, JS                      Member of Committee
- Cllr Mangenengene, HF              Member of Committee

### **1.3.7 Internal Audit and Audit & Performance Committee**

The Audit & Performance Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters. The members of the Langeberg Municipal Audit & Performance Committee are:

- Mr A Amod                              (1 July 2018-December 2018)
- Mr W L van Deventer                (1 March 2016- 28 February 2019)
- Mr N Nicholls                         (1 October 2016)
- Mr E Abrahams Chairperson        (1 March 2019)
- Mr Omar Valley                        (1 March 2019)
- Ms K Talmakkies                      (1 March 2019)

### **1.3.8 Anti-Corruption and Anti-Fraud**

The following institutional arrangements are in place for the detection of fraud:

- An Internal Audit & Risk Management Unit has been established.
- Management takes steps against fraudulent actions.
- The Directors together with the Internal Audit & Risk Management Department identify risks.
- An Audit & Performance Committee approves the Internal Audit Plan.



## Chapter 2: Governance



In terms of Section 40 of the Constitution, the South African government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must comply and adhere to the principles of the Constitution and must conduct their activities within the provisions of the Constitution. The Municipality represents the local sphere of government.

The purpose of this Annual Report is to promote accountability to communities, to highlight those decisions taken by the Council and matters relating to administrative structures, throughout the 2018/19 financial year.

To ensure good governance, nine major characteristics should be applied within the political and administrative structures of the municipality, namely; participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability.

Chapter 2 seeks to report on how the Municipality met these requirements with regards to handling its governance structures, intergovernmental relations, community participation and organisational management.

## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

The Constitution S151 (3) states that the council of a Municipality has the right to govern on its own initiative, the local government affairs of the local community.

The Municipality makes a clear distinction between the politically elected structure, namely Council, which is responsible for the oversight and legislative function, and the Administration.

The Council is chaired by the Speaker. The decision-making process is headed by the Executive Mayor together with the Mayoral Committee, who are full-time office bearers, involved in the day-to-day running of Council from a political perspective.

The Administration is headed by the Municipal Manager, who is the organisation's Accounting Officer.

Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making are clear and unambiguous.

## 2.1 POLITICAL GOVERNANCE

In accordance with the MFMA No. 56 of 2003, Section 52 (a), the Mayor provides general political guidance over the fiscal and financial affairs of the municipality. To assist the Mayor with the exercise of political governance at Langeberg Municipality, a Portfolio Committee System is in place.

An established Oversight Committee comprises of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Oversight Committee Report will be published separately in accordance with MFMA No. 56 of 2003, section 129 guidance.

In addition, the Municipality also has an Audit & Performance Committee. This committee provides opinions and recommendations on financial processes and performance, as well as comments to the Oversight Committee on the Annual Report.

Political decisions are made by the Executive Mayor, in terms of the powers delegated to him by law, and by the Council. General council meetings are held on a monthly basis or Special Council Meetings, that is called when urgent decisions cannot wait for the scheduled monthly meetings.

The Council of the Municipality comprises of 12 Ward Councillors and 8 proportional representatives.

The table below provides a graphic illustration of Council's executive structure.

**Diagram 1: Political Structure of Langeberg Municipality**



## 2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager and Head of Departments meet formally on a weekly basis. This meeting deliberate on service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters. The Senior Management Team also engages the Mayoral Committee to expedite the decision-making and service delivery process.

**Table 21: Top Administrative Structure – Tier 1**


TOP ADMINISTRATIVE STRUCTURE TIER 1	
MUNICIPAL MANAGER Mr SA MOKWENI	FUNCTIONS
	<ul style="list-style-type: none"><li>• Accounting Officer of the Municipality</li><li>• Strategy</li><li>• Sound Financial Management</li><li>• Improvement of communication and stakeholder Management</li></ul>

Table 22: Top Administrative Structure – Tier 2

TOP ADMINISTRATIVE STRUCTURE TIER 2		
		FUNCTIONS
	<b>DIRECTOR: CORPORATE SERVICES</b> Mr AWJ Everson (Section 56)	<ul style="list-style-type: none"> <li>• Legal Services</li> <li>• Labour Relations</li> <li>• Governance Support</li> <li>• Administrative Support</li> <li>• Traffic Services</li> <li>• Human Resources</li> </ul>
	<b>DIRECTOR: FINANCIAL SERVICES (CFO)</b> Mr B Brown (Section 56)	<ul style="list-style-type: none"> <li>• Supply Chain Management</li> <li>• Budget Office</li> <li>• Expenditure Services</li> <li>• Revenue Services</li> </ul>
	<b>DIRECTOR: ENGINEERING SERVICES</b> Mr IAB Van der Westhuizen (Section 56)	<ul style="list-style-type: none"> <li>• Solid Waste</li> <li>• Electric Engineering Services</li> <li>• Civil Engineering Services</li> <li>• Project Management</li> <li>• Town Planning</li> </ul>
	<b>DIRECTOR: STRATEGY &amp; SOCIAL DEVELOPMENT</b> Mrs CO Matthys (Section 56)	<ul style="list-style-type: none"> <li>• Special Projects</li> <li>• Integrated Development Plan</li> <li>• SMME Development</li> <li>• Information Technology</li> <li>• Communications</li> <li>• Performance Management</li> </ul>
	<b>DIRECTOR: COMMUNITY SERVICES</b> Mr M Mgajo (Section 56)	<ul style="list-style-type: none"> <li>• Community Facilities</li> <li>• Fire and Disaster Management</li> <li>• Housing</li> <li>• Libraries</li> <li>• Parks and Amenities</li> </ul>

Table 23: Top Administrative Structure – Third Tier in 2018-2019

Top Administrative Structure – Third Tier in 2018/2019		
Department	Officials	Designation
<b>Municipal Manager</b>	Mr M Shude	Chief Audit Executive
<b>Corporate Services</b>	Mrs S Kotzé	Manager: Administrative Support
	Mr J C J Coetzee	Manager: Governance Support
	Mr T H Carstens	Manager: Human Resources
	Mr E Jooste	Manager: Labour Relations
	Mr A J Dondolo	Acting Manager: Traffic Services
<b>Strategy &amp; Social Development</b>	Mr D van Schalkwyk	Manager: Social Development
	Mr M Z Prins	Mentee Manager: ICT
	Vacant	Manager: Local Economic Development
<b>Financial Services</b>	Mr CS Martin	Manager: Budget Office
	Mr ZS Qhanqisa	Manager: Income Services
	Mr CJ Franken	Manager: Expenditure Services
	Mr S Ngcongolo	Manager: Supply Chain Management
<b>Civil Engineering Services</b>	Mr M Johnson	Manager: Civil Engineering Services
	Mr C J Vorster	Manager: Electrical Engineering Services
	Mr G M Slingers	Manager: Solid Waste Management
	Mr N W Albertyn	Manager: Project Management
	Mr J V Brand	Manager: Town Planning
<b>Community Services</b>	Ms LJH April	Manager: Community Facilities
	Ms M Hucklesby	Acting Manager: Parks & Amenities
	Vacant	Manager: Fire Services
	Vacant	Manager: Housing Administration
	Mrs C Joubert	Librarian

### 2.2.1 RISK MANAGEMENT MEETING THE REQUIREMENTS FOR POLITICAL AND ADMINISTRATIVE GOVERNANCE

This section reports on how the Municipality met the requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability with regards to handling its governance structures.

**Sustainability and Productivity:** The Municipality's political and administrative governance structures remained productive throughout 2018/2019 and complied well with legislative requirements. The following meetings were held:

Table 24: Council, Mayoral Committee and Portfolio Meetings 2018/2019

Meetings	2017/2018	Attendance	2018/2019	Attendance
Portfolio Committee Meetings	50	85%	59	81%
Mayoral Committee Meetings	6	97%	10	98%
Special Mayoral Committee Meetings	---	---	---	---
Council Meetings	7	95%	11	89%
Special Council Meetings	4	87%	1	100%

**Table 25: Ward Committee Meetings held in 2018/2019**

Ward Committee	Chairperson	Number of meetings held in
Ward 1, Robertson	Cllr JD Burger	09
Ward 2, Robertson (Nkqubela)	AJ Shibili	09
Ward 3, Robertson	Cllr P Hess	09
Ward 4, Bonnievale (Happy Valley)	Cllr JJS Januarie	09
Ward 5, McGregor	Cllr SW Strauss	09
Ward 6, Robertson	Cllr DB Janse	09
Ward 7, Montagu	Cllr J Kriel	09
Ward 8, Bonnievale	Cllr SW van Eeden	09
Ward 9, Ashton	Cllr NJ Beginsel	09
Ward 10, Ashton (Zolani)	Cllr BH Nteta	09
Ward 11, Ashton (Rural)	Cllr JDF van Zyl	09
Ward 12, Montagu	Cllr EMJ Scheffers	09

**Table 26: Audit & Performance Committee Meetings and Attendance**

Audit Committee Members	Number of Meetings in 2017/2018	Member Attendance in 2017/2018	Number of Meetings in 2018/2019	Member Attendance in 2018/2019
Mr. A Amod	6	6	7	4
Mr. K Pretorius	6	4	N/A	N/A
Mr. W van Deventer	6	5	7	4
Mr. E Abrahams-Current Chairperson	6	6	7	7
Mr. RG Nicholls	6	4	7	6
Mr. O Valley	N/A	N/A	7	2
Ms. K Talmakkies	N/A	N/A	7	1
Mr. A Njeza	N/A	N/A	7	1

**Municipal Public Accounts Committee**

The MPAC met on:

- 17 July 2018
- 06 Aug 2018
- 03 Sept 2018
- 15 Oct 2018
- 05 Nov 2018
- 15 Jan 2019
- 12 Feb 2019
- 12 Mar 2019
- 09 Apr 2019
- 14 May 2019

Accountability, Transparency and Rule of Law: Accountability is a key requirement of good governance and cannot be enforced without transparency and the rule of law. It means that stakeholders are provided with information on decisions that directly affect them and that legal frameworks are enforced impartially. Langeberg Municipality's political and administrative governance structures are held accountable through various measures, all of which are adhered to.



**Table 27: Governance Structures and Measures of Accountability**

Governance Structures	Measures of Accountability
Council	Approved minutes are available on request. All Council proceedings are ruled by the <i>Council Rules of Order</i> . The councillor conduct is ruled by the <i>Code of Conduct for Councillors</i> .
Mayoral Committee	Mayco Meetings are scheduled and minutes are kept. Mayco reports to Council.
Ward Committees	Ward Councillors have a duty to provide feedback to Ward Committees and to Council. Meetings are scheduled and minutes are kept.
Portfolio committees	Responsible for oversight over administrative departments and report to Council monthly. Meetings are scheduled and minutes kept.
Municipal Public Accounts Committee	The MPAC serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council.
The Municipality reports its annual performance financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion.
The Municipality reports its annual performance financial status to its communities annually	The approved Annual Report is made available to the public.
Municipal structures, employees, operations, procedures and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available.
Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes.	Representation on recruitment and selection panels: Interviews are recorded. Representation on Labour Forum: Minutes are recorded. Representation on Occupational Health and Safety Committee: Minutes are recorded.
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register. Internal Auditing reports are generated and tabled to the Audit & Performance Committee, which then reports to Council.
The Audit & Performance Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.	Audit & Performance Committee approves the Internal Audit Plan and reports to Council.
Community participation in the development of Policies and Strategies	Participative processes were scheduled and posted on the municipal website on: <ul style="list-style-type: none"> <li>03/04/2019</li> </ul>
IDP and Budgeting Participation	Participative processes were ensured with a Process Plan which was approved by Council on 21 August 2017
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees. Performance Agreements are signed on acceptance.
Organisational and Service Delivery Performance Reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council. Dates tabled: 1st Quarter: 30 October 2018 2nd Quarter (midyear report): 29 January 2019 3rd Quarter: 09 May 2019 4th Quarter: 30 July 2019
Municipal Website promotes	The Municipal website is updated on a daily basis. All current events, news articles, as well as required legislative documents (including

Governance Structures	Measures of Accountability
transparency	budgets, tenders and vacancies) are updated on the website daily. An average of 11278 unique visitors browsed the municipal website on a monthly basis during the 2017/2018 year, and an average of 10763 per month in 2018/2019.

**Effective and Efficient Governance** means that governance structures and processes ensure community needs are met, with the best use of resources.

**Table 28: Governance Structures and Measures of Effectiveness and Efficiency**

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitor municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP Dates: 1st Quarter: 30 October 2018 2nd Quarter (midyear report): 29 January 2019 3rd Quarter: 09 May 2019 4th Quarter: 30 July 2019
Mayoral Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council on 29 January 2019. Adjustment Budget Tabled to Council on 26 February 2019. Adjusted SDBIP tabled to Council on 26 February 2019.
Audit & Performance Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan. Audit & Performance Committee reports tabled to Council. Risk Register. Number of fraud cases reported and losses recovered.
Performance Management Committee	Performance Bonuses awarded. The performance management system is designed to reward superior performance. This linking increases overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.

**Equity and Inclusiveness:** Society's well-being depends on ensuring that all its members have a stake in it and do not feel excluded from mainstream society. The political and administrative governance structures of the Municipality reflect equitable representation of the area's population. Different political parties are well-represented in Council, as well as both genders.

**Consensus Orientation:** To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and also how it can be achieved. Langeberg's orientation towards reaching broad consensus unfolds through its scheduled and consultative IDP, Budget and Ward Based Planning processes.

**Responsiveness:** In trying to serve all stakeholders within a responsible timeframe, the governance structures of the Municipality adheres to set Council schedules, approved process plans and reporting cycles determined by Provincial and National Government spheres. This is maintained through administrative compliance monitoring and oversight.

**Participation:** Community participation in the governance structures of the Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and all sectors.

Community Participation, in the development or revision of policies and strategies, are achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments. The following table lists the dates on which such uploads were posted.

**Table 29: Website Uploads for Community Reviews and Comments in 2018/2019**

<b>WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2018/2019</b>	
<b>Document</b>	<b>Date</b>
MN Notice 41, 43, 44	31/07/2018
MN Notice 39, 46, 47, 48, 49, 50, 52	31/07/2018
MN Notice 36, 51	31/07/2018
Langeberg Municipal IDP Process Plan 2019/20	20/08/2018
MN Notice 54, 55, 56, 57 and 58	28/08/2018
Proposed alienation of municipal property, a portion of erf 920 ( $\pm 5\,729\text{ m}^2$ ), Bonnievale	04/09/2018
Proposed closure and alienation of municipal property, a portion of Roberts street ( $\pm 819\text{ m}^2$ ), Robertson	04/09/2018
Proposed Lease of a portion of Skilpadhoogte (2.7 Ha), McGregor	04/09/2018
MN Notice 59,60,61,62	12/09/2018
Proposed Lease of Gladdeklip (8.43 HA), McGregor.	25/09/2018
MN Notices 64, 65, 66	04/10/2018
MN Notice 67, 68, 69	09/10/2018
Proposed Lease of the Municipal Building known as the "Kampong" Situated on a Portion of Erf1 & 937, Montagu	23/10/2018
MN Notice 70 and 71	23/10/2018
MN Notice 72 and 73	31/10/2018
Calling for Inspection of 7th Supplementary Valuation Roll of Properties and Lodging of Objections	06/11/2018
MN Notice 76, 77, 78	20/11/2018
Draft Annual Report 2017/2018 open for public comments	11/12/2018
Notice of Bid Extension Validity Period	10/01/2019
Langeberg Spatial Development Framework	22/01/2019
Proposed Lease of a Portion of Municipal Land Situated On Erf 330, McGregor Known as the "Brak"	29/01/2019
Notice of Amendment of Existing Contract: Bid No 40/2018	01/04/2019
Draft Integrated Development Plan 2019-2020	01/04/2019
Tabling of Draft Budget And Draft IDP	03/04/2019
MN Notice 22, 33, 34, 35 & 36	24/05/2019
Proposed Lease of a Portion of the Road from the Hoops River Bridge to the Corner of Constitution & Reitz Street, Robertson	28/05/2019
Proposed Lease of Municipal Property, a Portion of Erf2 ( $\pm 1\text{ Ha}$ ) Along the McGregor Road, Robertson	28/05/2019
Proposed Lease to Establish a Free Base Telecommunication Station on a Portion of Remainder of Erf1 ( $\pm 64\text{ m}^2$ ), Montagu	28/05/2019
MN Notice 27, 40, 41, 42, 43 & 45	04/06/2019
Notice of Amendment of the Existing Contract	06/06/2019
MN Notice 50/2019	12/06/2019
MN Notice 49/2019	18/06/2019
MN Notice 35 & 48	25/06/2019

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

The MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution Section 41.

Langeberg Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and inter-governmental relations with the Cape Winelands District Municipality, neighbouring municipalities, Provincial and National Government and other government agencies. Maintaining good relations with other government spheres makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development and capacity building roll-outs which strengthen local government in its quest to improve service delivery.

A few of the intergovernmental platforms are reflected below.

### 2.3 INTERGOVERNMENTAL RELATIONS

Engagements attended by the Langeberg Municipal staff and Management - upholding good inter-governmental relations for the purpose of good governance, government - collaborated strategic direction, aligned planning, reporting, legislative compliance, accountability and participation in government programmes and roll-outs to benefit the development of Langeberg Municipality's administration, local area and communities, are tabled below.

**Table 30: A, B, C, D, E: 2018/2019 IGR Engagements participated in by the Municipality**

<b>A. IGR ENGAGEMENTS FOR THE OFFICE OF THE MUNICIPAL MANAGER</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Department of Corporate Services	Municipal Manager	Ashton	15/08/2018
Department of Transport & Public	Municipal Manager	Robertson	11/10/2018
District Coordinating Forum	Municipal Manager	Worcester	12/10/2018
Department of Human Settlement	Municipal Manager	Robertson	19/10/2018
MEC of Local Government	Municipal Manager	Cape Town	23/10/2018
Electoral Commission: Western Cape	Municipal Manager	Bellville	23/11/2018
MinMayTech Meeting	Municipal Manager	Stellenbosch	26/11/2018
MinMay Meeting	Municipal Manager	Stellenbosch	27/11/2018
Department of Rural Development and	Municipal Manager	Ashton	28/11/2018
Department of LG Municipal Support &	Municipal Manager	Ashton	28/11/2018
Department of Human Settlement	Municipal Manager	East London	30/11/2018
Department of National Treasury	Municipal Manager	Robertson	4 -5/12/2018
Department of Transport & Public	Municipal Manager	Robertson	08/02/2019
Department of National Treasury	Municipal Manager	Pretoria	12/02/2019
WC Municipal Managers Forum	Municipal Manager	Stellenbosch	22/02/2019
Special Premiers Coordinating Forum	Municipal Manager	Worcester	25/02/2019
District Coordinating Forum	Municipal Manager	Worcester	14/03/2019
Department of Community Safety	Municipal Manager	Robertson	28/03/2019
Electoral Commission: Western Cape	Municipal Manager	Cape Town	29/03/2019
Electoral Commission: Western Cape	Municipal Manager	Parow	18/04/2019
Department of Provincial Treasury	Municipal Manager	Robertson	02/05/2019
Department of LG Municipal Support &	Municipal Manager	Robertson	30/05/2019

<b>B. IGR ENGAGEMENTS FOR DEPARTMENT: STRATEGY AND SOCIAL DEVELOPMENT</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Local Tourism Association Meeting	Strat and Soc Dept	Worcester	18/07/2018
Regional LED Meeting	Strat and Soc Dept	Stellenbosch	20/07/2018
Provincial Air Quality Officers Forum Meeting	Strat and Soc Dept	George	16 - 17/08/2018
LED Strat Work Session	Strat and Soc Dept	Stellenbosch	29/08/2018
Provincial IDP Managers Forum	Strat and Soc Dept	Laingsburg	6 - 7/09/2018
LIC Training Labour	Strat and Soc Dept	Worcester	04/09/2018
Dept. Transport & Public Workers	Strat and Soc Dept	Paarl	13/09/2018
LED Strategy Meeting	Strat and Soc Dept	Worcester	24/09/2018
Local Tourism Association Meeting	Strat and Soc Dept	Wellington	26/09/2018
Discussion LED Strat with CWDM	Strat and Soc Dept	Worcester	26/09/2018
ICT Managers Forum Meeting	Strat and Soc Dept	Stellenbosch	28/09/2018
SOP Workshop	Strat and Soc Dept	Cape Town	18/10/2018
Learning Programme Training	Strat and Soc Dept	Worcester	22-26/10/2018
Dept Transport & Pub Workers	Strat and Soc Dept	Bredasdorp	09/11/2018
Ignite Workshop	Strat and Soc Dept	Durbanville	14-15/11/2018
Strat Integ Mun Engagement	Strat and Soc Dept	Riebeeck Kasteel	19/11/2018
Langeberg Informal Structure Mapping	Strat and Soc Dept	Cape Town	07/12/2018
Seed Fund Evaluations	Strat and Soc Dept	Worcester	13/12/2018
Local Tourism Association Meeting	Strat and Soc Dept	Stellenbosch	30/01/2019
Prov Air Quality Officers forum Meeting	Strat and Soc Dept	Bredasdorp	8 - 9/02/2019
EPWP District Forum Meeting	Strat and Soc Dept	Paarl	13/02/2019
Neighborhood Town Dev Meeting	Strat and Soc Dept	Johannesburg	11 -12/02/2019
LED Forum Meeting	Strat and Soc Dept	Paarl	01/03/2019
IDP Indaba 2	Strat and Soc Dept	Stellenbosch	19/03/2019
Local Tourism Association Meeting	Strat and Soc Dept	Wolseley	20/03/2019
Statssa	Strat and Soc Dept	Cape Town	25/04/2019
Prov Air Quality Officers Forum	Strat and Soc Dept	Laingsburg	16 -17/05/2019
Dept Transport & Pub Workers	Strat and Soc Dept	Gansbaai	16/05/2018
Local Tourism Association Meeting	Strat and Soc Dept	Rawsonville	22/05/2019
LED Forum Meeting	Strat and Soc Dept	Stellenbosch	24/05/2019
IDP Managers Forum	Strat and Soc Dept	Oudtshoorn	6 - 7/06/2019
EPWP District Forum Meeting	Strat and Soc Dept	Ceres	11/06/2019
Neighborhood Grant Appl Workshop	Strat and Soc Dept	Pretoria	12 -13/06/2019
EPWP Training System	Strat and Soc Dept	Stellenbosch	20 - 21/06/2019

<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
Thusong Outreach	Ward Committee members, Community Liaison Worker- Ms P Carstens. Community Development Worker –Ms Charmain Swanepoel Departments of Home Affairs ,	Montagu – Kabouterland Wards 7 &12 Bonnievale Chris Van Zyl Hall Wards 4,8 &11-	11 – 12/07/2018  10/07/2018

<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
	Social Development , Labour, Health , SAPS, Rural Development & Land Affairs		
Crime awareness and child abuse programme	Ward Committee members, Community Liaison Workers- Ms Junielle Frieslaar and SAPS and ACVV	Robertson – Ward 3	13/07/2018
Meeting with Robertson SAPS Station Commander and Community Police Forum	SAPS, Community Police Forum –Robertson Ward Councillor and Community Liaison Worker Ms Junielle Frieslaar	Robertson Wards 1,2,3 and 6	18/07/2018
Information session with community	SAPS, Community Police Forum –Robertson Ward Councillor , Ward Committee Members and Community Liaison Worker Ms Junielle Frieslaar	Robertson Wards 1,2,3 and 6	18/07/2018
Drug abuse workshop	LSAAG, NGO's in Langeberg area All Ward Community Liaison Workers	Robertson Graham Beck Skills Centre Wards 1 till 12 in all Langeberg Municipality towns	08/08/2018
Women's day program	SAPS and Langeberg Secondary School Community Liaison Worker Ms Junielle Frieslaar and Ward Councillor	Robertson Ward 3	09/08/2018
Information session – Department of Health	Department of Health Primary Health Care Clinic –Mobile Unit Ward Committee members, Community Liaison Worker- Ms P Carstens	Montagu – Ward 12	27/08/2018
Community Development Meeting	Department of Community Development Programmes and Cape Winelands District Municipalities Ward Committee Coordinator- Mr AG Brönn	Franschoek	30/08/2018
Integrated Community Development Planning Assessment Workshop and Diploma Ceremony	Community Liaison Worker – Mr –Petrus Frans Provincial Department of Local Government	Knysna	30 - 31/08/2018
Ward Committee workshop –Review Ward Committee Legislation and Public Participation	Langeberg Municipality and all ward committee members and Ward Councillors ,Community Liaison Workers , Ward Committee Coordinator and Manager:Governance Support	Bonnievale –Chris Van Zyl Community Hall	08/09/2018



<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
Community Development Local Coordinators Meeting	Department of Community Development Programmes and Cape Winelands District Municipalities, Ward Committee Coordinator- Mr AG Brönn	Paarl	20/09/2018
Community Development Evaluation Meeting – Community Development Worker	Department of Community Development Programmes and Cape Winelands District Municipalities Ward Committee Coordinator- Mr AG Brönn and Community Development Worker – Ms Charmain Swanepoel	Klapmuts	16/10/2018
Nomination letters of Ward Committee members serving on Department of Health Clinic Committee	Wards 2, 5,7 and 12 Ward Councillors	McGregor –Ward 5 Robertson – Wards 1,2,3 & 6 Montagu –Wards 7 & 12	23/10/2018
Community Development Local Coordinators Meeting	Department of Community Development Programmes and Cape Winelands District Municipalities Ward Committee Coordinator- Mr AG Brönn	Montagu	06/11/2018
Attendance Cape Winelands District Public Participation Communication Forum Meeting	Cape Winelands District Municipality, & Municipalities in the CWDM & Provincial Department of Local Government Ward Committee Coordinator- Mr AG Brönn	Paarl	08/11/2018
Ward Based Planning	Langeberg Municipality, Ward Councillors &Ward Committee members	Robertson Community Hall	09/11/2018
Ward Summit	Langeberg Municipality, Ward Councillors &Ward Committee members & Provincial Department of Local Government	Robertson Community Hall	10/11/2018
Attendance Provincial Steering Committee Meeting – review of Ward Committee Legislation and Public Participation Policies	Provincial Department of Local Government, Municipalities Coordinators, District Municipality Representatives and National Department of Local Government and Traditional Affairs Ward Committee Coordinator- Mr AG Brönn	Swellendam	15/11/2018
Attendance Provincial Public	Provincial Department of Local Government, Public	Swellendam	16/11/2018

<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
Participation and Communication Forum Meeting –	Participation Representatives of Municipalities and District Municipalities & Representatives of National Department of Local Government and Traditional Affairs, SALGA, GCIS and Department of Human Settlements Ward Committee Coordinator- Mr AG Brönn		
Attending course Integrated Community Development Planning	Community Liaison Worker - Me Junielle Frieslaar Provincial Department of Local Government	Durbanville	26 – 30/11/2018
Community Development Local Coordinators Workshop	Department of Community Development Programmes, Cape Winelands District Municipalities and Provincial Department of Local Government Ward Committee Coordinator- Mr AG Brönn	Worcester	11 – 12/12/2018
Attendance Cape Winelands District Municipality Steering Committee Meeting – review of Ward Committee Legislation and Public Participation Policies	Provincial Department of Local Government, Municipalities Coordinators, District Municipality Representatives Ward Committee Coordinator- Mr AG Brönn	Nkqubela Library	06/02/2019
Community Development Local Coordinators Meeting	Department of Community Development Programmes and Cape Winelands District Municipalities Ward Committee Coordinator- Mr AG Brönn	Franschoek	12/02/2019
Community Development Assessment Meeting – Community Development Worker	Department of Community Development Programmes and Cape Winelands District Municipalities, Community Development Workers Ward Committee Coordinator- Mr AG Brönn and Community Development Worker – Ms Charmain Swanepoel	Worcester	19/02/2019
Policy analysis ,Implementation & evaluation Training	Community Liaison Worker – Mr –Petrus Frans Provincial Department of Local Government	Kromme Rhee	14 – 15/02/2019
Stakeholder Engagement Meeting Provincial Community Development	Department of Community Development Programmes and Municipalities in the	Bellville- Durbanville	20/02/2019

<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
Programmer	province, Community Development Workers and Community Development Workers Coordinators Ward Committee Coordinator- Mr AG Brönn		
Facilitation and Presentation skills training	Community Liaison Workers	Nkqubela	13/02/2019
Integrated Community Development Planning Assessment Workshop and Diploma Ceremony	Community Liaison Worker – Ms Junielle Frieslaar Provincial Department of Local Government	Knysna	07 – 08/03/2019
SASSA ICROP Outreach meeting	Community Liaison Worker – Me Lindiwe Kahla and Ward Committee Department of Correctional Services , SAPS , Department of Rural Development ,Local Economic Development Manager	Bonnievale – Ward 4	12/03/2019
Extended Community Development Local Coordinators Workshop	Department of Community Development Programmes, Cape Winelands District Municipalities and Provincial Department of Local Government and Community Development Staff Ward Committee Coordinator- Mr AG Brönn and Community Development Worker – Ms Charmain Swanepoel	Lambertsbay	18 – 20/03/2019
Drug abuse workshop	LSAAG, NGO's in Langeberg area All Community Liaison Workers	Robertson Graham Beck Skills Centre Wards 1 till 12 in all Langeberg Municipality towns	20/03/2019
First Aid Training	Community Liaison Workers	Robertson –North Library	26- 29/03/2019
First Aid Training	Community Liaison Workers	Nkqubela Library	02- 05/04/2019
Dry run session with Municipal Manager, Directors and Governance Support ,Ward Committee Administration –Role out of Budget round the table discussion sessions	Municipal Manager, MT – Finance and Governance Support ,Ward Committee Administration	Ashton	08/04/2019
Community Development Local Coordinators Meeting	Department of Community Development Programmes and Cape Winelands District Municipalities, Ward	Paarl	24/04/2019

<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
	Committee Coordinator- Mr AG Brönn.		
Batho Pele Training	Community Liaison Workers	Nkqubela Library	24/04/2019
Community Development Staff Assessment Meeting – Community Development Worker	Department of Community Development Programmes and Cape Winelands District Municipalities, Community Development Workers Ward Committee Coordinator- Mr AG Brönn and Community Development Worker – Ms Charmain Swanepoel	Stellenbosch	30/04/2019
Planning Meeting with stakeholders Cleaning programme	Sports Clubs , Schools , Department of Environment , Solid Waste , Community Liaison Workers and Ward Councillors	Robertson	10/05/2019 20/05/2019
Attendance Provincial Steering Committee Meeting – review of Ward Committee Legislation and Public Participation Policies	Provincial Department of Local Government, Municipalities Coordinators, District Municipality Representatives and National Department of Local Government and Traditional Affairs. Ward Committee Coordinator- Mr AG Brönn	Paarl	16/05/2019
Attendance Provincial Public Participation and Communication Forum Meeting –	Provincial Department of Local Government, Public Participation Representatives of Municipalities and District Municipalities & Representatives of National Department of Local Government and Traditional Affairs, SALGA, GCIS and Department of Human Settlements. Ward Committee Coordinator- Mr AG Brönn	Paarl	17/05/2019
Training for new ward committee members	Ward Committee ,Ward Councillors ,Ward Committee Administration	Ashton	18/05/2019
Community Development Local Coordinators Meeting	Department of Community Development Programmes and Cape Winelands District Municipalities. Ward Committee Coordinator- Mr AG Brönn	Paarl	21/05/2019
Community Development Staff Assessment Meeting – Community	Department of Community Development Programmes and Cape Winelands District	Paarl	30/05/2019

<b>C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES</b>			
<b>Meeting</b>	<b>Attended By</b>	<b>Hosted In</b>	<b>Date</b>
Development Worker	Municipalities, Community Development Workers Ward Committee Coordinator- Mr AG Brönn and Community Development Worker – Ms Charmain Swanepoel		
Cleaning Project	Sports Clubs, Schools, Department of Environment, Solid Waste, Community Liaison Workers, Ward Committee Members and Ward Councillors	Robertson – Wards 1,2,3 and 6	22/05/2019 24/05/2019 29/05/2019 31/05/2019
Ward Demarcation Board Information Session	Councillors ,Ward Committee Members and Ward Committee Administration	Robertson –All twelve Wards	05/06/2019
Cleaning Project	Sports Clubs , Schools , Department of Environment , Solid Waste , Community Liaison Workers ,Ward Committee members and Ward Councillors	Robertson – Wards 1,2,3 and 6	04- 07/06/2019 14/06/2019
Ward Councillors Summit	Ward Councillors, Provincial Department of Human Settlements and Ward Administration	Robertson	13/06/2019
Housing Outreach Session	Farming Communities in Ward 11, Langeberg Municipality Housing Department Officials and Community Liaison Worker –Mr Petrus Frans.	Ashton –Saratoga	22/06/2019

<b>D. IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCE</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Public Procurement Forum	Mr S Ngcongolo	Cape Town	24/07/2018
Supply Chain Management Forum	Mr S Ngcongolo	Stellenbosch	24/08/2018
MPRA Focus Group Workshops	Mr B Cavernelis, Mr P Albanie, Mrs Y Nogaga	Worcester	14/09/2018
SARS (Upcoming easyFiles Training	Mr C Franken & Mrs M Matthee	Cape Town	05/09/2018
Chief Financial Officer's Forum	Mr B Brown	Prins Albert	14/09/2018
CIGFARO Annual Conference	Mr B Brown	Kempton Park	08/10/2018 - 10/10/2018
CIGFARO 2018 Strategic Planning Session	Mr B Brown	Kempton Park	02/11/2018 - 03/11/2018
MAYCO Members of Finance Forum	Mr B Brown & Cllr E Scheffers	Caledon Spa	05/11/2018 & 06/11/2018

<b>D. IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCE</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Supply Chain Management Forum	Mr S Ngcongolo	Nekkies Conference centre	15/11/2018 & 16/11/2018
Revenue Management Master Class	Mr B Brown	Goudini Spa	20/11/2018
MPRA Focus Group Workshops	Mr B Cavernelis, Mr P Albanie, Mrs Y Nogaga	Worcester	30/11/2018
Chief Financial Officer's Forum	Mr B Brown	George	10/12/2018 & 11/12/2018
CIGFARO Information Session	Mr Brown	Kempton Park	17-18/01/2019
Audit Outcome Workshop	Mr Brown, Mr S Ngcongolo, Mr M Shude	Saldanha Bay	25/01/2019
GRAP Training	Mr B Brown, Mr C Martin, Mrs N Hendricks, Mr C Scheepers	Worcester	31/01/2019
Technical Integrated Municipal Engagement	Mr Brown, Directors and other personnel	Ashanti, Paarl	14/02/2019
Executive Contract Management Training	Mr Brown, Mrs C Matthys, Mr S Ngcongolo	Worcester	04-06/03/2019
CFO Forum	Mr Brown	Franschhoek	08/03/2019
SCM FORUM	Mr Brown, Mr Ngcongolo, Mr Shude	Cape Town	15/03/2019
CIGFARO Meeting	Mr Brown	Kempton Park	29/03/2019
MPRA Focus Group Workshops	Mr B Cavernelis, Mr P Albanie, Mrs Y Nogaga	Worcester	29/03/2019
Smart Procurement World Conference	Mr S Ngcongolo	Grandwest Casino	08-10/04/2019
Community Development Workers Program	Mr JD Wiese	Paarl	24/04/2019
CIGFARO Revenue Workshop	Mr B Brown, Mr Z Qhanqisa	Mossel Bay	17/05/2019
Accounting Work Committee	Mr Brown, Mr G Fielies, Mrs N Hendricks	Stellenbosch	31/05/2019
CIGFARO WESTERN CAPE BRANCH SEMINAR	Mr B Brown, Mr Z Qhanqisa, Mrs N Hedricks, Mr S	Worcester	03-04/06/2019
CIGFARO Board Members Meeting	Mr Brown	Kempton Park	07/06/2019
Municipal Accounting Forum	Mrs N Hedricks, Mr G Fielies	Graham Beck	11/06/2019
SCM Bespoke Training on the National Treasury Centralised Database (CSD),	Mrs L Jass-Holmes, Mr A Regue, Mr T Maliti, Mrs J Buis	Worcester	13-14/06/2019
CFO Forum	Mr B Brown	Grabouw	21/06/2019

<b>E. IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Title Deeds Handover	M Mgajo	McGregor	10/09/2018
General Meeting With Mr Kent Mkalipi	M Mgajo	Robertson	18/09/2018
Title Deed Handover	M Mgajo	Nkqubela, Robertson	15/10/2018



<b>E. IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Technical Coordination Meeting	M Mgajo	Council Chambers Robertson	26/10/2018
Sustainable Settlements Innovation Summit	M Mgajo	Newlands	13/11/2018
Provincial Steering Committee Meeting	M Mgajo	Worcester	21/11/2018
Technical Coordination Meeting	M Mgajo	Council Chambers Robertson	30/11/2018
Quarterly Regional Co-Ordination Meeting Ordination Forum Meeting	M Mgajo	Council Chambers Robertson	12/12/2018
WC Human Settlement Strategic Session	M Mgajo	Caledon	21/01/2019
Human Settlement Co-Ordination Meeting	M Mgajo	Old Council Chambers, Robertson	25/01/2019
SLIMS User Group Meeting (Seta Library Information System)	Stephan Marais	Head Office Cape Town	03/09/2018
MSS Meeting (Municipal Support Services)	Christa Joubert	Cape Town	13 - 14/09/2018
Auditors Of Provincial Library Service	Christa Joubert	Robertson Library	19/09/2018
Conditional Grant/MRF Funding Meeting	Christa Joubert	Ashton	01/11/2018
SLIMS User Group Meeting (Seta Library Information System)	Stephan Marais	Head Office Cape Town	26/11/2018
Rural Town Workshop	M Mgajo	Pretoria	12/02/2019
Meeting With Shaun Minnies	M Mgajo	Robertson	15/02/2019
Bonnievale Boekenhoutskloof UISP	M Mgajo	Cape Town	14/02/2019
Handover Serviced Plots	M Mgajo	Nkqubela	04/03/2019
NGO Partnership Discussion	M Mgajo	Bonnievale	05/03/2019
Meeting With Louis Welgemoed	M Mgajo	Bonnievale	13/03/2019
Human Settlement Co-Ordination Meeting	M Mgajo	Bonnievale	29/03/2019
Human Settlement Technical Co-Ordination Meeting	M Mgajo	Bonnievale	26/04/2019
LG MTEC Engagement	M Mgajo	Council Chambers,	02/05/2019
Quarterly Regional Co-Ordination Meeting	M Mgajo	Breede Valley	16/05/2019
Informal Settlement Support Plan Meeting	M Mgajo	Cape Town	17/05/2019
Human Settlement Co-Ordination Meeting	M Mgajo	Bonnievale	31/05/2019

<b>E. IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES</b>			
<b>Meeting</b>	<b>Attended by</b>	<b>Hosted in</b>	<b>Date</b>
Regional Workshop	M Mgajo	Goudini Spa, Rawsonville	19/06/2019
Conditional Grant/MRF Funding Meeting	Christa Joubert	Ashton	20/02/2019
MSS Meeting (Municipal Support Services)	Christa Joubert	Worcester	5 - 6/03/2019
Conditional Grant/MRF Funding Meeting	Christa Joubert	Ashton	02/06/2019
SLIMS User Group Meeting (Seta Library Information System)	Stephan Marais	Head Office Cape Town	10/06/2019
DCAS Water Summit	L. April, J Lucas	Cape Town	22/02/2019
Dept. Trade & Industry – Paraffin Awareness Campaign LOC Meeting	I. April, J Durand	Commando Building	29/03/2019
DCAS Nkqubela Sportsground MIG Project Evaluation Meeting	M. Mgajo, L. April	Robertson Directors Office & Nkqubela Sportsground	05/04/2019
Dept. Trade & Industry – Paraffin Awareness Campaign LOC Meeting	L. April, J Durand	Commando Building, Robertson	16/04/2019 30/04/2019
Dept. Trade & Industry – Paraffin Awareness Campaign Event	L. April, J Durand	Cogmanskloof, Ashton	03/05/2019
DCAS Nkqubela Sportsground MIG Project Conclusion Meeting	M. Mgajo, L. April	Robertson Directors Office & Nkqubela Sportsground	10/06/2019

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipal Systems Act, 2000 (Act no.32 of 2000), Section15 (b): requires a municipality to establish and organise its administration and to facilitate a culture of accountability amongst its staff. Section16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The Municipality actively pursues meaningful public participation. This section reports on how Langeberg Municipality met the above legislative requirements, through a discussion of the characteristics through which accountability and participative governance must adhere to.

**Sustainable Participation:** The Ward Committee System provides Langeberg Municipality with a powerful governance structure through which public accountability and community participation are promoted and strengthened. Being fully capacitated and institutionalised in each of the twelve wards, the foundation has been laid to sustain a fully functional system for a continuous, two-way information flow and engagement between the municipality and the community. The Ward Committee Chairpersons per ward are set out in the table below:

**Table 31: Ward Committee Chairpersons per Ward in 2018/2019**

Ward Committee	Chairperson
Ward 1 – Robertson	Cllr JD Burger
Ward 2 – Robertson Nkqubela	Cllr AJ Shibili
Ward 3 – Robertson	Cllr P Hess
Ward 4 – Bonnievale (Happy Valley)	Cllr JJS Januarie
Ward 5 – McGregor	Cllr SW Strauss
Ward 6 – Robertson	Cllr DB Janse
Ward 7 - Montagu	Cllr J Kriel
Ward 8 – Bonnievale	Cllr SW Van Eeden
Ward 9 – Ashton	Cllr N Beginsel
Ward 10 – Ashton Zolani	Cllr BH Nteta
Ward 11 – Ashton Rural	Cllr JDF Van Zyl
Ward 12 - Montagu	Cllr EMJ Scheffers

**Transparency and the Rule of Law:** The following tables indicate the dates on which the Municipality invited the community to participate in the development of Municipal directives and documents, as advertised on the municipal website in 2018/2019.

### 2.4 PUBLIC MEETINGS

**Effectiveness and efficiency:** In order to produce results that meet the needs of the Langeberg communities, thereby ensuring participative effectiveness and efficiency, community consultation took place on various issues throughout the year.

The table below reflects the Ward Based Planning Sessions held throughout the area in 2018/2019.

**Table 32: Ward Based Planning Sessions in 2018/2019**

Ward	Date	Venue
1	09 November 2018	Robertson Community Hall
2	09 November 2018	Robertson Community Hall
3	09 November 2018	Robertson Community Hall
4	09 November 2018	Robertson Community Hall
5	09 November 2018	Robertson Community Hall
6	09 November 2018	Robertson Community Hall

Ward	Date	Venue
7	09 November 2018	Robertson Community Hall
8	09 November 2018	Robertson Community Hall
9	09 November 2018	Robertson Community Hall
10	09 November 2018	Robertson Community Hall
11	09 November 2018	Robertson Community Hall
12	09 November 2018	Robertson Community Hall

**Equity and Inclusiveness:** In order to facilitate inclusive participation in mainstream society, Ward Committees reached out to communities - creating opportunities to improve and/or maintain their well-being.

The table below reflects the Ward Committee Outreach Programmes in 2018/2019.

**Table 33: Ward Committee Outreach Programmes in 2018/2019**

Ward	Date	Programmes
1	18/07/2018	Meeting with Robertson SAPS Station Commander and Community Police Forum
	18/07/2018	Information session with community – SAPS
	08/08/2018	Drug Abuse Workshop –LSAAG
	08/09/2018	Ward Committee workshop – Legislative Review
	23/10/2018	Nominations Ward Committees Depth Health –Clinic committee
	09/11/2018	Ward Based Planning
	10/11/2018	Ward Summit
	20/03/2019	Drug Abuse Workshop –LSAAG
	10 & 20/05/2019	Planning meeting with stakeholders –Cleaning Programme
	18/05/2019	Training new ward committee members
	22/24/29/&	Cleaning Project
	31/05/2019	
	05/06/2019	Ward Demarcation Board Information Session
	13/06/2019	Ward Councillors Summit
2	18/07/2018	Meeting with Robertson SAPS Station Commander and Community Police Forum
	18/07/2018	Information session with community – SAPS
	08/08/2018	Drug Abuse Workshop –LSAAG
	09/08/2018	Women`s day program
	08/09/2018	Ward Committee workshop – Legislative Review
	23/10/2018	Nominations Ward Committees Depth Health –Clinic committee
	09/11/2018	Ward Based Planning
	10/11/2018	Ward Summit
	20/03/2019	Drug Abuse Workshop –LSAAG
	10 & 20/05/2019	Planning meeting with stakeholders –Cleaning Programme
	18/05/2019	Training new ward committee members
	22/24/29/&	Cleaning Project
	31/05/2019	

Ward	Date	Programmes
	05/06/2019 13/06/2019	Ward Demarcation Board Information Session Ward Councillors Summit
3	13/07/2018 18/07/2018 18/07/2018 08/08/2018 09/08/2018 08/09/2018 23/10/2018 09/11/2018 10/11/2018 20/03/2019 10 & 20/05/2019 18/05/2019 22/24/29 & 31/05/2019 05/06/2019 13/06/2019	Crime awareness and child abuse programme Meeting with Robertson SAPS Station Commander and Community Police Forum Information session with community – SAPS Drug Abuse Workshop –LSAAG Women`s day program Ward Committee workshop – Legislative Review Nominations Ward Committees Depth Health –Clinic committee Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG Planning meeting with stakeholders –Cleaning Programme Training new ward committee members Cleaning Project Ward Demarcation Board Information Session Ward Councillors Summit
4	10/07/2018 18/07/2018 08/09/2018 09/11/2018 10/11/2018 12/03/2019 12/03/2019 18/05/2019 05/06/2019 13/06/2019	Thusong Outreach Drug Abuse Workshop –LSAAG Ward Committee workshop – Legislative Review Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG SASSA-ICROP Training new ward committee members Ward Demarcation Board Information Session Ward Councillors Summit
5	18/07/2018 09/08/2018 23/10/2018 09/11/2018 10/11/2018 20/03/2019 18/05/2019 05/06/2019 13/06/2019	Drug Abuse Workshop –LSAAG Ward Committee workshop – Legislative Review Nominations Ward Committees Depth Health –Clinic committee Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG Training new ward committee members Ward Demarcation Board Information Session Ward Councillors Summit

Ward	Date	Programmes
6	13/07/2018	Crime awareness and child abuse programme
	18/07/2018	Meeting with Robertson SAPS Station Commander and Community Police Forum
	18/07/2018	Information session with community – SAPS
	08/08/2018	Drug Abuse Workshop –LSAAG
	08/09/2018	Ward Committee workshop – Legislative Review
	23/10/2018	Nominations Ward Committees Depth Health –Clinic committee
	09/11/2018	Ward Based Planning
	10/11/2018	Ward Summit
	20/03/2019	Drug Abuse Workshop –LSAAG
	10 & 20/05/2019	Planning meeting with stakeholders –Cleaning Programme
	18/05/2019	Training new ward committee members
	22/24/29/&	Cleaning Project
	31/05/2019	
	05/06/2019	Ward Demarcation Board Information Session
	13/06/2019	Ward Councillors Summit
7	10/07/2018	Thusong Outreach
	08/08/2018	Drug Abuse Workshop –LSAAG
	08/09/2018	Ward Committee workshop – Legislative Review
	23/10/2018	Nominations Ward Committees Depth Health –Clinic committee
	09/11/2018	Ward Based Planning
	10/11/2018	Ward Summit
	20/03/2019	Drug Abuse Workshop –LSAAG
	18/05/2019	Training new ward committee members
	05/06/2019	Ward Demarcation Board Information Session
	13/06/2019	Ward Councillors Summit
8	10/07/2018	Thusong Outreach
	18/07/2018	Drug Abuse Workshop –LSAAG
	08/09/2018	Ward Committee workshop – Legislative Review
	09/11/2018	Ward Based Planning
	10/11/2018	Ward Summit
	12/03/2019	Drug Abuse Workshop –LSAAG
	12/03/2019	SASSA-ICROP
	18/05/2019	Training new ward committee members
	05/06/2019	Ward Demarcation Board Information Session
	13/06/2019	Ward Councillors Summit
9	18/07/2019	Drug Abuse Workshop –LSAAG
	09/08/2019	Ward Committee workshop – Legislative Review



Ward	Date	Programmes
	09/11/2018 10/11/2018 20/03/2019 18/05/2019 05/06/2019 13/06/2019	Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG Training new ward committee members Ward Demarcation Board Information Session Ward Councillors Summit
10	18/07/2018 09/08/2018 09/11/2018 10/11/2018 20/03/2019 18/05/2019 05/06/2019 13/06/2019	Drug Abuse Workshop –LSAAG Ward Committee workshop – Legislative Review Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG Training new ward committee members Ward Demarcation Board Information Session Ward Councillors Summit
11	18/07/2018 09/08/2018 23/10/2018 09/11/2018 10/11/2018 20/03/2019 18/05/2019 05/06/2019 13/06/2019 22/06/2019	Drug Abuse Workshop –LSAAG Ward Committee workshop – Legislative Review Nominations Ward Committees Depth Health –Clinic committee Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG Training new ward committee members Ward Demarcation Board Information Session Ward Councillors Summit Housing Outreach Session- Saratoga
12	11&12/07/2018 18/07/2018 09/08/2018 23/10/2018 09/11/2018 10/11/2018 20/03/2019 18/05/2019 05/06/2019 13/06/2019	Thusong Outreach Drug Abuse Workshop –LSAAG Ward Committee workshop – Legislative Review Nominations Ward Committees Depth Health –Clinic committee Ward Based Planning Ward Summit Drug Abuse Workshop –LSAAG Training new ward committee members Ward Demarcation Board Information Session Ward Councillors Summit

**Consensus Orientation:** To be consensus orientated, the Municipality strives towards reaching broad consensus on what is in the best interest of the community and also how it can be achieved. The IDP process served this purpose. The table below reflects the IDP Community Input Meetings held in 2018/2019.

**Table 34: IDP Community Input Meetings held in 2018/2019**

IDP Community Input Meetings held in 2018/2019			
Date	Wards	Town	Venue
18/09/2018	4	Bonnievale	Happy Valley Community Hall
19/09/2018	2	Nkqubela	Nkqubela Community Hall
20/09/2018	6	Robertson	De Hoop Hall
25/09/2018	3	Robertson	Robertson Civic Hall
27/09/2018	5	McGregor	McGregor Community Hall
02/10/2018	11	Ashton	Ashton Town Hall
04/10/2018	7	Montagu	Wilhelm Thys Hall
10/10/2018	10	Ashton	Rolihlahla Community Hall
11/10/2018	12	Montagu	Kabouterland Community Centre
12/10/2018	8	Bonnievale	Chris van Zyl Hall
15/10/2018	9	Ashton	Barnard Community Hall
24/10/2018	1	Robertson	Robertson Town Hall

**Transparency:** In order to be transparent, stakeholders and communities were informed of decisions and actions that affected them directly. Ward Committees gave regular feedback to their communities. The table below reflects the Ward Committee – Community (Feedback) Meetings held in 2018/2019.

**Table 35: Ward Committee – Community (Feedback) Meetings held in 2018/2019**

Ward Committee – Community (Feedback) Meetings held in 2018/2019				
Ward	Date		Date	
	2018	2018	2019	2019
1	26/09/2018	None	12/03/2019	11/06/2019
2	26/09/2018	None	05/03/2019	04/06/2019
3	20/09/2018	None	20/03/2019	20/06/2019
4	13/06/2018	None	14/03/2019	13/06/2019
5	18/09/2018	02/10/2018	05/02/2019	02/04/2019
6	11/09/2018	None	06/03/2019	05/06/2019
7	12/09/2018	None	13/03/2019	12/06/2019
8	18/06/2018	None	11/03/2019	18/06/2019
9	23/08/2018	None	14/03/2019	13/06/2019
10	12/06/2018	12/09/2018	13/03/2019	13/06/2019
11	21/08/2018	None	19/03/2019	18/06/2019
12	27/09/2018	None	04/03/2019	19/06/2019

**Table 36: Ward Committee – IDP Community (Feedback) Meetings held in 2018/2019**

Ward Committee – IDP Community (Feedback) Meetings held in 2018/2019		
Ward	Date	
	2018	2019
1	09/11/2018	08/04/2019
2	09/11/2018	16/04/2019
3	09/11/2018	17/04/2019
4	09/11/2018	17/04/2019
5	09/11/2018	11/04/2019
6	09/11/2018	17/04/2019
7	09/11/2018	09/04/2019
8	09/11/2018	15/04/2019

Ward Committee – IDP Community (Feedback) Meetings held in 2018/2019		
Ward	Date	Date
	2018	2019
9	09/11/2018	18/04/2019
10	09/11/2018	23/04/2019
11	09/11/2018	09/04/2019
12	09/11/2018	15/04/2019

The tables following below reflect the Ward Block Meetings held in 2018/2019.

**Table 37: Ward 1 - Block Meetings held in 2018/2019**

Ward 1 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Mr Rossouw	Vacant	Vacant	07/03/2019	28/06/2019
2	Mr Kriel	19/07/2018	10/10/2018	17/01/2019	11/04/2019
3	Mr Van Rensburg	03/09/2018	23/10/2018	11/03/2019	10/06/2019
4	Mrs Kannemeyer	None	None	13/03/2019	20/06/2019
5	Mr Smith	None	None	Vacant	Vacant
6	Mrs Vos	None	Vacant	Vacant	Vacant
7	Mr Veldsman	07/08/2018	13/11/2018	29/01/2019	06/05/2019
8	Mr Koert	22/08/2018	15/11/2018	14/03/2019	29/06/2019
9	Mrs Tiras	16/08/2018	22/11/2018	14/02/2019	27/06/2019
10	Mrs Joseph	10/09/2018	8/10/2018	04/03/2019	29/06/2019

**Table 38: Ward 2 - Block Meetings held in 2018/2019**

Ward 2 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Mzukisi Ngan Tweni	07/09/2018	14/11/2018	None	None
2	Boniswa Lugogo	25/09/2018	02/11/2018	16/02/2019	20/05/2019
3	Lorna Lisea-Booi	25/09/2018	02/11/2018	04/02/2019	03/05/2019
4	Nomzi Siqangwe	14/10/2018	16/11/2018	30/02/2019	29/05/2019
5	Lungani Gxowa	None	None	None	17/05/2019
6	SolomonThobile Khuzelo	23/09/2018	09/10/2018	20/01/2019	15/04/2019
7	Moris Kopini	None	None	07/02/2019	07/05/2019
8	Vacant	None	None	None	None
9	Frederick Johannes	None	None	None	None
10.	Roystan Veldtmann	None	None	None	None

**Table 39: Ward 3 - Block Meetings held in 2018/2019**

Ward 3 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Mrs October	28/08/2018	None	18/03/2019	29/05/2019
2	Mr E Jeneke	26/08/2018	07/11/2018	01/03/2019	14/05/2019
3	Mrs Hartzenberg	13/08/2018	29/10/2018	25/02/2019	11/06/2019
4	Mr Tobais	14/08/2018	03/10/2018	20/01/2019	18/06/2019
5	Mr Van Wyk	20/09/2018	17/10/2018	28/03/2019	12/06/2019
6	Mrs Arendse /Scippers	12/09/2018	04/10/2018	21/02/2019	29/05/ 2019

Ward 3 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
7	Mrs Van Wyk	12/09/2018	22/10/2018	19/03/2019	11/06/2019
8	Mr Eksteen	05/09/2018	None	26/02/2019	30/05/2019
9	Mr Hektoer	None	15/11/2018	05/02/2019	28/05/2019
10	Ms McKrige	07/09/2018	27/11/2018	28/01/2019	19/06/2019

**Table 40: Ward 4 - Block Meetings held in 2018/2019**

Ward 4 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Roseline Lekota	20/08/2018	23/09/2018	23/01/2019	21/04/2019
2	Ralph Theunissen	Vacant	Vacant	24/01/2019	None
3	Ntobeko Msweli	15/08/2018	09/10/2018	None	None
4	Juan H Micheal	19/06/2018	17/09/2018	None	None
5	Catherine Kortje	01/10/2018	08/10/2018	02/01/2019	30/04/2019
6	Lilian Pawuli	23/08/2018	23/10/2018	03/03/2019	None
7	Anneline Dampies	01/09/2018	09/09/2018	15/01/2019	02/04/2019
8	Salmon Marais	09/09/2018	10/10/2018	20/01/2019	23/04/2019
9	Paulina Pause	25/07/2018	10/10/2018	30/01/2019	17/06/2019
10	Alan Lombaard	None	None	13/02/2019	None

**Table 41: Ward 5 - Block Meetings held in 2018/2019**

Ward 5 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	John Barrow	18/06/2018	16/10/2018	15/02/2019	None
2	Henrietta Knapp	13/06/2018	14/10/2018	17/01/2019	16/04/2019
3	William Brian Isaacs	14/06/2018	16/10/2018	22/01/2019	18/04/2019
4	Evon Arendorf	20/06/2018	22/10/2018	24/01/2019	11/04/2019
5	Maria Gertruida Oostendorff	12/06/2018	17/10/2018	14/01/2019	15/04/2019
6	Mitchell Johannes Stanfliet	13/06/2018	14/10/2018	23/01/2019	25/04/2019
7	Isak Loff/ Hendrik Pyl	None	None	None	None
8	Willem Geduld	12/06/2018	None	None	24/04/2019
9	Jan Jacobs	Vacant	Vacant	None	22/04/2019
10	Frans Brits	27/06/2018	None	16/01/2019	23/04/2019

**Table 42: Ward 6 - Block Meetings held in 2018/2019**

A. Ward 6 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Mr Israel van Stade	21/09/2018	05/10/2018	22/01/2019	12/04/2019
2	Godfrey Paulsen	11/09/2018	28/11/2018	15/03/2019	13/05/2019
3	Betty Faraa	14/09/2018	17/11/2018	18/02/2019	02/05/2019
4	Martha Petoors	09/10/2018	03/11/2018	02/03/2019	11/04/2019
5	Slameace Adonins	22/09/2018	11/11/2018	11/03/2019	18/04/2019
6	Elizabeth George	06/09/2018	26/11/2018	28/03/2019	20/05/2019
7	Gert Olckers	08/08/2018	06/12/2018	15/03/2019	09/05/2019
8	Muriel Pietersen	17/09/2018	14/11/2018	09/03/2019	11/05/2019

A. Ward 6 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
9	Elzaan Verneel	05/10/2018	25/11/2018	06/03/2019	30/05/2019
10	Sarah van Wyk	12/09/2018	09/10/2018	08/03/2019	06/05/2019

**Table 43: Ward 7 - Block Meetings held in 2018/2019**

Ward 7 - Block Meetings held in 2018/2019				
Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
Stephanie Terblanche	17/09/2018	None	25/01/2019	20/06/2019
Johanna Preston	22/10/2018	None	None	None
Jacobus de Kock	20/09/2018	None	24/01/ 2019	25/04/2019
Oortman Kiewietz	Vacant	Vacant	Vacant	Filled 05/2019
Hilton Koul	Vacant	Vacant	03/2019 Co-Opted	Filled 05/2019
Mariette du Toit	13/08/2018	None	14 /02/2019	Deceased
Wilna Swanepoel	09/10/2018	None	21/01/2019	30/04/2019
A Blaauw	18/10/2018	None	29/01/2019	12/06/2019
Dennis Jonker	24/10/2018	None	24/01/2019	None
Jan Oncke	04/09/2018	None	22 /01/019	None

**Table 44: Ward 8 - Block Meetings held in 2018/2019**

Ward 8 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Niel Stemmet	09/07/2018	None	None	None
2	Johannele Crous	04/09/2018	None	22/01/2019	17/04/2019
3	Gabriella Goncalves	None	None	Vacant	None
4	Timothy Prince	None	None	None	None
5	Vacant	None	None	None	None
6	Mintoor Booysen	None	None	None	None
7	Frederick Erasmus	None	None	19/01/2019	20/04/2019
8	Bettie Swarts	26/08/2018	None	03/01/2019	None
9	Theresa Emily Slingers	22/09/2018	None	19/01/2019	20/04/2019
10	Krisjan Snyders	None	None	19/01/2019	20/04/2019

**Table 45: Ward 9 - Block Meetings held in 2018/2019**

Ward 9 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Priven September	02/08/2018	Outstanding	14/03/2019	20/06/2019
2	Sonia Douwrie	20/08/2018	04/11/2018	28/02/2019	18/06/2019
3	Henry Abrahams	08/08/2018	Outstanding	06/03/2019	03/05/2019
4	Gert Maarman	07/08/2018	Outstanding	06/03/2019	28/06/2019
5	Leandrie Filander	30/08/2018	Outstanding	14/03/2019	20/06/2019
6	Theodore Swanepoel	20/08/2018	11/10/2018	14/03/2019	25/06/2019
7	Edean Solomons	22/08/2018	Outstanding	14/03/2019	Outstanding
8	Magdalena le Roux	27/08/2018	06/10/2018	07/02/2019	18/05/2019

Ward 9 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
9	Lilian du Toit	28/08/2018	08/10/2018	08/03/2019	30/05/2019
10	Ashley Gertse	30/08/2018	Outstanding	14/02/2019	11/06/2019

**Table 46: Ward 10 - Block Meetings held in 2018/2019**

Ward 10 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Zwelidumile Magazi	09/08/2018	07/11/2018	13/01/2019	14/05/2019
2	Phumla Tokwe	03/09/2018	06/11/2018	14/01/2019	09/06/2019
3	Nomawonga Mase	29/08/2018	None	24/01/2019	03/06/2019
4	Nomapostile Ntlalombi	12/09/2018	03/11/2018	04/02/2019	04/06/2019
5	Miriam Taho	16/09/2018	None	30/01/2019	19/05/2019
6	Fikile Matoti	None	07/11/2018	31/01/2019	None
7	Mphati Ntlayithethwa	None	None	19/01/2019	None
8	Thenjiswa Zenzile	None	06/11/2018	28/02/2019	None
9	Lucy Plessie	None	None	30/02/2019	18/06/2019
10	Mbeko Ngxingweni	09/08/2018	None	23/01/2019	None

**Table 47: Ward 11 - Block Meetings held in 2018/2019**

Ward 11 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Hendrik Tredoux	None	None	21/01/19	26/06/2019
2	Willem Sadie	13/09/2018	None	29/03/19	26/06/2019
3	Sarah Doms	None	None	None	None
4	A Baartman	None	None	None	None
5	Penny Retief	None	None	None	None
6	Abraham Jacobs	11/09/2018	None	12/02/19	None
7	B Saayman	10/09/2018	None	None	None
8	Roslynn Fuller	22/09/2018	None	07/02/19	None
9	Hansie Volschenk	None	None	None	None
10	Piet Engelbreg	22/09/2018	None	12/02/19	None

**Table 48: Ward 12 - Block Meetings held in 2018/2019**

Ward 12 - Block Meetings held in 2018/2019					
Block	Committee Member	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	3 <sup>rd</sup> Quarter 2019	4 <sup>th</sup> Quarter 2019
1	Spaas Herder	13/08/2018	None	30/01/2019	14/05/2019
2	Jan Hoffman	25/09/2018	None	08/01/2019	20/06/2019
3	Dawid De Koker	23/08/2018	None	09/01/2019	17/05/2019
4	Elroy Matthys	12/09/2018	None	10/01/2019	12/06/2019
5	Alfredauw Wewers	27/08/2018	None	15/01/2019	03/05/2019
6	Maria Soldaat	11/09/2018	None	15/01/2019	None
7	Koert Ewertson	20/08/2018	None	16/01/2019	25 /06/2019
8	Andre Louw	15/08/2018	None	17/01/2019	21/05/2019
9	Martin Booysen	15/08/2018	None	21/01/2019	16/05/2019
10	Cupido Appollis	18/09/2018	None	22/01/2019	11/05/2019



**Rule of Law:** The Municipality ensures impartiality in legislative enforcement through the implementation of its adopted Community Participation Policy and Ward Committee System reporting procedures.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

The table below confirms Langeberg Municipality 's IDP participation and alignment.

**Table 49: IDP Participation and Alignment Criteria**

IDP Participation and Alignment Criteria*	
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT D: CORPORATE GOVERNANCE

In Langeberg Municipality, the principals of good governance as set out in the King IV Report, are embraced and implemented within the municipality. These principals relate amongst others to ethical governance, the implementation of controls to prevent fraud and corruption and the management of risks.

### 2.6 RISK MANAGEMENT

The MFMA No. 56 of 2003 Section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

By managing its risks, Langeberg Municipality maximises value by setting clear and realistic objectives, develop appropriate strategies, understands the intrinsic and associated risks of its actions and directs resources towards managing such risks on the basis of cost benefit principles.

Langeberg Municipality bases its risk management on pre-identified and regularly reviewed operational risks. A Risk Register has been compiled, together with mitigating measures. An adopted Risk Management Policy regulated the implementation of risk management processes and procedures throughout 2018/2019.

**Table 50: Langeberg Municipality's Strategic risks in 2018/2019**

<b>Langeberg Municipality's top risks in 2018/2019</b>
There is a risk of reputational damage to the Municipality.
The risk is that the Municipality may have difficulties with implementing the Municipal Standard Chart of Accounts (mSCOA), the new financial-reporting regulatory reform.
The risk is that there may be unregistered properties in the municipal area.
Fraud is an inherent risk through an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage. (ISA 240).
The financial viability is put under strain by the additional influx of people in the area that do not contribute to the revenue stream, but for which services are provided.
There is a risk of non-compliance with Supply Chain Management laws and regulations.
The risk is that unauthorized changes could be made to the financial system, because vendors do not provide the municipality with a report/ audit trail of changes made when they access the system and this means that the changes they make on the system are not tracked / monitored.
The risk is that the municipality may not be able to continue with service delivery during a disaster.
The risk is that the management of user accounts for Promun and Syntell is inadequate.
The risk is that there may be Illegal electricity connections
The risk is that Storm Water may cause Flood Damage due to the inadequate storm water systems.
The risk is that the streets network may be dilapidated.
The risk is that service delivery to the public may be unsatisfactory.
The risk is that water may not be sufficiently available
The risk is that the municipality is approaching a shortage of capacity at Landfill sites.
The risk is that the municipality may not be complying with water and wastewater treatment standards
The risk is that there may be unlawful land use in the Municipal jurisdiction
Ineffective water services delivery in the municipality as a result of vulnerabilities in key service areas/business attributes. (Results used from Municipal Strategic Self-Assessment (MuSSA))
The risk is that community facilities may be vandalized
The risk is that the municipality is approaching a shortage of Cemetery space in all towns
The risk is that the public is not complying with the municipal by-laws

## 2.7 ANTI-CORRUPTION AND FRAUD

The Municipality's anti-corruption and fraud preventative measures include:

- Continuous promotion of an ethical culture
- On-going staff training
- Implementation of a Policy on Fraud and Anti-corruption
- Provision of effective security measures at municipal buildings
- Procedures of employee vetting before appointment
- An approved Internal Audit Plan and a functional Internal Auditing Unit and Audit & Performance Committee

During 2018/2019, the Audit & Performance Committee had seven (7) members and convened 7 meetings for the purpose of providing oversight of internal controls, financial reporting, compliance with regulatory matters and approving the Internal Audit Plan.

The Municipality displays a culture of zero-tolerance towards fraud and corruption and takes immediate action against fraudulent and corruptive actions.

## 2.8 SUPPLY CHAIN MANAGEMENT

The MFMA No. 56 of 2003, Sections 110-119, the Supply Chain Management Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer the best value for money and minimize the opportunities for fraud and corruption.

The Municipality adopted a Supply Chain Management Policy, based on the model prescribed by National Treasury. Implementation of the policy ensures that legal requirements are met. Certain areas of underperformance were highlighted as risks and remedial action was taken and implemented.

The Municipality has Bid Specification, Bid Evaluation and Bid Adjudication Committees to ensure that fair and just supply chain processes and outcomes are achieved.

The following staff served on the Bid Adjudication Committee in 2018/2019:

**Table 51: Bid Adjudication Committee in 2018/2019**

Langeberg Municipality's Bid Adjudication Committee in 2018/2019	
Name	Position
Mr A W J Everson	Director Corporate Services
Ms S Kotze	Manager Administrative Support
Mr B Brown	Chief Financial Officer
Mr IAB van der Westhuizen	Director Engineering Services
Mr S Ngcongolo	Manager: Supply Chain Management

## 2.9 POLICIES AND BY-LAWS

The Municipal Systems Act, 2000 (Act no.32 of 2000), Section 11(3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the boundaries of the legislation. The table below provides the policies and by-laws which have been passed by the Municipality in 2018/2019.

**Table 52: Policies and By-laws adopted in 2018 / 2019**

POLICY		COUNCIL RESOLUTION
A3694	RISK MANAGEMENT COMMITTEE: APPROVAL OF RISK MANAGEMENT COMMITTEE CHARTER, RISK MANAGEMENT POLICY, RISK MANAGEMENT STRATEGY, RISK APPETITE FRAMEWORK AND FRAUD PREVENTION PLAN & STRATEGY – 2018 / 2019 (5/14/R) (CHIEF AUDIT EXECUTIVE)	<p>This item served before an Ordinary Meeting of Council on 25 September 2018</p> <p><u>Unanimously Resolved</u></p> <p>That the reviewed Risk Management Committee Charter, Risk Management Policy, Risk Management Strategy, Risk Appetite Framework and the Fraud Prevention Plan &amp; Strategy for 2018 / 2019 be approved by Council.</p>
BY-LAWS ADOPTED		COUNCIL RESOLUTION
A 3609	<p>LANGEBERG MUNICIPALITY INTEGRATED ZONING SCHEME BY-LAW (LIZS): APPROVAL &amp; IMPLEMENTATION OF LIZS: MANAGER TOWN PLANNING</p>	<p>This item served before a Statutory Meeting of Council on 24 April 2018</p> <p><u>Unanimously Resolved</u></p> <ol style="list-style-type: none"> <li>1. That Langeberg Municipality repeal and replace the existing 5 Zoning Schemes approved in terms of sections 7(2) (Montagu, Robertson and Ashton) and 8 (McGregor, Bonnievale and rural areas) of the Land Use Planning Ordinance 1985 (No 15 of 1985) as well as the Town Planning Scheme of Zolani/Nkqubela in terms of Provincial Notice 733/1989 in Provincial Gazette 4606 of 22 September 1989.</li> <li>2. That the Langeberg Municipality under the provisions of section 156 of the Constitution of the Republic of South Africa, 1996, read together with Section 24(1) of the Spatial Planning and Land Use Management Act, 2013 (Act no.16 of 2013) adopt and approve a single land use scheme for its entire area.</li> <li>3. That the Integrated Zoning Scheme By-Law be enacted and promulgated in terms of Section 13 of the Local Government: Municipal Systems Act, 2000 (Act no. 32 of 2000)</li> </ol>

## 2.10 WEBSITE

The municipality's website address is <http://www.langeberg.gov.za>. All information is regularly updated on the website. The table below reflects on documents which must be published on the website, as required by law and confirms Langeberg Municipality's 2018/2019 status on it.

All of Council's Libraries have computers with free internet access to which residents have access to Council's website and the information posted thereon.

The table below reflects the documents which are required to be published on the Municipality's website and the Municipality's level of compliance with such requirements.

**Table 53: Documents required to be published on the Municipality's Website**

<b>Documents required to be published on the Municipality's Website</b>	<b>Yes/No</b>
Current Annual and Adjustments Budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2017/2018)	Yes
The Annual Report ( 2018/2019) published/to be published	Yes
All current Performance Agreements required in terms of Section 57(1)(b) of the MSA and resulting scorecards	Yes
All supply chain management contracts above the prescribed value	Yes
All quarterly reports tabled in the Council in terms of section 52(d) during 2017/18	Yes

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not commission any Household Satisfaction Surveys in 2018/2019. Complaints and inputs, collected from Ward Block Meetings, as well as on the website and SMS System have however been regarded as community feedback and such data was fully incorporated in the 2019/2020 IDP.



## Chapter 3: Service Delivery Performance



## Annual SDBIP KPI Performance report 2018/2019

### SO1: Facilitate integrated human settlements and improved living conditions of all households

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL74	Basic Service Delivery	Submit 200 completed signed offer to purchase contracts to the attorneys for registration of title deeds by 30 June 2019	Number of completed signed offer to purchase contracts registered	200	200	200	129	R	Delays in signing of Offer to purchases due to difficulties to trace the original beneficiaries, family disputes. The registration of Title Deeds / Offer to Purchases submitted are not in control of the municipality, but the transfer Attorneys.	Title deeds be issued during the housing allocation process towards approved beneficiaries.
TL75	Basic Service Delivery	Submit 30 completed signed offer to purchase contracts for pre 1994 rental housing stock to the attorneys for registration of title deeds by 30 June 2019	Number of completed signed offer to purchase contracts registered	30	30	30	11	R		KPI definition and description shall be discussed and amended accordingly for the new financial year.
TL76	Basic Service Delivery	Hold quarterly meetings with each informal settlement committee or ward committees (7 informal settlement committees) during the 2018/19 financial year	Number of quarterly meetings held	24	28	28	13	R		The indicator to be reduce to twice per year.

**SO2: Provide and maintain infrastructure to provide basic services to all citizens**

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL23	Basic Service Delivery	95% of water samples comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}	% of water samples compliant	95%	95%	95%	98.33%	G 2		
TL24	Basic Service Delivery	Spend 100% of the total amount budgeted for the replacement and repair of street lights by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	100%	100%	99.23%	O	Funds are used to replace faulty street lights when necessary.	Funds are budgeted annually for the replacement of faulty streetlights.
TL26	Basic Service Delivery	Spend 100% of the total amount budgeted for the purchase of water testing equipment by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	New capital project for 2018/19	100%	100%	63.51%	R		Savings was realised on purchase of equipment.
TL27	Basic Service Delivery	Spend 100% of the total amount budgeted for new connections by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	100%	100%	80.59%	O	The funds are spent according to the applications received for new connections or upgrading of existing connections	A preliminary amount is budgeted annually for the installation of new connections.
TL28	Basic Service Delivery	Spend 100% of the total amount budgeted for the electrification of Kanana by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Roll-over project from 2017/18	100%	100%	99.97%	O		This is a Roll-over project. Funds not spent during 2018/2019 were transferred to 2019/2020
TL29	Basic Service Delivery	Spend 100% of the total amount budgeted for the electrification of McGregor by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Roll-over project from 2017/18	100%	100%	87.22%	O	The identification of beneficiaries delayed the completion of 68 houses	This is a Roll-over project. Funds not spent during 2018/2019 were transferred to 2019/2020. A preliminary amount was transferred during the adjustment budget February 2019 to the 2019 / 2020 budget.

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL32	Basic Service Delivery	Spend 100% of the total amount budgeted to replace safety and test equipment by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	100%	100%	79.91%	O	Not all the equipment planned to be purchased could be purchased ,because of price increases, that led to a savings.	An amount is budgeted annually for the purchase / replacement of testing and safety equipment. The necessary equipment will be bought during the 2019/2020 financial year.
TL33	Basic Service Delivery	Spend 100% of the total amount budgeted for the replacement of pre-paid meters by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	100%	100%	100%	G		
TL34	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade/rehabilitation of roads in the Robertson area by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Roll-over project from 2017/18	100%	100%	91.63%	O		Roll over project for the completion of the roads from the MIG funds
TL35	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade/rehabilitation of roads in the Central Business District of Robertson by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	Roll-over project from 2017/18	100%	100%	79.47%	O	Additional funds were made available in the budget to expand the existing tender. The expansion was not approved by the Municipal Manager.	A new tender will be advertised in the 2019/20 financial year
TL50	Basic Service Delivery	Spend 100% of the total amount budgeted for Installation of Bulk Services by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	Roll-over project from 2017/18	100%	100%	84.68%	O		Saving was incurred

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL51	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade of the public drop off (McGregor) by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	New capital project for 2018/19	100%	100%	0.16%	R	Due to only one tender being received and the price received exceeding the available budget the instruction was issued by the Director Engineering Services and the BAC to cancel and re advertise to roll over into the new financial year. The tender was advertised in The Argus newspaper on 23 March 2019 and Municipal Web Site/Notice Boards on 22 March 2019. A compulsory site meeting was held on 28 March 2019 at the McGregor Municipal offices. A closing date of 12 April 2019 was indicated within the advertisement and procurement documentation.	roll over into the new financial year
TL52	Basic Service Delivery	Purchase a Double Axle High Lifter Compactor- Refuse Removal Truck by 31 March 2019	Number of Refuse Removal Trucks purchased	New capital project for 2018/19	1	1	1	G		
TL53	Basic Service Delivery	Install two monitoring boreholes at the Ashton landfill site by 30 June 2019	Number of monitoring boreholes installed	New capital project for 2018/19	2	2	2	G		
TL56	Basic Service Delivery	Spend 100% of the total amount budgeted for the purchase of Wheelie Bins by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	90%	100%	100%	99.99%	O		Saving was incurred
TL57	Basic Service Delivery	Complete the upgrade of the Nkqubela Sportsfield by 30 June 2019	Project completed	Roll-over project from 2017/18	1	1	1	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL77	Basic Service Delivery	Spend 100% of the total amount budgeted for the purchase of Horticulture equipment by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	New capital project for 2018/19	100%	100%	98.34%	O		Saving was incurred
TL78	Basic Service Delivery	Purchase a Digger loader for the Cemeteries Division by 31 March 2019	Number of Digger loaders purchased	New capital project for 2018/19	1	1	1	G		
TL79	Basic Service Delivery	Spend 100% of the total amount budgeted for the fencing of community halls by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	New capital project for 2018/19	100%	100%	98.79%	O		Saving incurred
TL80	Basic Service Delivery	Spend 100% of the total amount budgeted for the paving in front of the pavilion at King Edward Sport Stadium in Montagu by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	New capital project for 2018/19	100%	100%	63.64%	R		Correct estimate of the budget and or improve on procurement process.
TL81	Basic Service Delivery	Spend 100% of the amount budgeted for the Establishment of boreholes by 30 June 2019	% of budget spent	90%	100%	100%	99.68%	O		Saving was incurred
TL82	Basic Service Delivery	Spend 100% of the amount budgeted for electrification of housing projects by 30 June 2019	% of budget spent	90%	100%	100%	0%	R		Beneficiaries for the outstanding 68 houses in McGregor must still be identified.
TL83	Basic Service Delivery	Spend 100% of total amount budgeted for ablution facilities at Mandela square by December 2018	% of budget spent	Roll Over from 17/18	100%	100%	98.45%	O	Work was done by Internal staff	Saving was incurred

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL84	Municipal Transformation and Institutional Development	Spend 100% of the total amount budgeted for upgrading of car ports, fencing and shading at municipal buildings	% of budget spent	90%	100%	100%	36.12%	R		Saving incurred
TL85	Basic Service Delivery	Upgrade the ablution facilities at the King Edward sport field in Montagu by 31 December 2018	Completion of the project	New KPI	1	1	0	R		Correct estimate of the budget and or improve on procurement process.
TL86	Basic Service Delivery	Upgrade the ablution facilities at Happy valley sport field by December 2018	Completion of the project	Roll Over from 17/18	1	1	1	G		
TL87	Municipal Transformation and Institutional Development	Upgrade cloak rooms at the Cogmanskloof sport field by June 2019	Completion of the project	Roll Over from 17/18	1	1	0	R		The contractor be black listed.
TL88	Basic Service Delivery	Spend 100% of the total amount budgeted to purchase Fire Service Equipment by 30 June 2019 $\{(Total\ actual\ expenditure\ for\ the\ project/Total\ amount\ budgeted\ for\ the\ project) \times 100\}$	% of budget spent	New KPI	100%	100%	87.71%	O		Saving incurred
TL89	Basic Service Delivery	Spend 100% of the total amount budgeted to replace the 11Kv switchgear of Ashton Main Substation by 30 June 2019 $\{(Total\ actual\ expenditure\ for\ the\ project/Total\ amount\ budgeted\ for\ the\ project) \times 100\}$	% of budget spent	N/A	100%	100%	99.99%	O	This is a rollover project	The project budget was spread over a two-year period. Funds not spent during 2018/2019 were transferred to 2019/2020
TL90	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade of the 11Kv Line in Stockwill by 30 June 2019 $\{(Total\ actual\ expenditure\ for\ the\ project/Total\ amount\ budgeted\ for\ the\ project) \times 100\}$	% of budget spent	N/A	100%	100%	59.01%	R	The underspending of the vote is because of the non-delivery of the poles. This is a rollover project and will continue in the 2019/2020 financial year.	This is a roll over project and will continue in the 2019/2020 financial year.



Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL91	Basic Service Delivery	Spend 100% of the total amount budgeted for the installation of the 11Kv switchgear in Brinks Substation by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	N/A	100%	100%	60.99%	R		This is a roll over project and will continue in the 2019/2020 financial year.
TL92	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade of the 11Kv Line to Poortjieskloof by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	84.24%	O	The contractor could not deliver poles in time for the project due to a shortage.	This is a Roll-over project. Funds not spent during 2018/2019 were transferred to 2019/2020
TL93	Basic Service Delivery	Spend 100% of the total amount budgeted to upgrade the McGregor/Boesman srivier 11Kv Line by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	79.93%	O		This is a roll over project and will continue in the 2019/2020 financial year.
TL94	Basic Service Delivery	Spend 100% of the total amount budgeted to replace the 66Kv Switchgear (Goudmyn and Le Chasseur Substations) by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent		100%	100%	97.77%	O	This is a rollover project	The project budget was spread over a two-year period. Funds not spent during 2018/2019 were transferred to 2019/2020
TL95	Basic Service Delivery	Spend 100% of the total amount budgeted to upgrade Bonnievale Main Substation by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	92.72%	O	There is a long delivery period because the contractor had to order the Switch Gear from overseas.	This is a Roll-over project. Funds not spent during 2018/2019 were transferred to 2019/2020

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL96	Basic Service Delivery	Spend 100% of the total amount budgeted to re-route the McGregor 11Kv Line at McGregor Sport fields by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	42.45%	R	Because of the late delivering of the poles, ADENCO could not finish the project by the end of June 2019.	The project must be created during the adjustment budget in February 2020. The remaining funds will be transferred to complete the project.
TL97	Basic Service Delivery	Spend 100% of the total amount budgeted to upgrade the 11Kv Cable Feeder from White Street Substation to Van Zyl Street Hospital Substation by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	71.74%	R		This is a roll over project and will continue in the 2019/2020 financial year.
TL98	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade of the Goedemoed 11Kv Line by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	78.72%	O		This is a roll over project and will continue in the 2019/2020 financial year.
TL99	Basic Service Delivery	Spend 100% of the total amount budgeted to replace the 66Kv Transformers at Robertson Main Substation by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	79.29%	O	A lot of time was wasted by the re-appointment of a Consulting Engineer because AECOM did not want to accept the tender conditions of tender 05/2015.	This is a Roll-over project. Funds not spent during 2018/2019 were transferred to 2019/2020
TL100	Basic Service Delivery	Spend 100% of the total amount budgeted for the upgrade of the 11Kv Line at Buitekantstraat in McGregor by 30 June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	N/A	100%	100%	92.62%	O	The contractor could not deliver poles in time for the project due to a shortage.	This is a Roll-over project. Funds not spent during 2018/2019 were transferred to 2019/2020

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL101	Basic Service Delivery	Spend 100% of the total amount budgeted for the INEP GRANT electrification projects by 30 June 2019 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}	% of budget spent	N/A	100%	100%	100%	G		
TL102	Basic Service Delivery	Purchase and Replace 11Kv Oil Insulated Switchgears by 30 June 2019	% of budget spent	N/A	100%	100%	67.49%	R		This is a roll over project and will continue in the 2019/2020 financial year.

**SO3: Promote an enabling environment for economic growth and decent employment**

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL5	Local Economic Development	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2019	Number of job opportunities created through EPWP	400	400	400	447	G 2		

**SO4: A responsive and accountable administration**

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL1	Good Governance and Public Participation	Conduct two (2) formal evaluations of directors in terms of their signed agreements	Number of formal evaluations conducted	2	2	2	2	G		
TL2	Basic Service Delivery	The percentage of the municipal capital budget spent on projects as at 30 June 2019 {(Actual amount spent on capital projects excluding orders/Total amount budgeted for capital projects)X100}	% of capital budget spent	90%	95%	95%	91.85%	O		
TL3	Good Governance and Public Participation	Develop an Audit Action Plan by 31 January 2019 from the final management report issued by the AG and submit to MM and Audit Committee for approval	Approved Audit Action Plan	1	1	1	1	G		
TL4	Good Governance and Public Participation	Develop a Risk Based Audit Plan and submit to the MM and Audit Committee by 30 June 2019	Risk Based Audit Plan developed and submitted to MM and Audit Committee	1	1	1	1	G		
TL8	Good Governance and Public Participation	Submit the final reviewed IDP to Council by 31 May 2019	Final IDP submitted to Council	1	1	1	1	G		
TL9	Good Governance and Public Participation	Submit the Mid-Year Performance Report in terms of Sect 72 of the MFMA to Council by 31 January 2019	Number of reports submitted to Council	1	1	1	1	G		
TL10	Good Governance and Public Participation	Submit the draft Annual Report to Council by 31 January 2019	Number of reports submitted to Council	1	1	1	1	G		
TL11	Good Governance and Public Participation	Submit the Oversight Report on the Annual Report to the Council by 31 March 2019	Number of reports submitted to Council	1	1	1	1	G		
TL12	Good Governance and Public Participation	Submit the Top Layer SDBIP to the Mayor for approval within 14 days after the annual budget has been approved	Number of Approved Top Layer SDBIP's submitted to the Mayor within 14 days after the annual budget has been approved	1	1	1	1	G		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL13	Municipal Transformation and Institutional Development	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan measured as at 30 June 2019 {(Total Actual Training Expenditure/ Total personnel Budget)x100}	% of municipality's personnel budget actually spent on implementing its workplace skills plan	1%	1%	1%	0.84%	O		Evidence is available that the full 1 % was spent
TL14	Good Governance and Public Participation	Arranged and attend the monthly meetings of ward committees	Number of monthly ward committee meetings held	120	120	120	102	O	Summit held during October but ward committees had separate meeting before attending summit	For all additional meetings held attendance registers will be completed and submitted as supporting evidence
TL18	Municipal Transformation and Institutional Development	Number of people from the EE target groups employed in the 3 highest levels of management in compliance with the approved EE plan	Number of people from the EE target groups employed in the highest 3 levels of management	1	1	1	2	B		
TL19	Good Governance and Public Participation	Report monthly to the Municipal Manager on all property contracts	Number of reports submitted to the Municipal Manager	12	12	12	12	G		
TL20	Basic Service Delivery	Limit unaccounted electricity to less than 7.5% as at 30 June 2019 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated} X 100} (rolling twelve month average)	% unaccounted electricity captured in the report	7.50%	7.50%	7.50%	2.85%	B		
TL21	Basic Service Delivery	Recycle 1200 tons of domestic waste by 30 June 2019	Number of tons of domestic waste recycled	960	1,200	1,200	1,900.20	B		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL25	Basic Service Delivery	Limit unaccounted water to less than 15% as at 30 June 2019 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified _ 100}	% unaccounted water captured in the report	12%	15%	15%	15.95%	R		All water stand pipes in all the informal settlements are currently unmetered and will be replaced by prepaid communal stand pipes in 2019/20.
TL30	Good Governance and Public Participation	Complete the review of the SDF and submit to Council for approval by 31 May 2019	Number of reviewed SDF's submitted to council	Approved SDF	1	1	1	G		
TL73	Basic Service Delivery	Review the Disaster Management Plan and submit for assessment to the District by 31 May 2019	Plan reviewed and submitted	Approved Disaster Management Plan	1	1	1	G		



**S05: Adherence to all laws and regulations applicable to LG**

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL6	Municipal Transformation and Institutional Development	Spend 100% of the total amount budgeted for general ICT needs by June 2019 {(Actual expenditure / by approved budget allocation) x 100}	% of budget spent	90%	100%	100%	68.51%	R	Remainder of the items will be delivered in the 19/20 FY. Thereafter payment will be finalised	Improvement in planning and budgeting processes.
TL7	Municipal Transformation and Institutional Development	Spend 100% of the total amount budgeted for the upgrade of ICT infrastructure by June 2019 {(Actual expenditure / by approved budget allocation) x 100}	% of budget spent	90%	100%	100%	82.11%	O	Saving was incurred	Adequate budget implementation to be conducted.
TL15	Good Governance and Public Participation	Spend 100% of the total amount budgeted for the upgrade and alteration of the municipal offices by 30 June 2019 {(Actual expenditure / Approved budget allocation)x100}	% of budget spent	100%	100%	100%	93.08%	O	This was done internally by the maintenance team. Cost saver as material bought separately and labour cost saved	Consideration should be given to the use of internal staff during budgeting process.
TL16	Good Governance and Public Participation	Spend 100% of the total amount budgeted for the purchase of office equipment by 30 June 2019 {(Actual expenditure / Approved budget allocation)x100}	% of budget spent	100%	100%	100%	88.84%	O	All needs as identified by internal staff were purchased. ultimately saving incurred. Didn't buy any luxury items only standardised items	only standardised items to be considered during budgeting process
TL17	Good Governance and Public Participation	Spend 100% of the total amount budgeted for the alterations/upgrade of Ashton traffic offices by 30 June 2019 {(Actual expenditure / Approved budget allocation)x100}	% of budget spent	100%	100%	100%	95.61%	O	saving incurred	Job completed and the KPI will not form part of the 2019/20 SDBIP
TL22	Basic Service Delivery	Spend 100% of the total amount budgeted for the replacement and repair on the electricity network by June 2019 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent	90%	100%	100%	103.34%	G 2		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL31	Basic Service Delivery	80% of effluent samples comply with permit values {(Number of effluent samples that comply with permit values/Number of effluent samples tested)x100}	% of effluent samples compliant	75%	80%	80%	83.22%	G 2		
TL54	Basic Service Delivery	Purchase a new digger loader by 31 March 2019	Number of digger loaders purchased	New capital project for 2018/19	1	1	1	G		
TL55	Basic Service Delivery	Purchase a vehicle to replace the Town Planning vehicle by 31 March 2019	Number of vehicles purchased	New capital project for 2018/19	1	1	1	G		
TL58	Basic Service Delivery	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2019	Number of residential properties which are billed for water or have pre paid meters	15000	14,000	14,000	14,142	G 2		
TL59	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network and which are billed for electricity or have pre paid meters as (Excluding Eskom areas) at 30 June 2019	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	19000	15,000	15,000	15,201	G 2		
TL60	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and which are billed for sanitation/sewerage as at 30 June 2019	Number of residential properties which are billed for sanitation/sewerage	15000	14,000	14,000	14,619	G 2		
TL61	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2019	Number of residential properties which are billed for refuse removal	15000	14,000	14,000	14,664	G 2		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL62	Basic Service Delivery	Provide free basic water to indigent households as at 30 June 2019	Number of indigent households receiving free basic water	7000	5,000	5,000	6,665	G 2		
TL63	Basic Service Delivery	Provide free basic electricity to indigent households as at 30 June 2019	Number of indigent households receiving free basic electricity	7000	5,000	5,000	6,954	G 2		
TL64	Basic Service Delivery	Provide free basic sanitation to indigent households as at 30 June 2019	Number of indigent households receiving free basic sanitation services	7000	5,000	5,000	6,828	G 2		
TL65	Basic Service Delivery	Provide free basic refuse removal to indigent households as at 30 June 2019	Number of indigent households receiving free basic refuse removal services	7000	5,000	5,000	6,836	G 2		
TL66	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	45%	60%	60%	2.20%	B		
TL67	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	12%	12%	12%	9.83%	B		
TL68	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	2	2.2	2.2	2.80	G 2		

Ref	National KPA	KPI	Unit of Measurement	Baseline	KPI Calculation Type	Year – To Date As At 30 June 2019				
						Target	Actual	R	Performance Comment	Corrective Measures
TL69	Good Governance and Public Participation	Submit the final annual budget to Council by 31 May 2019	Final budget submitted to Council	1	1	1	1	G		
TL70	Good Governance and Public Participation	Submit monthly reports in terms of Section 71 of the MFMA to Council	Number of reports submitted to Council	12	12	12	12	G		
TL71	Municipal Financial Viability and Management	Achieve a debtor payment percentage of 98% as at 30 June 2019 ((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue) x 100	Payment % achieved	98%	98%	98%	93.46%	O	There was a downturn in the economy in general. Local businesses shedding labour like Ashton Canning and Basil Read. Traffic fines write off. Bad debt write off nearly doubled from 2017/2018.	Improved and innovative debt collection strategies to be implemented.



# Chapter 4: Organisational Development Performance

## **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

### **(PERFORMANCE REPORT PART II)**

For the Municipality to reach its objectives to efficiently and effectively render required services to the community, it must maintain a knowledgeable and skilled workforce and have a sound staffing policy with transparent processes and procedures. The establishment must be staffed with the employees best suited for particular posts and sound labour practices with employment equity to rule the process.

The human resources management function within the Municipality is responsible for the administration of the municipal workforce and ensures that the municipality maintains effective and efficient functionality of required and legislatively compliant human resource processes and procedures.

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

#### **4.1 EMPLOYEE TOTALS, VACANCIES AND TURNOVER**

The tables below provide the employee totals, vacancy rate and staff turnover for 2018/2019. Although 157 posts are vacant, only 55 of those posts are budgeted for.

The Municipality has a total of 12 staff members with disabilities in 2018/2019 and a total of 6 Financial Management Interns.

**Table 54: Employee Totals for 2018/2019**

<b>Employee Totals for 2018/2019</b>				
<b>Description</b>	<b>2018/2019</b>			
	<b>Number of approved posts</b>	<b>Number of Employees</b>	<b>Number of Vacancies</b>	<b>Vacancy %</b>
Water	80	70	10	12.5%
Sanitation	37	29	8	21.7%
Electricity	72	56	16	22.3%
Waste Management	100	88	12	12%
Storm Water Drainage	28	27	1	3.5%
Roads	42	40	2	4.8%
Transport	0	0	0	0%
Planning	15	13	2	13.4%
Strategic Planning	11	9	2	18.2%
IT	5	3	2	40%
LED	6	4	2	33.4%
Community Facilities	43	37	6	14%
Environmental Protection	80	75	5	6.3%
Security and Safety	79	57	22	27.9%
Corporate Services and Other	293	226	67	22.8%
<b>Totals</b>	<b>891</b>	<b>734</b>	<b>157</b>	<b>16.8%</b>



**Table 55: Turnover Rate for 2018/2019**

<b>Staff Turn-Over Rate</b>			
<b>Financial Year</b>	<b>Total number of appointments as at beginning of financial year</b>	<b>Number of terminations during financial year</b>	<b>% Turn-over Rate</b>
2012/2013	674	49	7.2
2013/2014	691	69	9.9
2014/2015	681	57	8.3
2015/2016	693	48	6.9
2016/2017	709	62	8.7
2017/2018	710	38	5.4
2018/2019	723	47	6.5

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Municipal System Act, 2000 (Act no. 32 of 2000) S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act, 1998 (Act no. 55 of 1998).

This section reports on all the measures necessary for the effective and efficient management of the Municipality's workforce and includes the regulatory environment and policy development, injuries and sickness, discipline, performance and rewards.

### 4.2 POLICIES

The Municipality is keen on providing a stable, regulated working environment to its staff and regard policy development important and of high priority. The table below reflects the status of available Human Resources policies at the Municipality in 2018/2019.

**Table 56: HR Policies and Plans**

Policies and Plans			
No.	Name of Policy/Plan	Completed %	Adopted by Council (yes/no)
1	Affirmative Action	Part of EE Policy	Yes
2	Code of Conduct for Employees	100	No
3	Disciplinary Code and Procedures	100	No
4	Dress Code	100	No
5	Employment Equity	100	Yes
6	Exit Management	100	No
7	Grievance Procedures	100	No
8	HIV/AIDS	100	Yes
9	Human Resource and Development	100	Yes
10	Job Evaluation	100	No
11	Leave	100	Yes
12	Occupational Health and Safety	100	Yes
13	Official Working Hours and Overtime	100	No
14	Private Work	100	Yes
15	Recruitment, Selection and Appointments	100	Yes
16	Resettlement	100	Yes
17	Skills Development	100	Yes
18	Smoking	100	Yes
19	Travel and Subsistence	100	Yes
20	Organisational Structure (Macro and Micro)	100	Yes
21	Vehicle	100	Yes
22	Internal bursaries	100	Yes
23	Receiving of gifts	100	Yes
24	Retention	100	Yes

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table 57: Number of Injuries on Duty**

Number of injuries on Duty					
Type of Injury	Number of days Injury Leave taken	Number of Employees using Injury Leave	% of Employees using Sick Leave	Average amount of Injury Leave Days per Employee	Total estimated cost R'000
Required basic medical attention only	387	31	0	12.48	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0

**Table 58: Number and Period of Suspensions**

Nature of Misconduct	Date of Suspension	Details of Disciplinary action taken or Status of case and reasons why not finalised	Date Finalised
Conflict of Interest & Breaching Political Activity Policy	07 February 2017	Dismissal	27 September 2018
Unauthorised use of municipal property & Gross Dishonesty	13 August 2018	Dismissal	15 October 2018
Financial Misconduct	22 May 2019	Disciplinary action taken dependent on finalisation of case.	

**Table 59: Disciplinary Action taken on cases of Financial Misconduct**

Nature of alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Manager exercising financial management responsibilities contravening section 171 (3) of MFMA No. 56 of 2003	Disciplinary action taken dependent on finalisation of case.	

#### 4.4 PERFORMANCE REWARDS

The performance evaluation for Section 57 managers forms the basis for rewarding outstanding performance. Performance bonuses are paid in line with the suggested calculator and provisions of the Local Government Municipal Performance Regulations for Municipal Managers and Managers, directly Accountable to the Municipal Manager of 2006.

**Table 60: Section 56 & 57 Performance Bonuses**

Section 56 & 57 Performance Bonuses in Rand					
Name	Designation	Bonus Amount 2015/16	Bonus Amount 2016/17	Bonus Amount 2017/18	Bonus Amount 2018/19
Mr IAB van der Westhuizen	Director: Engineering Services	57 604	61 637	52 268	70 144
Ms CO Matthys	Director: Strategy & Social Development	57 604	61 637	52 268	56 115
Mr B Brown	Director: Financial Services (CFO)	N/A	12 327	52 182	70 028
Mr AWJ Everson	Director: Corporate Services	62 265	53 299	52 182	70 028
Mr SA Mokweni	Municipal Manager	75 056	80 310	85 128	91 394
Mr M Mgajo	Director: Community Services	N/A	N/A	N/A	N/A
<b>Total Bonuses</b>		<b>252 529</b>	<b>269 210</b>	<b>294 028</b>	<b>357 709</b>

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The MSA 32 of 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

### 4.5 SKILLS DEVELOPMENT AND TRAINING

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2018 and approved on 30 April 2018.

For the year under review 2018/2019, the Municipality trained 483 employees, compared to 259 employees in 2017/2018, 285 employees in 2016/2017, 360 employees in 2015/2016, 307 employees in 2014/2015 and 196 employees in the 2013/2014 financial year.

**Table 61: Training per Job Category**

Training per Job Category							
Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and Related Trade Workers	Elementary Occupations	Professionals
Engineering Services	247	1	2	17	62	165	0
Financial Services	17	0	12	3	2	0	0
Strategy & Social Development	5	0	3	2	0	0	0
Corporate Services	61	0	38	16	4	3	0
Community Services	151	1	19	0	33	98	0
Municipal Manager's Office	2	1	0	1	0	0	0
<b>Total: 2018/19</b>	<b>483</b>	<b>3</b>	<b>74</b>	<b>39</b>	<b>101</b>	<b>266</b>	<b>0</b>
Total: 2017/18	259	2	27	27	49	154	0
Total: 2016/17	285	2	12	14	79	178	0
Total: 2015/16	360	0	49	59	71	181	0
Total: 2014/15	307	2	72	42	54	137	0
Total: 2013/14	196	1	20	16	67	92	0
Total: 2012/13	231	31	34	36	62	68	0
Total: 2011/12	204	11	14	26	56	97	0

## Financial Competency Development Progress

In terms of Section 83 (1) of the Municipal Finance Management Act (MFMA), 2003 (No. 56 of 2003), the accounting officer, senior managers, chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are important for the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493, dated 15 June 2007.

The table below provides details of the financial competency development progress and training needs of the Municipality thus far:

**Table 62: Financial Competency Development Progress Report**

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	24	21	21	21
Any other financial officials	15	10	10	10
<b>Supply Chain Management Officials</b>				
Heads of Supply Chain Management Units	1	1	-	1
Supply Chain Management Senior Managers	-	-	-	-

## Skills Development Budget and Expenditure

The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Organisational and staff development will continue to be a targeted focus in 2018/2019.

A total of 3 learners were recorded to have received training through learnerships in 2018/2019, compared to nine (9) learners in the 2017/2018 financial year, nineteen (19) in 2016/2017, fifteen (15) in 2015/2016 and twenty-one (21) learnerships recorded in 2014/15 financial year.

A total of twenty-eight (28) were awarded in 2018/2019.

**Table 63: Bursaries per Directorate**

Bursaries per Directorate				
Directorate	Number of Beneficiaries 2015/16	Number of Beneficiaries 2016/17	Number of Beneficiaries 2017/18	Number of Beneficiaries 2018/19
Community Services	1	1	4	10
Engineering Services	1	1	0	1
Financial Services	14	9	8	9
Strategy & Social Development	2	1	1	2
Corporate Services	6	1	3	5
Municipal Manager's Office	0	0	1	1
<b>Total</b>	<b>24</b>	<b>13</b>	<b>17</b>	<b>28</b>

The table below indicates the quantum of municipal budget allocated to skills development and the percentage spent over the past four years.

**Table 64: Budget Allocations for Skills Development**

Budget Allocations for Skills Development			'Rand
Financial Year	Budget	Expenditure	Percentage Spent
2018/2019	1224379.37	1224379.37	100
2017/2018	763 320	756 676	99.13
2016/2017	714 368	714 368	100
2015/2016	663 000	660 889	99.68
2014/2015	644 540	640 334	99.35
2013/2014	566 250	565 996	99.9
2012/2013	580 000	580 000	100
2011/2012	580 000	402 599	69.4



## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Workforce expenditure is controlled against the approved establishment, the budget and anticipated vacancy rates arising from turnover. The municipality seeks to obtain value for money from the workforce by monitoring absenteeism and staff performance.

### 4.6. EMPLOYEE EXPENDITURE

**Table 65: Employees whose salary levels exceed the grade determined by job evaluation**

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Senior Clerk	12	T6	121272-157440	Personal to incumbent
Housing Administrator	1	T9	185868-241272	Personal to incumbent
Clerk	5	T5	103260-133392	Personal to incumbent
Artisan (Electrician)	2	T10	209268-271620	Personal to incumbent
Supervisor	6	T7	146676-190344	Personal to incumbent
Traffic Officer	1	T9	185868-241272	Personal to incumbent
Security Officer	1	T5	103260-133392	Personal to incumbent
General Worker	44	T2	89568-98508	Personal to incumbent
Sewerage Attendant	5	T4	93972-118488	Personal to incumbent
General Assistant	1	T3	91740-108324	Personal to incumbent
Fire Fighter	1	T6	121272-157440	Personal to incumbent
Library Assistant	2	T6	121272-157440	Personal to incumbent
Executive PA	1	T7	146676-190344	Personal to incumbent
Chief Clerk	1	T8	165096-214296	Personal to incumbent
Storeman	1	T5	103260-133392	Personal to incumbent
Water Purification Attendant	4	T4	93972-118488	Personal to incumbent
Facilities Attendant	1	T4	93972-118488	Personal to incumbent

**Table 66: Trends of Personnel Expenditure Compared to Operating Expenditure**

<b>Trends of Personnel Expenditure Compared to Operating Expenditure in Rand</b>			
<b>Financial Year</b>	<b>Salaries</b>	<b>Expenditure</b>	<b>Percentage</b>
2018/2019	186 765 088	630 494 425	29.62%
2017/2018	172 604 491	619 459 061	27.86%
2016/2017	158 847 362	569 924 175	27.87%
2015/2016	154 140 976	555 605 290	27.74%
2014/2015	138 520 695	515 984 773	26.84%
2013/2014	129 208 326	440 959 037	29.30%
2012/2013	119 879 190	406 313 225	29.50%

#### **4.7 ORGANISATIONAL DEVELOPMENT OVERVIEW**

The Municipality has an approved organisational structure which was revised on 27 May 2015. The organisational structure of the Municipality provides for five (5) section 56 positions and one (1) section 57 position. None of the section 56 positions is vacant. The overall vacancy rate of the Municipality for 2018/2019 was 7% (Budgeted posts).

Snr Management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework.

As required by the Skills Development Act No. 97 of 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on 30 April 2019. The Municipality has a functional Training Committee.

#### 4.8 EMPLOYMENT EQUITY PROFILE

POST CATEGORY	POST	MALE				FEMALE				TOTAL
	GRADE	A	C	I	W	A	C	I	W	
Legislators, Senior Officials and Managers										
Municipal Manager	Sec 57	1	0	0	0	0	0	0	0	1
Director	Sec 57	1	1	0	2	0	1	0	0	5
Snr / Manager	T14	3	4	0	7	0	1	0	1	16
Assistant Manager	3	1	0	0	2	0	0	0	1	4
TOTAL		6	5	0	11	0	2	0	2	26
Technicians & Associated Professionals										
Building Control Officer	T12	0	0	0	1	0	0	0	0	1
Snr Accountant	T12	0	0	0	0	0	1	0	0	1
Snr Internal Auditor	T12	1	0	0	0	0	0	0	0	1
Snr Technician: Civil Engineering Services	T12	0	0	0	0	0	1	0	0	1
Snr Technician: Electrical	T12	0	0	0	1	0	0	0	0	1
Snr Technician: Water & Sanitation	T12	1	0	0	0	0	0	0	0	1
Station Commander	T12	0	1	0	0	0	0	0	0	1
Superintendent: Electrical	T12	0	1	0	3	0	0	0	0	4
Superintendent: Mechanical Workshop	T12	0	0	0	1	0	0	0	0	1
Superintendent: Traffic / Law Enforcement	T11	0	1	0	0	0	1	0	0	2
Superintendent: Works	T11	1	2	0	0	0	0	0	0	3
Accountant	T11/6/5	0	1	0	0	0	0	0	1	2
Artisan: Mechanic	T10	0	0	0	3	0	0	0	0	3
Communication Officer	T11	0	1	0	0	0	0	0	1	2
Development Officer	T11	0	0	0	0	0	2	0	0	2
IDP Co-ordinator	T11	1	0	0	0	0	0	0	0	1
Information Technology Technician	T11	0	1	0	1	0	0	0	0	2
Internal Auditor	T11	0	1	0	0	1	0	0	0	2
Labour Relations Officer	T11	0	0	0	0	0	1	0	0	1
Librarian	T11	0	0	0	0	0	0	0	1	1
Technician: Project Management	T11	0	0	0	1	0	0	0	0	1
Town Planner / Land use Co-ordinator	T11	0	1	0	0	0	0	0	0	1
Town Planning Technician	T11	0	0	0	0	0	0	0	1	1
Snr / Building Inspector	T11/T10	0	1	0	2	0	0	0	0	3
Artisan: Electrician	T10	2	4	0	4	0	0	0	0	10

Controller	T10	1	2	0	0	0	0	0	2	5
Nature Conservation Officer	T10	0	0	0	0	1	0	0	0	1
Superintendent: Community Facilities	T10	0	0	0	0	0	0	0	0	0
Superintendent: Solid Waste Management	T10	0	0	0	0	0	1	0	0	1
Superintendent: Sport Facilities	T10	0	0	0	0	0	0	0	0	0
Artisan: Plumber	T9	0	2	0	1	0	0	0	0	3
Assistant Internal Auditor	T9	0	0	0	0	0	1	0	0	1
Foreman	T9	0	1	0	0	0	0	0	0	1
Housing Administrator	T9	0	1	0	0	0	0	0	0	1
Traffic Officer	T9	0	8	0	0	1	2	0	0	11
Sport Facilities Officer	T7	0	1	0	0	0	0	0	0	1
CAD Operator	T7	0	0	0	0	0	0	0	0	0
Vehicle Inspector	T7	0	0	0	1	0	0	0	0	1
Customer Care Officer	6	0	0	0	0	0	1	0	0	1
Supply Chain Practitioner	5	0	0	0	0	1	1	0	1	3
Ward Committee Co-ordinator	4	0	1	0	0	0	0	0	0	1
<b>TOTAL</b>		<b>7</b>	<b>31</b>	<b>0</b>	<b>19</b>	<b>4</b>	<b>12</b>	<b>0</b>	<b>7</b>	<b>80</b>
<b>Clerks</b>										
Chief Clerk	T8	0	0	0	0	0	0	0	1	1
Administrative Assistant	T7/T5	0	0	0	0	0	2	0	1	3
Executive Personal Assistant	T7	0	0	0	0	0	0	0	1	1
Personal Assistant	T5/T7/8	0	1	0	1	0	4	0	2	8
Principal Clerk	T7	0	0	0	0	0	4	0	0	4
Snr Library Assistant	T7	0	0	0	0	0	3	0	1	4
Assistant CAD / GIS Operator	T6	0	0	0	0	1	0	0	0	1
Receptionist / Switchboard Operator	T6	0	0	0	0	0	4	0	0	4
Secretary	T6	0	0	0	0	2	3	0	1	6
Snr Clerk	T6	2	6	0	0	5	16	0	9	38
Library Assistant	T6/T5	1	0	0	0	5	21	0	1	28
ICT Cadet	-	0	0	0	1	0	0	0	0	1
Cashier	T5	0	0	0	0	2	4	0	1	7
Clerk	T5/9/7	6	5	0	0	4	14	0	2	31
Word Processing Operator	T5	0	0	0	0	0	1	0	0	1
Internship: Financial Management	T5	4	0	0	0	1	1	0	0	6

Community Liaison Worker	12	1	2	0	0	2	1	0	0	6
Call Centre Operator	9	0	0	0	0	1	3	0	0	4
<b>TOTAL</b>		<b>14</b>	<b>14</b>	<b>0</b>	<b>2</b>	<b>23</b>	<b>81</b>	<b>0</b>	<b>20</b>	<b>154</b>
<b>Craft &amp; Related Trades</b>										
Snr Supervisor	T8	0	3	0	1	0	0	0	0	4
Snr Fire Fighter	T7	0	2	0	0	0	1	0	0	3
Supervisor	T7	7	21	0	1	0	1	0	0	30
Driver Operator	T6	8	19	0	2	0	1	0	0	30
Fire Fighter	T6	0	6	0	0	1	0	0	0	7
Plant Operator: Sewerage	T6	0	3	0	1	0	0	0	0	4
Handyman	T6/T5	3	7	0	0	0	0	0	0	10
Cadet Firefighter	T5	0	4	0	0	0	0	0	0	4
Caretaker: Facilities	T5	0	2	0	0	0	0	0	0	2
Meter Reader	T5/T4	1	4	0	0	0	0	0	0	5
Snr / Storeman	9/T5	0	4	0	0	0	0	0	0	4
Weighbridge Operator	T5	0	1	0	0	1	0	0	0	2
Facilities Attendant	T4	2	4	0	0	0	1	0	0	7
Sewerage Attendant	T4	2	5	0	0	0	0	0	0	7
Small Plant Operator	T4	0	3	0	0	0	0	0	0	3
Teamleader	T4	0	1	0	0	0	0	0	0	1
Water Attendant	T4	0	1	0	0	0	0	0	0	1
Water Purification Attendant	T4	4	12	0	0	0	0	0	0	16
Office Assistant	T4	1	0	0	0	0	0	0	0	1
Office Attendant	11	1	0	0	0	0	0	0	0	1
Law Enforcement Officer	10/9	0	1	0	1	0	1	0	0	3
Security Officer	9/T5	9	7	0	0	2	2	0	0	20
Special Workman	7	0	1	0	0	0	0	0	0	1
<b>TOTAL</b>		<b>38</b>	<b>111</b>	<b>0</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>166</b>
<b>Elementary Occupations</b>										
General Assistant / Worker	T3/T2	80	166	0	8	16	29	0	6	305
<b>TOTAL</b>		<b>80</b>	<b>166</b>	<b>0</b>	<b>8</b>	<b>16</b>	<b>29</b>	<b>0</b>	<b>6</b>	<b>305</b>
<b>TOTAL</b>		<b>145</b>	<b>327</b>	<b>0</b>	<b>46</b>	<b>47</b>	<b>131</b>	<b>0</b>	<b>35</b>	<b>731</b>
<b>TOTAL PER RACE</b>		<b>192</b>	<b>458</b>	<b>0</b>	<b>81</b>					
<b>RACE TYPE</b>		<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>					
<b>TOTAL PER GENDER</b>		<b>518</b>	<b>213</b>							
<b>GENDER</b>		<b>Male</b>	<b>Female</b>							



# Chapter 5: Financial Performance



**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**30 JUNE 2019**

NN 2019-11-30



# LANGEBERG MUNICIPALITY

## Index

<b>Contents</b>	<b>Page</b>
General Information	1 - 2
Approval of the Financial Statements	3
Report of the Auditor General	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	9
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	10
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	11
Accounting Policies	12 - 77
Notes to the Financial Statements	78 - 154
<b>APPENDICES - Unaudited</b>	
A Schedule of External Loans	155
B Segmental Statement of Financial Performance - GFS Classifications	156
C Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA of 2003	156
D Appropriation Statements	
D A1 Reconciliation of Table A1 Budget Summary	158
D A2 Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)	159 - 160
D A3 Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)	161
D A4 Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)	162 - 163
D A5 Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding	164 - 165
D A7 Reconciliation of Table A7 Budgeted Cash Flows	166

# LANGEBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category Langeberg Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Langeberg Municipality includes the following areas:

Ashton  
Bonnievale  
McGregor  
Montagu  
Robertson

#### EXECUTIVE MAYOR

*HM Jansen*

#### DEPUTY EXECUTIVE MAYOR

*GD Joubert*

#### SPEAKER

*SW van Eeden*

#### CHIEF WHIP

*N/a*

#### MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	<i>HM Jansen</i>
Deputy Executive Mayor	<i>GD Joubert</i>
Speaker	<i>SW van Eeden</i>
Chief Whip	<i>N/a</i>
Executive Councillor	<i>EMJ Scheffers</i>
	<i>JD Burger</i>
	<i>DB Janse</i>
	<i>SW Strauss</i>

#### MUNICIPAL MANAGER

SA Mokweni

#### CHIEF FINANCIAL OFFICER

B Brown

#### REGISTERED OFFICE

28 Main Road  
Ashton  
6715

#### AUDITORS

AGSA - Auditor-General of South Africa

#### PRINCIPLE BANKERS

ABSA; PO Box 4453; Tygervally; 7536

NN 2019-11-30



AUDITOR-GENERAL  
SOUTH AFRICA

103

# **LANGEBERG MUNICIPALITY**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

### **GENERAL INFORMATION**

#### **RELEVANT LEGISLATION**

Basic Conditions of Employment Act (Act no 75 of 1997)  
 Collective Agreements  
 Division of Revenue Act  
 Electricity Act (Act no 41 of 1987)  
 Employment Equity Act (Act no 55 of 1998)  
 Housing Act (Act no 107 of 1997)  
 Infrastructure Grants  
 Municipal Budget and Reporting Regulations  
 Municipal Finance Management Act (Act no 56 of 2003)  
 Municipal Planning and Performance Management Regulations  
 Municipal Property Rates Act (Act no 6 of 2004)  
 Municipal Regulations on Standard Chart of Accounts  
 Municipal Structures Act (Act no 117 of 1998)  
 Municipal Systems Act (Act no 32 of 2000)  
 Municipal Systems Amendment Act (Act no 7 of 2011)  
 SALBC Leave Regulations  
 Skills Development Levies Act (Act no 9 of 1999)  
 Supply Chain Management Regulations, 2005  
 The Income Tax Act  
 Unemployment Insurance Act (Act no 30 of 1966)  
 Value Added Tax Act  
 Water Services Act (Act no 108 of 1997)

#### **MEMBERS OF THE LANGEBERG MUNICIPALITY**

##### **COUNCILLORS**

##### **WARD**

Burger, J D	Member of Executive Mayoral Committee	DA	Ward 1
Shibili, A J	Member of Council	ANC	Ward 2
Hess, P	Member of Council and Section 79 Chair	DA	Ward 3
Januarie, J J S	Member of Council	ANC	Ward 4
Strauss, S W	Member of Executive Mayoral Committee	DA	Ward 5
Janse, D B	Member of Executive Mayoral Committee	DA	Ward 6
Kriel, J	Member of Council and Section 79 Chair	DA	Ward 7
Van Eeden, S W	Speaker	DA	Ward 8
Beginsei, N J	Member of Council and Section 79 Chair	DA	Ward 9
Nteta, BH	Member of Council	ANC	Ward 10
Van Zyl, J D F	Member of Council and Section 79 Chair	DA	Ward 11
Scheffers, E M J	Member of Executive Mayoral Committee	DA	Ward 12
Jansen, H M	Executive Mayor	DA	Proportional
Du Plessis, S	Member of Council	ICOSA	Proportional
Grootboom, C J	Member of Council	PDM	Proportional
Kuhn, D J W	Member of Council	COPE	Proportional
Mafilika, J S	Member of Council	ANC	Proportional
Swanepoel, L M	Member of Council and Section 79 Chair	EFF	Proportional
Van Der Merwe, T M	Member of Council	LIP	Proportional
Simpson, O C	Member of Council	ANC	Proportional
Mangenengene, H	Member of Council and Section 79 Chair	DA	Proportional
Joubert, G D	Deputy Executive Mayor	DA	Proportional
Bosjan, E	Member of Council	ANC	Proportional

(\*) Disclosed on page 2 are members as at 30 June 2019, note 36 discloses all the members that served during the year under review.

NN 2019-11-30



**104**  
 AUDITOR-GENERAL  
 SOUTH AFRICA

# LANGEBERG MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 5 to 154 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

The annual financial statements were prepared on the going concern basis.

  
SA Mokweni  
Municipal Manager

30/08/2019  
Date

NN 2019-11-30



AUDITOR - GENERAL  
SOUTH AFRICA

Auditing to build public confidence

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 R	Restated 2018 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>743,584,157</b>	<b>672,778,037</b>
Property, Plant and Equipment	2	713,324,189	642,817,544
Investment Property	3	28,345,034	28,485,321
Intangible Assets	4	574,890	592,105
Heritage Assets	5	275,448	260,000
Investments	6	113,289	126,641
Non-Current Receivables from Exchange Transactions	7	390,039	200,852
Non-Current Receivables from Non-Exchange Transactions	8	561,269	295,574
<b>Current Assets</b>		<b>238,752,869</b>	<b>213,033,497</b>
Inventory	10	25,809,676	14,410,500
Receivables from Exchange Transactions	11	45,833,068	39,576,172
Receivables from Non-exchange Transactions	12	10,216,301	6,579,174
Operating Lease Asset	9	97,015	102,156
Taxes	23	1,470,582	2,513,653
Current Portion of Non-Current Receivables	7,8	622,569	717,010
Cash and Cash Equivalents	13	154,703,659	149,134,832
<b>Total Assets</b>		<b>982,337,025</b>	<b>885,811,534</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>115,420,814</b>	<b>123,167,313</b>
Long-term Borrowings	14	12,209,550	13,465,763
Non-current Provisions	15	44,960,495	49,506,065
Non-current Employee Benefits	16	58,250,768	60,195,485
<b>Current Liabilities</b>		<b>128,161,732</b>	<b>122,944,876</b>
Consumer Deposits	17	12,214,563	11,086,873
Provisions	18	15,327,335	11,470,625
Current Employee Benefits	19	19,387,364	17,754,544
Trade and Other Payables from Exchange Transactions	20	70,617,902	64,462,559
Unspent Transfers and Subsidies	21	7,415,488	13,653,475
Unspent Public Contributions	22	-	-
Current Portion of Long-term Borrowings	14	3,199,081	4,516,800
<b>Total Liabilities</b>		<b>243,582,546</b>	<b>246,112,189</b>
<b>Net Assets</b>		<b>738,754,478</b>	<b>639,699,346</b>
Capital Replacement Reserve	25	62,921,000	56,421,002
Accumulated Surplus/(Deficit)		675,833,478	583,278,343
<b>Total Net Assets and Liabilities</b>		<b>982,337,025</b>	<b>885,811,534</b>

NN 2019-11-30



**106**  
**AUDITOR-GENERAL**  
**SOUTH AFRICA**

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	Restated 2018 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>230,683,883</b>	<b>182,307,323</b>
<b>Taxation Revenue</b>		<b>52,679,495</b>	<b>46,521,253</b>
Property Rates	26	52,679,495	46,521,253
<b>Transfer Revenue</b>		<b>159,636,211</b>	<b>124,037,647</b>
Government Grants and Subsidies - Capital	27	56,306,600	24,144,506
Government Grants and Subsidies - Operating	27	103,329,611	99,852,701
Contributed Property, Plant and Equipment	28	-	40,439
<b>Other Revenue</b>		<b>18,368,177</b>	<b>11,748,423</b>
Actuarial Gains	16	9,772,402	4,348,861
Dividends	6	2,660	3,395
Fines, Penalties and Forfeits		5,476,744	4,529,280
Interest Earned - Non-exchange Transactions	33	558,892	464,514
Availability fees		2,557,480	2,402,373
<b>Revenue from Exchange Transactions</b>		<b>500,290,175</b>	<b>439,393,472</b>
Service Charges	29	453,722,561	398,851,451
Sales of Goods and Rendering of Services	30	15,749,511	16,203,184
Rental from Fixed Assets	31	3,163,208	2,887,897
Interest Earned - External Investments	32	13,098,597	10,773,393
Interest Earned - Exchange Transactions	33	2,177,347	2,143,978
Licences and Permits		1,453,966	940,255
Agency Services		4,144,683	3,929,797
Operational Revenue	34	6,780,302	3,663,517
<b>Total Revenue</b>		<b>730,974,058</b>	<b>621,700,795</b>
<b>EXPENDITURE</b>			
Employee related costs	35	186,765,088	172,604,491
Remuneration of Councillors	36	10,537,992	10,221,977
Bad Debts Written Off	37	18,669,283	9,102,701
Contracted Services	38	23,462,325	21,483,221
Depreciation and Amortisation	39	25,054,379	25,485,988
Actuarial Losses	16	2,615,533	335,235
Finance Charges	40	11,295,649	11,624,298
Bulk Purchases	41	292,999,544	266,192,795
Inventory Consumed	10	18,176,815	66,436,070
Transfers and Subsidies	42	1,765,021	1,819,542
Operational Costs	43	39,152,797	34,152,741
<b>Total Expenditure</b>		<b>630,494,425</b>	<b>619,459,061</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>100,479,633</b>	<b>2,241,734</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	10	30,438	(304,545)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	44	(2,853,528)	294,800
Gains/(Loss) on disposal of Property, Plant and Equipment		1,483,255	7,870,298
Reversal of Impairment Loss/(Impairment Loss) on Assets	45	(71,313)	(67,460)
Profit/(Loss) on Fair Value Adjustments	46	(13,353)	3,821
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>99,055,133</b>	<b>10,038,647</b>

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

	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2017</b>	<b>31,353,026</b>	<b>598,315,184</b>	<b>629,668,210</b>
Correction of Error - note 48.23	-	(7,512)	(7,512)
<b>Restated balance</b>	<b>31,353,026</b>	<b>598,307,672</b>	<b>629,660,697</b>
Net Surplus/(Deficit) for the year	-	10,038,648	10,038,648
Net Surplus/(Deficit) previously reported	-	11,341,382	11,341,382
Effects of Correction of Errors	-	(1,302,733)	(1,302,733)
Transfer to/from CRR	46,094,000	(46,094,000)	-
Property, Plant and Equipment purchased	(21,026,023)	21,026,023	-
<b>Balance at 30 June 2018</b>	<b>56,421,002</b>	<b>583,278,343</b>	<b>639,699,346</b>
Net Surplus/(Deficit) for the year	-	99,055,133	99,055,133
Transfer to/from CRR	37,522,722	(37,522,722)	-
Property, Plant and Equipment purchased	(31,022,724)	31,022,724	-
<b>Balance at 30 June 2019</b>	<b>62,921,000</b>	<b>675,833,478</b>	<b>738,754,478</b>

NN 2019-11-30



**108**  
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**SOUTH AFRICA**



# LANGEBERG MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

		2019	Restated 2018
	Notes	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		46,891,034	39,357,635
Service Charges		435,279,223	405,546,874
Other Revenue		29,015,870	33,631,286
Government - Operating		97,151,624	103,375,486
Government - Capital		56,306,600	31,200,000
Interest		13,098,597	10,773,393
Dividends		2,660	3,395
Cash payments			
Suppliers and Employees		(573,006,057)	(543,957,019)
Finance Charges		(1,658,073)	(2,258,308)
Transfers and Grants		(1,765,021)	(1,819,542)
<b>Net Cash from Operating Activities</b>	<b>49</b>	<b>101,316,457</b>	<b>75,853,199</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(93,907,109)	(45,698,805)
Proceeds on Disposal of Fixed Assets		2,133,456	8,391,800
Purchase of Investment Properties		(201,841)	-
Purchase of Intangible Assets		(112,000)	(508,690)
Purchase of Heritage Assets		(15,448)	-
<b>Net Cash from Investing Activities</b>		<b>(92,102,941)</b>	<b>(37,815,696)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowing - Long term/Refinancing		-	-
Increase/(Decrease) in Consumer Deposits		1,127,690	1,118,595
Repayment of Borrowing		(4,772,378)	(5,125,906)
<b>Net Cash from Financing Activities</b>		<b>(3,644,688)</b>	<b>(4,007,311)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>5,568,828</b>	<b>34,030,193</b>
Cash and Cash Equivalents at the beginning of the year		149,134,832	115,104,639
Cash and Cash Equivalents at the end of the year	<b>50</b>	<b>154,703,659</b>	<b>149,134,832</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>5,568,828</b>	<b>34,030,193</b>

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance Actual Outcome vs Final Budget	Variance as % of Final Budget	Explanations for material variances
	R	R	R	R	R	2019 R		%	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	11,468,800	(8,943,909)	2,524,891		2,524,891	24,652,605	22,127,714	876.38%	Increase in cash flow from operation which resulted in a higher than anticipated cash balance.
Call Investment Deposits	70,000,000	46,648,761	116,648,761		116,648,761	130,051,054	13,402,293	11.49%	Improved cash flow management to maximise interest on investments.
Consumer Debtors	35,577,200	(1,451,165)	34,126,035		34,126,035	45,833,068	11,707,033	34.31%	Increase in sales resulted in higher than anticipated consumer debtors.
Other Debtors	34,041,190	(17,714,116)	16,327,074		16,327,074	11,783,897	(4,543,177)	-27.83%	
Current Portion of long-term receivables	687,190	29,820	717,010		717,010	622,569	(94,441)	-13.17%	
Inventory	54,670,250	(30,677,480)	23,992,770		23,992,770	25,809,676	1,816,906	7.57%	
<b>Total Current Assets</b>	<b>206,444,630</b>	<b>(12,108,089)</b>	<b>194,336,541</b>	<b>-</b>	<b>194,336,541</b>	<b>238,752,869</b>	<b>44,416,328</b>	<b>22.86%</b>	
<b>Non-Current Assets</b>									
Long-term Receivables	602,700	3,393,730	3,996,430		3,996,430	951,308	(3,045,122)	-76.20%	
Investments	125,000	-	125,000		125,000	113,289	(11,711)	-9.37%	
Investment Property	26,855,320	(10,740)	26,844,580		26,844,580	28,345,034	1,500,454	5.59%	
Property, Plant and Equipment	691,980,441	19,465,120	711,445,561		711,445,561	713,324,189	1,878,628	0.26%	
Intangible Assets	4,060,360	(3,359,205)	701,155		701,155	574,890	(126,265)	-18.01%	
Other Non-Current Assets	5,260,000	(5,000,000)	260,000		260,000	275,448	15,448	5.94%	
<b>Total Non-Current Assets</b>	<b>728,883,821</b>	<b>14,488,905</b>	<b>743,372,726</b>	<b>-</b>	<b>743,372,726</b>	<b>743,584,156</b>	<b>211,430</b>	<b>0.03%</b>	
<b>TOTAL ASSETS</b>	<b>935,328,451</b>	<b>2,380,816</b>	<b>937,709,267</b>	<b>-</b>	<b>937,709,267</b>	<b>982,337,025</b>	<b>44,627,758</b>	<b>4.76%</b>	
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Bank Overdraft	-	-	-		-	-	-	-	
Borrowing	3,683,820	(662,760)	3,021,060		3,021,060	3,199,081	178,021	5.89%	
Consumer Deposits	11,094,690	657,390	11,752,080		11,752,080	12,214,563	462,483	3.94%	
Trade and Other Payables	94,765,900	(22,485,283)	72,280,617		72,280,617	78,033,390	5,752,773	7.96%	
Provisions	22,398,320	9,990,430	32,388,750		32,388,750	34,714,699	2,325,949	7.18%	
<b>Total Current Liabilities</b>	<b>131,942,730</b>	<b>(12,500,223)</b>	<b>119,442,507</b>	<b>-</b>	<b>119,442,507</b>	<b>128,161,732</b>	<b>8,719,225</b>	<b>7.30%</b>	
<b>Non-Current Liabilities</b>									
Borrowing	30,839,570	(9,048,323)	21,791,247		21,791,247	12,209,550	(9,581,697)	-43.97%	The first tranche of the loan was only received in July 2019.
Provisions	125,354,090	(9,067,460)	116,286,630		116,286,630	103,211,264	(13,075,366)	-11.24%	Actuarial gain realised on the PEMA.
<b>Total Non-Current Liabilities</b>	<b>156,193,660</b>	<b>(18,115,783)</b>	<b>138,077,877</b>	<b>-</b>	<b>138,077,877</b>	<b>115,420,814</b>	<b>(22,657,063)</b>	<b>-16.41%</b>	
<b>TOTAL LIABILITIES</b>	<b>288,136,390</b>	<b>(30,616,006)</b>	<b>257,520,384</b>	<b>-</b>	<b>257,520,384</b>	<b>243,582,546</b>	<b>(13,937,838)</b>	<b>-5.41%</b>	
<b>NET ASSETS</b>									
Accumulated Surplus/(Deficit)	619,192,040	(1,924,157)	617,267,883		617,267,883	675,833,478	58,565,596	9.49%	
Reserves	28,000,000	34,921,000	62,921,000		62,921,000	62,921,000	-	0.00%	
<b>TOTAL NET ASSETS</b>	<b>647,192,040</b>	<b>32,996,843</b>	<b>680,188,883</b>	<b>-</b>	<b>680,188,883</b>	<b>738,754,478</b>	<b>58,565,596</b>	<b>8.61%</b>	

NN 2019-11-30

**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance Actual Outcome vs Final Budget	Variance as % of Final Budget	Explanations for material variances
	R	R	R	R	R	2019 R		%	
<b>REVENUE</b>									
Property Rates	52,862,690	-	52,862,690		52,862,690	52,679,495	(183,195)	-0.35%	
Service Charges	460,782,550	-	460,782,550		460,782,550	456,280,040	(4,502,510)	-0.98%	Increase in electricity sales.
Rental of Facilities and Equipment	4,748,100	-	4,748,100		4,748,100	3,163,208	(1,584,892)	-33.38%	
Interest Earned - External Investments	7,712,110	-	7,712,110		7,712,110	13,098,597	5,386,487	69.84%	
Interest Earned - Outstanding Debtors	2,668,120	13,450	2,681,570		2,681,570	2,736,239	54,669	2.04%	
Dividends Received	-	-	-		-	2,660	2,660	100.00%	
Fines	10,317,280	(4,905,814)	5,411,466		5,411,466	5,476,744	65,278	1.21%	
Licences and Permits	1,327,530	-	1,327,530		1,327,530	1,453,966	126,436	9.52%	
Agency Services	5,680,100	-	5,680,100		5,680,100	4,144,683	(1,535,417)	-27.03%	
Transfers Recognised - Operational	102,256,000	9,011,829	111,267,829		111,267,829	103,329,611	(7,938,218)	-7.13%	Expenditure out of grants realised lower than expected.
Other Revenue	13,615,910	(13,450)	13,602,460		13,602,460	32,332,653	18,730,193	137.70%	Reversal of contribution to provision, actuarial gain on PEMA.
Gains on Disposal of PPE	1,394,740	-	1,394,740		1,394,740	1,483,255	88,515	6.35%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>663,365,130</b>	<b>4,106,015</b>	<b>667,471,145</b>	<b>-</b>	<b>667,471,145</b>	<b>676,181,151</b>	<b>8,710,006</b>	<b>1.30%</b>	
<b>EXPENDITURE</b>									
Employee Related Costs	201,198,530	(12,171,541)	189,026,989		189,026,989	186,765,088	(2,261,901)	-1.20%	
Remuneration of Councillors	10,871,240	(299,842)	10,571,398		10,571,398	10,537,992	(33,406)	-0.32%	
Debt Impairment	14,425,630	(4,660,096)	9,765,534		9,765,534	2,853,528	(6,912,006)	-70.78%	The allowance for debt impairment realised lower than anticipated.
Depreciation and Asset Impairment	29,194,390	(1,207,700)	27,986,690		27,986,690	25,054,379	(2,932,311)	-10.48%	
Finance Charges	13,227,600	(1,702,942)	11,524,658		11,524,658	11,295,649	(229,009)	-1.99%	
Bulk Purchases	289,862,540	-	289,862,540		289,862,540	292,999,544	3,137,004	1.08%	
Other Materials	22,638,750	994,843	23,633,593	10,000	23,643,593	18,176,815	(5,466,778)	-23.12%	
Contracted Services	41,860,670	10,934,487	52,795,157	13,540	52,808,697	23,462,325	(29,346,372)	-55.57%	Repairs and maintenance unpacked and classified according to its nature.
Transfers and Grants	7,983,140	279,910	8,263,050		8,263,050	1,765,021	(6,498,029)	-78.64%	Transfers realised lower than expected.
Other Expenditure	48,182,400	14,035,063	62,217,463	(23,540)	62,193,923	60,522,278	(1,671,645)	-2.69%	
Loss on Disposal of PPE	577,980	-	577,980		577,980	-	(577,980)	-100.00%	
<b>Total Expenditure</b>	<b>680,022,870</b>	<b>6,202,182</b>	<b>686,225,052</b>	<b>-</b>	<b>686,225,052</b>	<b>633,432,618</b>	<b>(52,792,434)</b>	<b>-7.69%</b>	
<b>Surplus/(Deficit)</b>	<b>(16,657,740)</b>	<b>(2,096,167)</b>	<b>(18,753,907)</b>	<b>-</b>	<b>(18,753,907)</b>	<b>42,748,533</b>		<b>0.00%</b>	
Transfers Recognised - Capital	29,743,040	28,190,150	57,933,190		57,933,190	56,306,600	(1,626,590)	-2.81%	
Contributions Recognised - Capital	-	-	-		-	-	-		
Contributed Assets	-	-	-		-	-	-		
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>13,085,300</b>	<b>26,093,983</b>	<b>39,179,283</b>	<b>-</b>	<b>39,179,283</b>	<b>99,055,133</b>	<b>(1,626,590)</b>	<b>-4.15%</b>	
Taxation	-	-	-		-	-	-		
<b>Surplus/(Deficit) after Taxation</b>	<b>13,085,300</b>	<b>26,093,983</b>	<b>39,179,283</b>	<b>-</b>	<b>39,179,283</b>	<b>99,055,133</b>	<b>(1,626,590)</b>	<b>-4.15%</b>	
Attributable to Minorities	-	-	-		-	-	-		
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>13,085,300</b>	<b>26,093,983</b>	<b>39,179,283</b>	<b>-</b>	<b>39,179,283</b>	<b>99,055,133</b>	<b>59,875,850</b>	<b>152.83%</b>	
Share of Surplus/(Deficit) of Associate	-	-	-		-	-	-		
<b>Surplus/(Deficit) for the year</b>	<b>13,085,300</b>	<b>26,093,983</b>	<b>39,179,283</b>	<b>-</b>	<b>39,179,283</b>	<b>99,055,133</b>	<b>59,875,850</b>	<b>152.83%</b>	

NN 2019-11-30



**111**  
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**LANGEBERG MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance Actual Outcome vs Final Budget	Variance as % of Final Budget	Explanations for material variances
	R	R	R	R	R	2019 R		%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation	51,805,436	-	51,805,436		51,805,436	46,891,034	(4,914,402)	-9.49%	Actual cash received from service charges lower than expected.
Service Charges	451,566,899	-	451,566,899		451,566,899	435,279,223	(16,287,676)	-3.61%	
Other Revenue	29,954,793	(3,569,437)	26,385,356		26,385,356	29,015,870	2,630,514	9.97%	
Government - Operating	102,256,000	5,677,053	107,933,053		107,933,053	97,151,624	(10,781,429)	-9.99%	
Government - Capital	29,743,040	18,138,947	47,881,987		47,881,987	56,306,600	8,424,613	17.59%	
Interest	10,326,868	13,181	10,340,049		10,340,049	13,098,597	2,758,548	26.68%	
Payments									
Suppliers and Employees	(606,964,597)	(5,759,073)	(612,723,670)		(612,723,670)	(573,006,057)	(39,717,613)	6.48%	Actual payments to suppliers and employees realised lower than expected.
Finance costs	(13,227,600)	1,702,942	(11,524,658)		(11,524,658)	(1,658,073)	(9,866,585)	85.61%	
Transfers and Grants	(7,983,140)	(287,250)	(8,270,390)		(8,270,390)	(1,765,021)	(6,505,369)	78.66%	
Net Cash from/(used) Operating Activities	47,477,700	15,916,363	63,394,062	-	63,394,062	101,316,457	(74,256,739)	59.82%	
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	816,760	-	816,760		816,760	2,133,456	1,316,696	161.21%	
Decrease/(Increase) in Non-Current Debtors	-	-	-		-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables	-	(3,500,000)	(3,500,000)		(3,500,000)	-	(3,500,000)	-100.00%	
Decrease/(Increase) in Non-Current Investments	(2,179)	2,179	-		-	-	-	-	
Payments									
Capital Assets	(88,111,480)	(10,055,478)	(98,166,958)		(98,166,958)	(94,236,397)	(3,930,562)	-4.00%	
Net Cash from/(used) Investing Activities	(87,296,899)	(13,553,299)	(100,850,198)	-	(100,850,198)	(92,102,941)	(6,113,866)	-6.06%	
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans	-	-	-		-	-	-	-	
Borrowing long term/refinancing	20,537,497	(12,212,010)	8,325,487		8,325,487	-	(8,325,487)	100.00%	The first tranche of the loan was only received in July 2019.
Increase/(Decrease) in Consumer Deposits	628,002	37,208	665,210		665,210	1,127,690	462,480	-69.52%	
Payments									
Repayment of Borrowing	(4,764,487)	3,268,747	(1,495,740)		(1,495,740)	(4,772,378)	3,276,638	219.06%	
Net Cash from/(used) Financing Activities	16,401,012	(8,906,055)	7,494,957	-	7,494,957	(3,644,688)	(4,586,369)	-61.19%	
NET INCREASE/(DECREASE) IN CASH HELD	(23,418,188)	(6,542,991)	(29,961,179)	-	(29,961,179)	5,568,828	35,530,007	118.59%	
Cash and Cash Equivalents at the year begin:	104,886,989	44,247,841	149,134,830		149,134,830	149,134,832	2	0.00%	
Cash and Cash Equivalents at the year end:	81,468,801	37,704,850	119,173,651	-	119,173,651	154,703,660	35,530,009	29.81%	

NN 2019-11-30



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**SOUTH AFRICA**

**112**

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**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

## **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

## **1.3. GOING CONCERN ASSUMPTION**

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

## **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transact for periods after 1 July 2018. The result of this process was a reclassification and naming of items

in the annual financial statements. The reclassification of 2018 audited amounts is set out in note 53 of the annual financial statements.

### **1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

### **1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. 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.

### **1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:



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

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- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
<b>GRAP 20 (Original – Jun 2011)</b>	<p><b><u>Related Party Disclosure</u></b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus</p>	1 April 2019

# **LANGEBERG MUNICIPALITY**

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

	<p>or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. Additional disclosure will be required with the full implementation of the Standard.</p>	
<p><b>GRAP 32</b> <b>(Original – Aug 2013)</b></p>	<p><b><u>Service Concession Arrangements: Grantor</u></b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2019
<p><b>GRAP 34</b> <b>(Revised – April 2019)</b></p>	<p><b><u>Separate Financial Statements</u></b></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<p><b>GRAP 35</b> <b>(Revised – April 2019)</b></p>	<p><b><u>Consolidated Financial Statements</u></b></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<p><b>GRAP 36</b> <b>(Revised – April 2019)</b></p>	<p><b><u>Investments in Associates and Joint Ventures</u></b></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p>	Unknown

# **LANGEBERG MUNICIPALITY**

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

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
<b>GRAP 37</b> <b>(Revised – April 2019)</b>	<p><b><u>Joint Arrangements</u></b></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 38</b> <b>(Revised - April 2019)</b>	<p><b><u>Disclosure of Interest in Other Entities</u></b></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
<b>GRAP 104</b> <b>(Revised – April 2019)</b>	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
<b>GRAP 108</b> <b>(Original – Sept 2013)</b>	<p><b><u>Statutory Receivables</u></b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p>	1 April 2019

# **LANGEBERG MUNICIPALITY**

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

	The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	
<b>GRAP 109</b>	<p><b><u>Accounting by Principles and Agents</u></b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
<b>GRAP 110</b>	<p><b><u>Living and non-living resources</u></b></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
<b>IGRAP 17</b>	<p><b><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></b></p> <p>The Interpretation provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment</p>	Unknown
<b>IGRAP 18</b>	<p><b><u>Recognition and Derecognition of Land</u></b></p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p>	1 April 2019

## LANGEBERG MUNICIPALITY

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

	No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.	
IGRAP 19	<p><b><u>Liabilities to Pay Levies</u></b></p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2019

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

#### 1.9. RESERVES

##### 1.9.1. *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

#### 1.10. LEASES

##### 1.10.1. *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing

agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses

the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **1.10.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable

is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

#### **1.11. BORROWING COST**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

#### **1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants



are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

#### 1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.15. PROVISIONS**

Provisions are recognised when the Municipality has a present 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 pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;

- the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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.

#### **1.16. EMPLOYEE BENEFITS**

##### ***(a) Pension and Retirement Fund Obligations***

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

***(b) 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 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit

credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.



**(e) Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(f) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated 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.

**(g) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**(h) Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**(i) Other Short-term Employee Benefits**

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**1.17. PROPERTY, PLANT AND EQUIPMENT**

**1.17.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and

equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

**1.17.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.17.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25

## LANGEBERG MUNICIPALITY

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

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<b><u>Community</u></b>		Computer equipment	2-20
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<b><u>Finance lease assets</u></b>			
Office equipment	2-22		
Other assets	2-22		

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.17.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential

expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

**1.18. INTANGIBLE ASSETS**

**1.18.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),

regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### **1.18.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised



over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **1.18.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-7
Computer Software Licenses	2-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

### **1.18.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset

is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18.5. 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 depreciation cost method was used to establish the deemed cost as on 1 July 2009.

**1.19. INVESTMENT PROPERTY**

**1.19.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange

transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.19.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.19.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at

each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

#### **1.19.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.19.5. 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 2009.

## 1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 1.22. HERITAGE ASSETS

### 1.22.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

**1.22.2. Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

**1.22.3. Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

**1.22.4. De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.22.5. 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 2009.

**1.23. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.23.1. Cash generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;



- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset

is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **1.23.2. *Non-cash-generating assets***

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual

impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement

cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service

potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.25. NON-CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

## **1.26. INVENTORIES**

### **1.26.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### **1.26.2. Subsequent Measurement**

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction

in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.



## **1.27. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

### **1.27.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### **1.27.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.27.2.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest

income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.27.2.2. *Payables and Annuity Loans***

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.27.2.3. *Cash and Cash Equivalents***

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.27.2.4. *Non-Current Investments***

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### **1.27.3. De-recognition**

#### **1.27.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and

rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.27.3.2. *Financial Liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-

recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.27.4. *Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.28. 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.

**1.28.1. *Initial Recognition***

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

**1.28.2. *Subsequent Measurement***

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### **1.28.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the

receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to

exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- i. derecognise the receivable; and
- ii. recognise separately any rights and obligations created or retained in the transfer.

## 1.29. REVENUE

### 1.29.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are



recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2018 was written off in the 2018/2019 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include

services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

**1.29.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does

not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the

invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage

connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.31. TRANSFER OF FUNCTIONS (Municipality as acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),

regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

### 1.32. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:



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

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(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the

reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### **1.33. 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.

### **1.34. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention

of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.35. 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.

### **1.36. 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 entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

### 1.37. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### ***Post-retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### ***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital

funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### ***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

### ***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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.

### ***Provisions and Contingent Liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

### ***Provision for Landfill Sites***

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 best estimate **or** net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:



- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

***Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

***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 set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.38. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.39. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.40. 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:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those 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.

## **1.41. TAXATION**

### **1.40.1 *Current tax assets and liabilities***

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

### **1.40.2 *Deferred tax assets and liabilities***

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

#### **1.40.3 Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

13 PROPERTY, PLANT AND EQUIPMENT  
2 PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

Reconciliation of Carrying Value	Cost														Accumulated Depreciation and Impairment Losses										Carrying Value
	Opening Balance Original Cost R	Opening Balance Residual Values R	Opening Balance WIP R	Adjustments Original Cost R	Adjustments Residual Values R	Restated Opening Balance Original Cost R	Restated Opening Residual Value R	Additions Original Cost R	Additions Residual Values R	Disposals / Transfer Original Cost R	Disposals / Transfer Residual Values R	WIP Adjustments (incl WIP additions)	Adjustments	Closing Balance Cost R	Accumulated Depreciation Opening Balance R	Accumulated Impairments Opening Balance R	Adjustments R	Depreciation R	Disposals / Transfer Depreciation R	Impairments	Disposals / Transfer Impairment	Adjustments Impairment R	Accumulated Depreciation Closing Balance R	Accumulated Impairments Closing Balance R	
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>632,285,839</b>	<b>1</b>	<b>11,049,051</b>	-	-	<b>643,334,890</b>	<b>1</b>	<b>60,139,244</b>	<b>1</b>	-	-	<b>10,307,615</b>	<b>2,006,995</b>	<b>715,788,746</b>	<b>185,435,928</b>	<b>12,847,596</b>	-	<b>16,385,712</b>	-	-	-	-	<b>201,820,740</b>	<b>12,847,596</b>	<b>501,120,409</b>
Electricity	138,863,110	-	280,300	-	-	139,143,410	-	3,740,889	-	-	-	9,093,700	-	151,977,999	44,181,528	-	-	3,438,625	-	-	-	-	47,620,153	-	104,357,846
Capitalised Restoration Cost	54,325,758	-	-	-	-	54,325,758	-	-	-	-	-	-	1,067,006	55,392,763	35,342,621	12,798,348	-	160,513	-	-	-	-	35,503,133	12,798,348	7,091,282
Roads	124,293,610	-	2,843,512	-	-	127,137,123	-	11,897,646	-	-	-	9,138,003	-	148,172,774	42,694,612	-	-	3,433,959	-	-	-	-	46,038,571	-	102,134,203
Sewerage	93,032,618	-	943,286	-	-	93,975,906	-	19,491,653	-	-	-	-	-	112,524,571	21,418,874	-	-	3,325,293	-	-	-	-	24,744,167	-	87,780,114
Waste Management	26,345,683	-	-	-	-	26,345,683	-	131,900	-	-	-	1,150	-	26,478,733	3,900,867	49,248	-	1,074,009	-	-	-	-	4,974,876	49,248	21,454,608
Water	163,407,766	1	6,981,950	-	-	170,389,717	1	12,121,558	-	-	-	(6,981,950)	-	175,529,327	32,643,602	-	-	4,032,017	-	-	-	-	36,675,619	-	138,853,708
Storm Water	27,205,927	-	-	-	-	27,205,927	-	12,755,596	-	-	-	-	-	39,961,523	5,342,924	-	-	921,306	-	-	-	-	6,264,230	-	33,697,293
Capital Spares Electricity	4,548,130	-	-	-	-	4,548,130	-	-	-	-	-	-	-	997,310	5,515,441	-	-	-	-	-	-	-	-	-	5,515,441
Capital Spares Water	263,237	-	-	-	-	263,237	-	-	-	-	-	-	-	(27,321)	235,916	-	-	-	-	-	-	-	-	-	235,916
<b>Community Assets</b>	<b>113,081,986</b>	-	<b>2,367,157</b>	-	-	<b>115,449,143</b>	-	<b>15,577,849</b>	-	<b>(479,000)</b>	-	<b>(2,074,844)</b>	<b>(561,000)</b>	<b>127,912,148</b>	<b>23,385,959</b>	<b>200,000</b>	-	<b>1,852,998</b>	<b>(75,811)</b>	<b>9,802</b>	-	<b>(200,000)</b>	<b>25,163,145</b>	<b>9,802</b>	<b>102,739,201</b>
Artfield	19,434	-	-	-	-	19,434	-	-	-	-	-	-	-	19,434	19,419	-	-	7	-	-	-	-	19,426	-	8
Cemeteries	2,777,496	-	-	-	-	2,777,496	-	-	-	-	-	-	-	2,777,496	1,342,791	-	-	77,920	-	-	-	-	1,420,720	-	1,356,776
Clinics	1,066,000	-	-	-	-	1,066,000	-	-	-	-	-	-	-	1,066,000	324,705	-	-	44,863	-	-	-	-	369,568	-	696,432
Community halls	16,170,174	-	-	-	-	16,170,174	-	840,300	-	-	-	-	-	17,010,474	3,533,764	-	-	207,403	-	-	-	-	3,741,168	-	13,269,306
Fire, safety & emergency	1,078,870	-	-	-	-	1,078,870	-	-	-	-	-	-	-	1,078,870	475,417	-	-	45,646	-	-	-	-	521,062	-	557,808
Libraries	17,363,882	-	-	-	-	17,363,882	-	-	-	-	-	-	-	17,363,882	4,331,439	-	-	454,288	-	-	-	-	4,785,727	-	12,578,155
Museums & Art Galleries	433,000	-	-	-	-	433,000	-	-	-	-	-	-	-	433,000	81,825	-	-	4,305	-	-	-	-	86,130	-	346,870
Other	40,963,749	-	-	-	-	40,963,749	-	-	-	(139,000)	-	-	(466,000)	40,368,749	3,042,947	200,000	-	412,492	(26,440)	-	(200,000)	-	3,428,999	-	36,929,750
Parks & Gardens	12,703,152	-	-	-	-	12,703,152	-	16,796	-	-	-	-	(95,000)	12,624,948	2,331,887	-	-	140,439	-	-	-	-	2,472,327	-	10,152,621
Recreation facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport fields & stadiums	19,679,667	-	2,367,157	-	-	22,046,824	-	14,720,753	-	(340,000)	-	(2,074,844)	-	34,352,732	7,386,746	-	-	438,728	(49,371)	9,802	-	-	7,776,104	9,802	26,569,836
Swimming pools	826,564	-	-	-	-	826,564	-	-	-	-	-	-	-	826,564	515,018	-	-	26,697	-	-	-	-	541,914	-	284,649
<b>Leased Assets</b>	<b>1,501,426</b>	-	-	-	-	<b>1,501,426</b>	-	<b>2,139,840</b>	-	-	-	-	-	<b>3,641,266</b>	<b>757,647</b>	-	-	<b>387,489</b>	-	<b>3,347</b>	-	-	<b>1,145,136</b>	<b>3,347</b>	<b>2,492,784</b>
Office Equipment (Lease)	1,501,426	-	-	-	-	1,501,426	-	2,139,840	-	-	-	-	-	3,641,266	757,647	-	-	387,489	-	3,347	-	-	1,145,136	3,347	2,492,784
<b>Other Assets</b>	<b>142,575,242</b>	<b>12,718,848</b>	<b>1,902,913</b>	-	-	<b>144,476,155</b>	<b>12,718,848</b>	<b>10,083,632</b>	<b>830,562</b>	<b>(1,113,649)</b>	<b>2</b>	<b>(1,902,913)</b>	<b>(668,500)</b>	<b>164,426,137</b>	<b>51,485,955</b>	<b>553,340</b>	-	<b>6,248,391</b>	<b>(890,609)</b>	<b>58,165</b>	-	-	<b>56,842,837</b>	<b>611,505</b>	<b>106,971,795</b>
Computer hardware/equipment	15,805,994	13	-	-	-	15,805,994	13	642,134	-	(8,567)	1	-	-	16,439,575	7,632,234	22,241	-	1,201,429	(7,725)	15,404	-	-	8,825,937	37,645	7,575,993
Furniture & office equipment	9,488,527	58,267	-	-	-	9,488,527	58,267	547,266	-	(813,931)	-	-	-	9,280,128	5,510,496	7,547	-	717,812	(813,099)	15,335	-	-	5,415,210	22,882	3,842,037
General Vehicles	33,300,628	11,138,397	-	-	-	33,300,628	11,138,397	3,059,018	830,562	(78,939)	-	-	-	48,249,666	17,090,926	-	-	2,332,792	(69,389)	10,910	-	-	19,354,328	10,910	28,884,428
Other	4,811,746	-	-	-	-	4,811,746	-	-	-	(130,000)	-	-	(668,500)	4,013,246	349,345	-	-	19,545	-	-	-	-	368,890	-	3,644,356
Other Buildings	55,620,399	1	1,902,913	-	-	58,523,312	1	2,997,655	-	(81,611)	-	(1,902,913)	-	59,536,444	8,214,365	511,737	-	601,590	-	-	-	-	8,815,975	511,737	50,208,733
Specialised Vehicles	4,510,278	1,028,039	-	-	-	4,510,278	1,028,039	-	-	-	-	-	-	5,538,317	2,762,336	-	-	225,366	-	-	-	-	2,987,702	-	2,550,615
Plant & Equipment	18,037,670	494,132	-	-	-	18,037,670	494,132	2,837,559	-	(601)	1	-	-	21,368,760	9,925,334	11,815	-	1,149,858	(396)	16,516	-	-	11,074,796	28,331	10,265,533
	<b>889,444,493</b>	<b>12,718,848</b>	<b>15,319,121</b>	-	-	<b>904,763,614</b>	<b>12,718,848</b>	<b>87,940,566</b>	<b>830,563</b>	<b>(1,592,649)</b>	<b>2</b>	<b>6,329,857</b>	<b>777,495</b>	<b>1,811,768,296</b>	<b>261,063,688</b>	<b>13,600,936</b>	-	<b>24,874,590</b>	<b>(966,420)</b>	<b>71,313</b>	-	<b>(200,000)</b>	<b>284,971,858</b>	<b>13,472,249</b>	<b>713,324,189</b>

\* Please refer to note 48.1 for Prior period errors relating to Property, Plant and Equipment.

2 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

2.2 30 JUNE 2018

Reconciliation of Carrying Value	Opening Balance						Cost						Accumulated Depreciation and Impairment Losses												Carrying Value
	Depreciable Amount	Residual Values	WIP	Original Cost	Restated Opening Balance Depreciable Amount	Restated Opening Residual Value	Original Cost	Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	WP Adjustments (incl WP additions)	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer Depreciation	Impairments	Disposals / Transfer Impairment	Adjustments Impairment/Depreciation	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance		
R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	585,380,075	2	16,257,199	6,519,356	608,134,539	2	38,182,747	-	(114,377)	(1)	(5,208,658)	2,338,038	643,334,891	167,280,274	13,413,071	(594,083)	15,625,970	(40,461)	49,248	-	2,538,607	185,435,029	12,847,596	445,052,266	
Electricity	131,374,503	-	2,489,774	-	133,874,277	-	7,488,607	-	-	-	(2,219,474)	-	139,143,410	40,773,108	-	-	3,408,420	-	-	-	-	44,181,528	-	94,961,881	
Capitalised Restoration Cost	50,124,537	-	-	4,201,221	54,325,758	-	-	-	-	-	-	-	54,325,758	32,184,780	13,392,431	(594,083)	588,594	-	-	2,559,247	-	35,342,621	12,798,348	6,184,789	
Roads	121,642,338	-	1,419,358	-	123,061,696	-	332,138	-	-	-	-	-	127,137,123	39,117,948	-	-	3,486,864	-	-	-	-	42,604,612	-	84,522,511	
Sewerage	89,660,996	1	3,988,100	-	93,650,096	1	3,428,742	(57,119)	(1)	(3,024,812)	-	93,975,906	18,641,313	-	-	2,797,921	(20,360)	-	-	-	21,418,874	-	72,957,033		
Waste Management	26,348,983	-	-	-	26,348,983	-	-	35,348,983	(3,300)	-	-	26,348,983	2,830,770	-	-	1,073,248	(3,152)	49,248	-	-	-	3,900,867	49,248	22,956,568	
Water	136,802,400	-	8,369,877	-	145,172,278	-	26,659,325	(53,558)	-	(1,387,528)	-	170,389,718	28,967,876	20,640	-	3,652,076	(16,560)	-	(20,640)	-	-	32,643,603	-	137,746,115	
Storm Water	26,931,980	-	-	-	26,931,980	-	273,936	-	-	-	-	27,205,927	4,774,678	-	-	568,246	-	-	-	-	-	5,342,924	-	21,863,002	
Capital Spares Electricity	2,092,595	-	-	-	2,092,595	-	-	-	-	-	-	2,435,536	4,548,130	-	-	-	-	-	-	-	-	-	-	4,548,130	
Capital Spares Water	380,734	-	-	-	380,734	-	-	-	-	-	-	(117,467)	263,237	-	-	-	-	-	-	-	-	-	-	263,237	
Community Assets	112,196,809	-	596,647	1,009,258	113,802,713	-	660,062	-	(194,142)	-	1,770,510	-	116,128,143	21,365,730	200,000	-	2,094,792	(14,176)	-	-	-	23,386,256	200,000	92,542,887	
Airfield	19,434	-	-	-	19,434	-	-	-	-	-	-	-	19,434	19,062	-	-	367	-	-	-	-	19,419	-	15	
Cemeteries	2,777,496	-	-	-	2,777,496	-	-	-	-	-	-	-	2,777,496	1,260,466	-	-	82,325	-	-	-	-	1,342,792	-	1,434,704	
Clinics	1,066,000	-	-	-	1,066,000	-	-	-	-	-	-	-	1,066,000	279,843	-	-	44,863	-	-	-	-	324,705	-	741,295	
Community halls	15,843,454	-	-	-	15,843,454	-	339,866	-	(12,946)	-	-	-	16,176,174	3,318,728	-	-	277,036	-	-	-	-	3,593,764	-	12,686,489	
Fire, safety & emergency	1,078,870	-	-	-	1,078,870	-	-	-	-	-	-	-	1,078,870	429,771	-	-	45,646	-	-	-	-	476,417	-	603,454	
Libraries	17,231,165	-	-	-	17,231,165	-	132,717	-	-	-	-	-	17,363,882	3,833,125	-	-	498,314	-	-	-	-	4,331,439	-	13,032,443	
Museums & Art Galleries	433,000	-	-	-	433,000	-	-	-	-	-	-	-	433,000	77,620	-	-	4,305	-	-	-	-	81,925	-	361,175	
Other	40,611,211	-	96,647	-	40,707,858	-	100,279	(77,000)	-	(96,647)	-	40,634,491	2,623,724	200,000	-	-	419,520	-	-	-	-	3,043,244	200,000	37,391,247	
Parks & Gardens	12,703,152	-	-	1,009,258	13,712,410	-	-	-	-	-	-	-	13,712,410	2,170,488	-	-	161,400	-	-	-	-	2,331,888	-	11,380,522	
Recreation facilities	19,606,463	-	-	-	19,606,463	-	87,399	-	(14,196)	-	1,867,157	-	22,046,823	6,806,883	-	-	594,039	-	-	-	-	7,386,746	-	14,660,077	
Sport fields & stadia	626,564	-	-	-	626,564	-	-	-	-	-	-	-	626,564	486,121	-	-	26,897	-	-	-	-	653,018	-	311,546	
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leased Assets	1,472,718	-	-	-	1,472,718	-	110,242	-	(82,534)	-	-	-	1,590,426	354,123	-	-	492,764	(82,534)	-	-	(6,674)	757,679	-	742,746	
Office Equipment (Lease)	1,472,718	-	-	-	1,472,718	-	110,242	-	(82,534)	-	-	-	1,590,426	354,123	-	-	492,764	(82,534)	-	-	(6,674)	757,679	-	742,746	
Other Assets	140,897,871	11,139,355	80,500	-	141,076,371	11,139,355	5,276,568	891,796	(3,512,585)	(95,934)	1,822,413	(92,862)	136,917,003	47,389,536	775,825	-	7,175,662	(3,698,765)	38,852	(261,337)	(20,435)	51,485,018	550,340	104,478,644	
Computer hardware/equipment	16,513,720	28	-	-	16,513,720	28	1,264,587	-	(1,962,313)	(15)	-	-	16,806,007	7,647,858	100,896	-	1,764,684	(1,600,342)	26,177	(88,831)	-	7,652,200	22,241	8,151,565	
Furniture & office equipment	9,609,063	58,281	-	-	9,609,063	58,281	210,616	-	(331,152)	(14)	-	-	9,546,793	4,614,874	14,139	-	1,178,168	(280,140)	6,860	(13,453)	-	5,919,462	7,547	4,028,755	
General Vehicles	32,721,391	9,632,174	-	-	32,721,391	9,632,174	1,768,088	628,478	(322,238)	(95,886)	-	(92,862)	44,430,024	15,171,651	131,265	-	2,226,667	(286,858)	-	-	(20,435)	17,089,926	-	27,348,099	
Other	4,811,746	-	-	-	4,811,746	-	-	-	-	-	-	-	4,811,746	203,210	-	-	26,155	-	-	-	-	349,345	-	4,462,401	
Other Buildings	56,430,356	1	80,500	-	56,510,856	1	563,627	-	(73,584)	-	1,822,413	-	57,843,313	7,674,708	511,737	-	661,408	-	-	-	-	8,214,365	511,737	46,117,182	
Specialised Vehicles	3,924,268	954,721	-	-	3,924,268	954,721	586,980	73,318	-	(19)	-	-	5,538,317	2,557,506	-	-	204,429	-	-	-	-	2,762,336	-	2,775,981	
Plant & Equipment	17,867,267	484,161	-	-	17,867,267	484,161	843,070	-	(793,298)	(19)	-	-	18,531,862	9,399,328	-	-	1,196,330	(671,263)	11,815	(17,787)	-	9,625,335	11,815	8,594,652	
	840,028,472	11,139,357	16,934,255	7,528,614	864,491,341	11,139,357	44,229,619	891,796	(3,813,638)	(95,935)	(1,615,134)	2,245,058	917,482,482	236,339,664	14,388,895	(594,083)	25,189,117	(3,196,936)	88,189	(261,337)	2,911,496	261,063,882	13,600,936	642,871,544	

\* Please refer to note 48.1 for Prior period errors relating to Property, Plant and Equipment.

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

	2019 R	2018 R
<b>2 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)</b>		
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Infrastructure Assets	21,356,666	11,049,051
Roads	11,981,516	2,843,512
Storm Water	-	-
Electricity	9,374,000	280,300
Water Supply	-	6,981,950
Sanitation	-	943,288
Solid Waste	1,150	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	292,312	2,367,157
Other Assets	-	1,902,913
<b>Total Property, Plant and Equipment under construction</b>	<b>21,648,978</b>	<b>15,319,121</b>
<b>Balance previously reported</b>		<b>13,416,208</b>
Correction of Error - Refer to Note 48.24.3		1,902,913
<b>Restated balance</b>		<b>15,319,121</b>

	2019 R	2018 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	15,319,121	16,934,255
Expenditure during the year	93,290,434	44,888,802
Assets unbundled during the year	(86,960,577)	(46,503,936)
Impairment recognised during the year	-	-
<b>Balance at end of year</b>	<b>21,648,978</b>	<b>15,319,121</b>

	2019 R	2018 R
<b>2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:</b>		

There is no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.

	2019 R	2018 R
<b>2.5 Property, Plant and Equipment where construction or development has been halted:</b>		
Infrastructure Assets	-	753,036
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	753,036
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
<b>Total</b>	<b>-</b>	<b>753,036</b>

There is no Property, Plant and Equipment where construction or development has been halted in the current financial year.

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

	2019 R	2018 R
<b>2</b>		
<b>PROPERTY, PLANT AND EQUIPMENT (CONTINUE)</b>		
<b>2.6</b>		
<b>Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Employee related costs	-	-
Other materials	7,715,453	6,207,037
Contracted Services	10,166,182	8,586,679
Other Expenditure	653,554	1,235,958
<b>Total Repairs and Maintenance</b>	<b>18,535,190</b>	<b>16,029,674</b>
<b>Balance previously reported</b>		<b>16,347,710</b>
Correction of Error - Refer to Note 48.21		(318,036)
<b>Restated balance</b>		<b>16,029,674</b>

Langeberg Municipality does not have a costing system in place in order to allocate employee related costs to repairs and maintenance.

	2019 R	2018 R
<b>2.7</b>		
<b>Assets pledged as security:</b>		
A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:		
- Vehicle Testing Station		
- Paving		
<b>2.8</b>		
<b>Effect of changes in accounting estimates</b>		

Disclose the effect of a change in accounting estimate will have on the current period and subsequent periods. If no changes in accounting estimate, clearly state the fact.

	2019 R	2020 R	2021 R
Effect on Property, plant and equipment	1,048,826	1,048,826	1,048,826
<b>2.9</b>			
<b>Contractual commitments for acquisition of Property, Plant and Equipment:</b>			
Approved and contracted for:	35,516,440	15,701,122	
Infrastructure	33,424,016	1,044,221	
Community	753,025	14,108,818	
Other	1,339,399	548,083	
<b>Total (VAT Incl.)</b>	<b>35,516,440</b>	<b>15,701,122</b>	
	<b>2019 R</b>	<b>2018 R</b>	
This expenditure will be financed from:			
External Loans	21,277,542	-	
Capital Replacement Reserve	8,056,167	2,462,130	
Government Grants	6,182,731	13,238,992	
Own Resources	-	-	
District Council Grants	-	-	
<b>Total (VAT Incl.)</b>	<b>35,516,440</b>	<b>15,701,122</b>	
<b>Total (VAT Excl.)</b>	<b>30,934,857</b>	<b>13,653,149</b>	



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

	2019 R	2018 R
<b>3. INVESTMENT PROPERTY</b>		
<b>3.1 Net Carrying amount at 1 July</b>	<b>28,485,321</b>	<b>28,534,902</b>
Cost	30,368,740	30,368,740
Accumulated Depreciation	(1,883,419)	(1,833,838)
Additions	201,841	-
Transfers from Investment Property	(273,260)	-
Disposals	(18,000)	-
Depreciation for the year	(50,868)	(49,582)
Impairment loss	-	-
<b>Net Carrying amount at 30 June</b>	<b>28,345,034</b>	<b>28,485,321</b>
Cost	30,552,581	30,368,740
Accumulated Depreciation	(1,934,287)	(1,883,419)
<b>Balance previously reported</b>		<b>26,901,486</b>
Correction of Error - Refer to Note 48.2		1,583,835
<b>Restated balance</b>		<b>28,485,321</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>3.2 Revenue from Investment Property</b>		
Revenue derived from the rental of Investment Property	1,619,767	1,566,715
	<b>2019 R</b>	<b>2018 R</b>
<b>3.3 Operating Expenditure incurred on properties:</b>		
<b>Repairs and Maintenance</b>		
Revenue Generating	90,367	202,453
Improved Property	90,367	202,453
<b>Total Repairs and Maintenance</b>	<b>90,367</b>	<b>202,453</b>
<b>Other Operating Expenditure</b>		
Revenue Generating	3,717,252	2,776,091
Improved Property	3,717,252	2,776,091
<b>Total Other Operating Expenditure</b>	<b>3,717,252</b>	<b>2,776,091</b>

There is no Investment Property which is in the process of being constructed or developed.

There is no Investment Property that is taking a significantly longer period of time to complete than expected.

There is no Investment Property where construction or development has been halted.

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 the repairs, maintenance or enhancements thereof.

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

	2019 R	2018 R
<b>4. INTANGIBLE ASSETS</b>		
<b>4.1 Net Carrying amount at 1 July</b>	<b>592,105</b>	<b>139,873</b>
Cost	905,125	429,954
Accumulated Amortisation	(313,020)	(290,082)
Accumulated Impairment Loss	-	-
Additions	112,000	508,690
Amortisation	(129,216)	(56,456)
Disposals	-	(1)
Impairment Loss/ Reversal of Impairment Loss	-	-
<b>Net Carrying amount at 30 June</b>	<b>574,890</b>	<b>592,105</b>
Cost	1,017,125	905,125
Accumulated Amortisation	(442,236)	(313,020)
Accumulated Impairment Loss	-	-
<b>Balance previously reported</b>		<b>1,316,295</b>
Correction of Error - Refer to Note 48.26		(724,190)
<b>Restated balance</b>		<b>592,105</b>

	2019 R	2018 R
<b>4.2 Material Intangible Assets included in the carrying value:</b>		
<b>Description</b>	<b>Carrying value</b>	
Internal Audit and Risk Management Software	393,121	494,527
Website Costs	112,000	-
Servitude Bonnievale	53,000	53,000
	<b>558,121</b>	<b>547,527</b>

Only the Bonnievale Servitude was assessed as an intangible asset having an indefinite useful life. As it is a right to use a piece of land impairment assessment annually is considered but not deemed necessary.

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.

There are no Intangible Assets which is in the process of being constructed or developed.

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

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

	2019 R	2018 R
<b>5. HERITAGE ASSETS</b>		
<b>5.1 Net Carrying amount at 1 July</b>	<b>260,000</b>	<b>260,000</b>
Cost	649,000	649,000
Accumulated Impairment Loss	(389,000)	(389,000)
Additions	15,448	-
Disposals	-	-
<b>Net Carrying amount at 30 June</b>	<b>275,448</b>	<b>260,000</b>
Cost	664,448	649,000
Accumulated Impairment Loss	(389,000)	(389,000)

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

According to the South African Heritage Resources Agency(SAHRA), the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

Montagu Municipal Offices	Administrative Use	Property, Plant and Equipment
Hofmeyer Hall	Community Hall	Property, Plant and Equipment
Robertsons Old Library	Administrative Use	Property, Plant and Equipment
McGregor Municipal Offices	Mixed Use	Investment Property

	2019 R	2018 R
<b>6. INVESTMENTS</b>		
<b>Listed</b>		
	109,948	113,791
Listed Shares	109,948	113,791
<b>Unlisted</b>	3,341	12,850
Unlisted Shares	3,341	12,850
<b>Total Investments</b>	<b>113,289</b>	<b>126,641</b>

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

Listed investments represent 270 Sanlam Shares, 685 Distell Shares.

The market value per share at year end: Sanlam Shares	78.16	70.07
The market value per share at year end: Distell Shares	129.70	138.50

Unlisted investments comprise 1028 KWV Shares (LA Concorde) held at fair value, available for sale. Valuations of investments supplied by council are:

The market value per share at year end: La Concorde Holdings Ltd	3.25	12.50
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Dividends earned on listed and unlisted shares for the year.	2,660	3,395
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>7 NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Services connections - At amortised cost	662,507	459,911
Short-term Installments	330,436	271,079
Receivables with repay arrangements - At amortised cost	9,323,508	11,679,321
Electricity	1,205,383	1,289,635
Water	2,716,175	3,779,285
Waste Management	2,091,793	2,403,433
Waste Water Management	2,747,998	3,289,783
Other Service Charges	562,159	917,185
<b>Less:</b> Current portion transferred to Receivables from Exchange Transactions	(602,904)	(530,138)
	9,713,547	11,880,173
<b>Less:</b> Provision for Debt Impairment	(9,323,508)	(11,679,321)
<b>Total Non-Current Receivables from Exchange Transactions</b>	<b>390,039</b>	<b>200,852</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	11,679,321	11,680,857
Contribution to provision/(Reversal of provision)	(2,355,813)	(1,536)
<b>Balance at end of year</b>	<b>9,323,508</b>	<b>11,679,321</b>

**SERVICES CONNECTIONS**

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

**RECEIVABLES WITH REPAY ARRANGEMENTS**

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

	2019 R	2018 R
<b>8 NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Provincial Government Housing Loans - At amortised cost	382,455	374,094
Staff bursaries and other advances - At amortised cost	198,479	108,352
Receivables with repay arrangements - At amortised cost	1,499,436	1,728,683
Property Rates	832,743	1,110,835
Availability	666,693	617,848
	2,080,370	2,211,129
<b>Less:</b> Current portion transferred to Receivables from Non-Exchange Transactions	(19,665)	(186,872)
	2,060,705	2,024,257
<b>Less:</b> Provision for Debt Impairment	(1,499,437)	(1,728,683)
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>561,269</b>	<b>295,574</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	1,728,683	1,749,651
Contribution to provision/(Reversal of provision)	(229,247)	(20,968)
<b>Balance at end of year</b>	<b>1,499,437</b>	<b>1,728,683</b>

**HOUSING LOANS**

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.

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

	2019 R	2018 R
<b>9. OPERATING LEASE ARRANGEMENTS</b>		
<b>9.1 The Municipality as Lessor</b>		
Operating Lease Asset	<u>97,015</u>	<u>102,156</u>
	<b>2019 R</b>	<b>2018 R</b>
<u>Disclosed as follows:</u>		
Current Operating Lease Asset	<u>97,015</u>	<u>102,156</u>
	<u><b>97,015</b></u>	<u><b>102,156</b></u>
<b>Balance previously reported</b>		<b>101,600</b>
Correction of Error - Refer to Note 48.6		557
<b>Restated balance</b>		<u><b>102,156</b></u>
	<b>2019 R</b>	<b>2018 R</b>
<u>Reconciliation</u>		
Balance at the beginning of the year	102,156	96,380
Movement during the year	(5,143)	5,776
Balance at the end of the year	<u><b>97,014</b></u>	<u><b>102,156</b></u>
	<b>2019 R</b>	<b>2018 R</b>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	1,379,479	1,536,294
1 to 5 Years	1,480,200	1,493,767
More than 5 Years	253,360	228,915
<b>Total Operating Lease Arrangements</b>	<u><b>3,113,038</b></u>	<u><b>3,258,976</b></u>

This operating lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

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

	2019 R	2018 R
<b>10. INVENTORY</b>		
Maintenance Materials - At cost	10,124,046	8,756,480
Compost – at cost	206,556	67,245
Other Inventory	1,302,760	-
Water – at cost	136,594	188,691
Low Cost Housing	14,039,720	5,398,084
<b>Total Inventory</b>	<b>25,809,676</b>	<b>14,410,500</b>
<b>Balance previously reported</b>		22,850,263
Correction of Error - Refer to Note 48.3		(8,439,763)
<b>Restated balance</b>		<b>14,410,500</b>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

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

5,839	3,558
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Consumable stores materials (shortages)/surpluses identified during the annual stores counts.

(47,554)	(2,167)
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Inventory recognised as an expense during the year

18,176,815	66,436,070
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**Balance previously reported**

	63,907,534
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Correction of Error - Refer to Note 48.19

	2,528,536
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**Restated balance**

	<b>66,436,070</b>
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Write down of inventory to the lower of Cost or Net Realisable Value

51,167	39,890
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No inventories were pledged as security for liabilities.

	2019 R	2018 R
<b>11. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	24,595,168	18,471,287
Water	9,573,271	9,008,817
Property Rentals	1,449,935	1,270,380
Waste Management	6,466,705	5,170,861
Waste Water Management	7,737,929	6,693,529
Other Arrears	14,360,479	13,639,568
Other Receivables	1,400,234	2,375,030
Prepayments and Advances	1,227,009	651,075
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>66,810,730</b>	<b>57,280,546</b>
<b>Less:</b> Provision for Debt Impairment	(20,977,662)	(17,704,374)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>45,833,068</b>	<b>39,576,172</b>
<b>Balance previously reported</b>		41,368,502
Correction of Error - Refer to Note 48.4		(1,792,330)
<b>Restated balance</b>		<b>39,576,172</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

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

	2019 R	2018 R
<b>11. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)</b>		
<b><u>(Electricity): Ageing</u></b>		
Current (0 - 30 days)	21,240,547	16,049,320
31 - 60 Days	716,044	391,525
61 - 90 Days	494,882	266,007
+ 90 Days	2,143,696	1,764,435
<b>Total</b>	<b>24,595,168</b>	<b>18,471,287</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	3,932,237	3,605,219
31 - 60 Days	564,402	632,707
61 - 90 Days	377,089	468,173
+ 90 Days	4,699,543	4,302,718
<b>Total</b>	<b>9,573,271</b>	<b>9,008,817</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>(Waste Management): Ageing</u></b>		
Current (0 - 30 days)	1,907,563	1,533,194
31 - 60 Days	376,890	255,834
61 - 90 Days	308,607	198,425
+ 90 Days	3,873,646	3,183,408
<b>Total</b>	<b>6,466,705</b>	<b>5,170,861</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>(Waste Water Management): Ageing</u></b>		
Current (0 - 30 days)	2,053,547	1,878,613
31 - 60 Days	412,957	316,654
61 - 90 Days	336,781	246,999
+ 90 Days	4,934,645	4,251,262
<b>Total</b>	<b>7,737,929</b>	<b>6,693,529</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>(Other): Ageing</u></b>		
Current (0 - 30 days)	14,534,983	15,077,918
31 - 60 Days	97,810	51,441
61 - 90 Days	134,122	37,288
+ 90 Days	3,670,741	2,769,405
<b>Total</b>	<b>18,437,656</b>	<b>17,936,052</b>
	<b>2019 R</b>	<b>2018 R</b>
<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	43,668,877	38,144,264
31 - 60 Days	2,168,102	1,648,162
61 - 90 Days	1,651,481	1,216,893
+ 90 Days	19,322,270	16,271,227
<b>Total</b>	<b>66,810,730</b>	<b>57,280,546</b>

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

	2019 R	2018 R	
RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)			
<u>Reconciliation of Provision for Debt Impairment</u>			
Balance at beginning of year	17,704,374	14,698,791	
Contribution to provision	3,273,288	3,005,584	
Balance at end of year	20,977,662	17,704,374	
	2019 R	2018 R	
The total amount of this provision consists of:			
Services			
Electricity	3,271,775	1,872,062	
Water	5,351,745	5,124,576	
Waste Management	4,246,773	3,383,135	
Waste Water Management	5,348,397	4,538,823	
Other Debtors	2,758,972	2,785,778	
Total Provision for Debt Impairment on Receivables from exchange transactions	20,977,662	17,704,374	
	2019 R	2018 R	
<u>Ageing of amounts past due but not impaired:</u>			
1 month past due	2,168,102	1,648,162	
2+ months past due	20,973,751	17,488,120	
	23,141,853	19,136,282	
<u>Summary of Receivables from Exchange transactions</u>			
	Gross balance	Provision for Debt Impairment	Net balance
30 June 2019			
Electricity	24,595,168	(3,271,775)	21,323,393
Water	9,573,271	(5,351,745)	4,221,526
Waste Management	6,466,705	(4,246,773)	2,219,932
Waste Water Management	7,737,929	(5,348,397)	2,389,532
Other	18,437,656	(2,758,972)	15,678,684
Balance at end of year	66,810,730	(20,977,662)	45,833,068
	Gross balance	Provision for Debt Impairment	Net balance
30 June 2018			
Electricity	18,471,287	(1,872,062)	16,599,225
Water	9,008,817	(5,124,576)	3,884,241
Waste Management	5,170,861	(3,383,135)	1,787,726
Waste Water Management	6,693,529	(4,538,823)	2,154,706
Other	17,936,053	(2,785,778)	15,150,275
Balance at end of year	57,280,546	(17,704,374)	39,576,172

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



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

	2019 R	2018 R
<b>12. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Rates	12,726,548	10,803,878
Fines	4,032,948	3,134,000
Other Receivables	12,354,839	8,777,411
Accrued Interest	673,899	149,528
Availability charges	6,708,959	6,203,728
Other	4,971,982	2,424,156
	29,114,335	22,715,289
<b>Less:</b> Provision for Debt Impairment	(18,898,034)	(16,136,115)
<b>Total Receivables from non-exchange transactions</b>	<b>10,216,301</b>	<b>6,579,174</b>
<b>Balance previously reported</b>		7,239,298
Correction of Error - Refer to Note 48.5		(660,123)
<b>Restated balance</b>		<b>6,579,174</b>

Trade Receivables with a total outstanding balance of R10 822 944 (2018: R13 408 004) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 7 and note 8 for balances deferred beyond 12 months from year end.

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

	2019 R	2018 R
<b><u>(Rates): Ageing</u></b>		
Current (0 - 30 days)	2,714,395	2,565,035
31 - 60 Days	208,659	186,630
61 - 90 Days	169,085	157,899
+ 90 Days	9,634,407	7,894,314
<b>Total</b>	<b>12,726,548</b>	<b>10,803,878</b>

	2019 R	2018 R
<b><u>Reconciliation of Provision for Debt Impairment</u></b>		
Balance at beginning of year	16,136,115	18,759,436
Contribution to provision	2,761,919	-
Reversal of provision	-	(2,623,322)
Balance at end of year	<b>18,898,034</b>	<b>16,136,115</b>
	2019 R	2018 R
The total amount of this provision consists of:		
Rates	8,922,286	7,373,869
Fines	3,698,909	2,953,662
Other	6,276,839	5,808,583
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>18,898,034</b>	<b>16,136,115</b>

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

2019

R

2018

R

12.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)

Ageing of amounts past due but not impaired:

1 month past due

208,659

186,630

2+ months past due

9,803,493

8,052,213

10,012,152

8,238,843

Summary of Receivables from Non-Exchange transactions

Gross balance

Provision for Debt Impairment

Net balance

30 June 2019

Rates

12,726,548

(8,922,286)

3,804,262

Fines

4,032,948

(3,698,909)

334,039

Other

12,354,839

(6,276,839)

6,078,000

Balance at end of year

29,114,335

(18,898,034)

10,216,301

Gross balance

Provision for Debt Impairment

Net balance

30 June 2018

Rates

10,803,878

(7,373,869)

3,430,008

Fines

3,134,000

(2,953,662)

180,338

Other

8,777,411

(5,808,583)

2,968,828

Balance at end of year

22,715,289

(16,136,115)

6,579,174

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

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

	2019 R	2018 R
<b>13. BANK ACCOUNTS</b>		
<b>13.1 <u>Cash and Cash Equivalents</u></b>		
Current Accounts	24,642,305	19,089,790
Call Deposits and Investments	130,051,054	130,034,742
Cash On-hand	10,300	10,300
<b>Total Cash and Cash Equivalents - Assets</b>	<b>154,703,659</b>	<b>149,134,832</b>

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

	2019 R	2018 R
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
ABSA Bank Limited - Account Number 1050 000 008 Montagu (Primary Bank Account):	24,642,305	19,089,790
ABSA Bank Limited - Account Number 406 272 8351 Montagu (Secondary Traffic Bank Account):	-	-
	<b>24,642,305</b>	<b>19,089,790</b>

	2019 R	2018 R
<u>Call Deposits and Investments</u>		
Investec Private Bank Account Number 1 100 458 195 450 (Cash Account)	35,000,000	35,000,000
Nedbank Account Number 03/7881034971/000042 (Cash Account)	35,000,000	35,000,000
Standard Bank Account Number 28 847 690 5 - 004 (Cash Account)	35,000,000	35,000,000
Absa Bank Limited Account Number 92 99946707 (Depositor Plus)	25,051,054	25,034,742
	<b>130,051,054</b>	<b>130,034,742</b>

Details of current accounts are as follow:

	2019 R	2018 R
<b>ABSA Bank Limited - Account Number 1050 000 008 Montagu (Primary Bank Account):</b>		
Cash book balance at beginning of year	19,089,790	20,010,635
Cash book balance at end of year	24,642,305	19,089,790
Bank statement balance at beginning of year	18,694,120	19,656,216
Bank statement balance to date	23,692,245	18,694,120
	<b>2019 R</b>	<b>2018 R</b>
<b>ABSA Bank Limited - Account Number 406 272 8351 Montagu (Secondary Traffic Bank Account):</b>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	100
Bank statement balance at end of year	-	-

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

	2019 R	2018 R
<b>14. LONG-TERM BORROWINGS</b>		
Annuity Loans - At amortised cost	13,840,544	17,365,077
Capitalised Lease Liability - At amortised cost	2,185,638	1,293,644
	<b>16,026,182</b>	<b>18,658,720</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>3,199,081</b>	<b>4,516,800</b>
Annuity Loans - At amortised cost	2,383,587	3,495,739
Capitalised Lease Liability - At amortised cost	815,494	1,021,062
	<b>12,827,102</b>	<b>14,141,920</b>
Unamortised charges on loans	(617,552)	(676,157)
Balance 1 July	(676,157)	(691,767)
Adjustment for the period	58,605	15,610
<b>Total Long-term Borrowings</b>	<b>12,209,550</b>	<b>13,465,763</b>

	2019 R	2018 R
<b>14.1</b> The obligations under annuity loans are scheduled below:		
	<b>Minimum payments</b>	
Amounts payable under annuity loans:		
Payable within one year	3,779,968	4,980,882
Payable within two to five years	11,193,619	10,745,499
Payable after five years	3,343,000	7,343,178
	<b>18,316,586</b>	<b>23,069,559</b>
<b>Less:</b> Future finance obligations	<b>(4,476,042)</b>	<b>(5,704,482)</b>
<b>Present value of annuity loans obligations</b>	<b>13,840,544</b>	<b>17,365,077</b>

**Assets pledged as security:**

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

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

		2019 R	2018 R
<b>14. LONG-TERM BORROWINGS (CONTINUE)</b>			
<b>14.2</b>	The obligations under finance leases are scheduled below:		<b>Minimum payments</b>
	Amounts payable under finance leases:		
	Payable within one year	815,494	1,154,544
	Payable within two to five years	1,306,803	209,757
	Payable after five years	-	-
		<u>2,122,297</u>	<u>1,364,301</u>
	<b>Less:</b> Future finance obligations	63,341	(70,658)
	<b>Present value of finance lease obligations</b>	<u><b>2,185,638</b></u>	<u><b>1,293,644</b></u>

The capitalised lease liability consist out of the following contracts:

Supplier	Item Leased	Serial Nr	Lease Term	Maturity Date
Sasfin	Copy Machine	15267449	36 months	25/01/2019
	Telephone System	0834143742100	36 months	25/01/2019
Sasfin		001		
Sasfin	Copy Machine	K581144	36 months	25/02/2019
Sasfin	Copy Machine	B5706424/B5706437	36 months	25/01/2019
Sasfin	Copy Machine	B5706441/44702675	36 months	25/11/2018
Sasfin	Telephone System	2B0385BK700065/A1023352100265	36 months	25/03/2019
Sasfin	Telephone System	ITL5BE 1P 10 Units	36 months	25/05/2019
Sasfin	Copy Machine	V3L6606303/09/10	36 months	25/02/2020
Sasfin	Copy Machine	LW16220247/15Y05676	36 months	27/07/2019
Sasfin	Telephone System	A44163500019	36 months	25/01/2020
Sasfin	Netlink Console	Radio Links 23 units	36 months	25/09/2019
Sasfin	Telephone System	Z1149000GB	36 months	01/11/2020
Sasfin	Telephone System	SQ966456ZA	36 months	25/06/2021
Sasfin	Copy Machine	VCG8164312	36 months	25/11/2021
Sasfin	Copy Machine	12 TaskAlfa 5052ci units	36 months	25/03/2022
Sasfin	Copy Machine	VCG8164308	36 months	25/03/2022
Konica Minolta	Copy Machine	B367 2 units A7series	36 months	25/03/2022
Konica Minolta	Copy Machine	B287 16units A7series	36 months	25/03/2022
Vodacom	Tablets	15 Tablets for the Councillors	24 months	01/10/2018
Vodacom	Tablets	8 Tablets for the Councillors	24 months	01/12/2018
Bytes Document Solutions	Copy Machine	Xerox Wc3345 4 Units	36 months	25/03/2022
Bytes Document Solutions	Copy Machine	Veralink B7025 5 Units	36 months	25/03/2022

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

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

		2019 R	2018 R
<b>15. NON-CURRENT PROVISIONS</b>			
Provision for Rehabilitation of Landfill-sites		44,960,495	49,506,065
<b>Total Non-current Provisions</b>		<b>44,960,495</b>	<b>49,506,065</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>15.1 Landfill Sites</b>			
Balance 1 July		60,976,688	58,785,510
Contribution for the year		-	-
Change in Provision for Rehabilitation Cost		(4,438,924)	(1,453,925)
Expenditure for the year		3,750,066	3,645,104
<b>Total provision 30 June</b>		<b>60,287,831</b>	<b>60,976,688</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18		(15,327,335)	(11,470,624)
<b>Balance 30 June</b>		<b>44,960,495</b>	<b>49,506,065</b>
<b>Balance previously reported</b>			<b>54,181,595</b>
Correction of Error - Refer to Note 48.7			(4,675,531)
<b>Restated balance</b>			<b>49,506,064</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The municipality has an obligation to rehabilitate landfill sites after the end of the expected useful life of the asset. The details are as follows:

Location	Area (m <sup>2</sup> )	Actual/ Estimated closure date	Estimated decommission date	2019 R	2018 R
Montagu	17,190	2015	2020	9,670,775	9,022,550
Bonnievale	28,890	2056	2061	8,395,747	12,190,398
McGregor	35,752	2015	2020	19,621,283	18,243,429
Ashton	44,685	2019	2024	22,600,026	21,520,313
				<b>60,287,831</b>	<b>60,976,689</b>

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

		2019 R	2018 R	
16.	NON-CURRENT EMPLOYEE BENEFITS			
	Provision for Post Retirement Health Care Benefits	46,021,870	51,084,796	
	Provision for Long Service Awards	12,228,899	9,110,689	
	<b>Total Non-current Employee Benefits</b>	<b>58,250,768</b>	<b>60,195,485</b>	
		2019 R	2018 R	
	<b><u>Post Retirement Health Care Benefits</u></b>			
	Balance 1 July	53,056,050	52,109,861	
	Contribution for the year	2,085,290	2,264,754	
	Interest Cost	4,985,294	4,936,105	
	Expenditure for the year	(2,082,647)	(1,905,809)	
	Actuarial Loss/(Gain)	(9,772,402)	(4,348,861)	
	<b>Total provision 30 June</b>	<b>48,271,585</b>	<b>53,056,050</b>	
	<b>Less:</b> Transfer of Current Portion - Note 19	(2,249,715)	(1,971,254)	
	<b>Balance 30 June</b>	<b>46,021,870</b>	<b>51,084,796</b>	
		2019 R	2018 R	
	<b><u>Long Service Awards</u></b>			
	Balance 1 July	10,633,381	9,597,679	
	Contribution for the year	889,347	825,092	
	Interest Cost	837,472	769,111	
	Expenditure for the year	(1,328,027)	(893,736)	
	Actuarial Loss/(Gain)	2,615,533	335,235	
	<b>Total provision 30 June</b>	<b>13,647,706</b>	<b>10,633,381</b>	
	<b>Less:</b> Transfer of Current Portion - Note 19	(1,418,807)	(1,522,692)	
	<b>Balance 30 June</b>	<b>12,228,899</b>	<b>9,110,689</b>	
		2019 R	2018 R	
16.1	Provision for Post Retirement Health Care Benefits			
	The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
	In-service (employee) members	188	179	
	In-service (employee) non-members	525	522	
	Continuation members (e.g. Retirees, widows, orphans)	64	60	
	<b>Total Members</b>	<b>777</b>	<b>761</b>	
		2019 R	2018 R	
	The liability in respect of past service has been estimated to be as follows:			
	In-service members	17,062,165	26,932,914	
	In-service non-members	5,540,106	4,689,272	
	Continuation members	25,669,313	21,433,864	
	<b>Total Liability</b>	<b>48,271,584</b>	<b>53,056,050</b>	
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
		2017 R	2016 R	2015 R
	In-service members	25,602,644	25,242,938	24,859,518
	In-service non-members	4,533,937	4,820,764	4,752,275
	Continuation members	21,973,279	21,349,268	22,776,561
	<b>Total Liability</b>	<b>52,109,860</b>	<b>51,412,970</b>	<b>52,388,354</b>

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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2019 Rm	2018 Rm	2017 Rm	2016 Rm	2015 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	0.034	(1.247)	0.956	(3.558)	(1.925)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

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

Bonitas  
Discovery  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 751 388, whereas the Interest Cost for the next year is estimated to be R4 368 093.

Key actuarial assumptions used:	2019 %	2018 %
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The Projected Unit Credit Method has been used to value the liabilities.

i) Rate of interest

Discount rate	9.26%	9.57%
Health Care Cost Inflation Rate	6.77%	7.40%
Net Effective Discount Rate	2.33%	2.02%

ii) Mortality rates

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

iii) Normal retirement age

It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

iv) Expected rate of salary increases

2018/2019 - 7% + additional 0,5% for employees who earn a basic salary of R9 000 or less.

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

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	48,271,585	53,056,050
<b>Net liability/(asset)</b>	<b>48,271,585</b>	<b>53,056,050</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	53,056,050	52,109,861
Total expenses	4,987,937	5,295,050
Current service cost	2,085,290	2,264,754
Interest Cost	4,985,294	4,936,105
Benefits Paid	(2,082,647)	(1,905,809)
Actuarial (gains)/losses	(9,772,402)	(4,348,861)
<b>Present value of fund obligation at the end of the year</b>	<b>48,271,585</b>	<b>53,056,050</b>



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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
<b>Assumption</b>			
Central Assumptions	22.602	25.669	48.272

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
<b>Assumption</b>					
Health care inflation	+1%	25.536	27.354	52.890	10%
Health care inflation	-1%	19.270	23.803	43.073	-11%
Discount rate	+1%	18.885	23.621	42.505	-12%
Discount rate	-1%	27.409	28.057	55.465	15%
Post-retirement mortality	-1 yr	23.314	26.631	49.845	3%
Average retirement age	-1%	24.576	25.669	50.245	4%
Withdrawal Rate	-10%	16.815	25.669	42.484	-12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

	Current Service Cost (R)	Interest Cost (R)	Total (R)
<b>Assumption</b>			
Central Assumptions	2,085,300	4,985,300	7,070,600

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Assumption</b>					
Health care inflation	+1%	2,322,800	5,399,000	7,721,800	9%
Health care inflation	-1%	1,779,900	4,491,500	6,271,400	-11%
Discount rate	+1%	1,731,300	4,847,000	6,578,300	-7%
Discount rate	-1%	2,542,100	5,124,500	7,666,600	8%
Post-retirement mortality	-1 yr	2,138,900	5,143,500	7,282,400	3%
Average retirement age	-1 yr	2,101,400	5,215,500	7,316,900	3%
Continuation of membership at retirement	-10%	1,525,400	4,287,800	5,813,200	-18%

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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Future Service Cost (R)	Interest Cost (R)	Total (R)
<b>Assumption</b>			
Central Assumptions	1,751,400	4,368,100	6,119,500

The effect of movements in the assumptions are as follows:

	Change	Future Service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Assumption</b>					
Health care inflation	+1%	1,998,900	4,795,300	6,794,200	11%
Health care inflation	-1%	1,457,300	3,887,200	5,344,500	-13%
Discount rate	+1%	1,432,800	4,248,500	5,681,300	-7%
Discount rate	-1%	2,171,700	4,490,400	6,662,100	9%
Post-retirement mortality	-1 yr	1,797,800	4,513,800	6,311,600	3%
Average retirement age	-1 yr	1,803,000	4,550,900	6,353,900	4%
Continuation of membership at retirement	-10%	1,283,400	3,832,200	5,115,600	-16%

16.2 Provision for Long Service Awards

The Long Service Award plans are defined benefit plans.

As at year end, the following employees were eligible for Long Service Awards:

	2019 R	2018 R
	713	701
	2019 %	2018 %

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8.20%	8.47%
General Salary Inflation (long-term)	5.58%	6.10%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.48%	2.23%

The Projected Unit Credit Method has been used to value the liabilities.

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	13,647,706	10,633,381
<b>Net liability/(asset)</b>	<b>13,647,706</b>	<b>10,633,381</b>
	2019 R	2018 R
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	10,633,381	9,597,679
Total expenses	398,792	700,467
Current service cost	889,347	825,092
Interest Cost	837,472	769,111
Benefits Paid	(1,328,027)	(893,736)
Actuarial (gains)/losses	2,615,533	335,235
Present value of fund obligation at the end of the year	<b>13,647,706</b>	<b>10,633,381</b>

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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

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

			2017 R	2016 R	2015 R
<b>Total Liability</b>			<b>9,597,679</b>	<b>9,377,980</b>	<b>9,279,667</b>
Experience adjustments were calculated as follows:	<b>2019 R</b>	<b>2018 R</b>	<b>2017 R</b>	<b>2016 R</b>	<b>2015 R</b>
Liabilities: (Gain) / loss	218,358	450,083	-61,820	256,159	175,329
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2019

	Change	Liability (Rm)	% change
<b>Assumption</b>			
Central assumptions		13.648	
General salary inflation	+1%	14.588	7%
General salary inflation	-1%	12.803	-6%
Discount rate	+1%	12.776	-6%
Discount rate	-1%	14.635	7%
Average retirement age	-2 yrs	11.884	-13%
Average retirement age	+2 yrs	16.076	18%
Withdrawal rates	-50%	15.623	14%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

	Current Service Cost (R)	Interest Cost (R)	Total (R)
<b>Assumption</b>			
Central Assumptions	889,300	837,500	1,726,800

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Assumption</b>					
Health care inflation	1%	960,000	889,600	1,849,600	7%
Health care inflation	-1%	826,100	789,900	1,616,000	-6%
Discount rate	1%	831,700	881,000	1,712,700	-1%
Discount rate	-1%	954,600	787,300	1,741,900	1%
Post-retirement mortality	-2 yrs	779,100	707,300	1,486,400	-14%
Average retirement age	+2 yrs	1,006,500	973,300	1,979,800	15%
Withdrawal Rate	-50%	1,170,900	991,800	2,162,700	25%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Future Service Cost (R)	Interest Cost (R)	Total (R)
<b>Assumption</b>			
Central Assumptions	1,228,700	1,062,100	2,290,800

The effect of movements in the assumptions are as follows:

	Change	Future Service Cost (R)	Interest Cost (R)	Total (R)	% change
<b>Assumption</b>					
Health care inflation	1%	1,345,100	1,139,200	2,484,300	8%
Health care inflation	-1%	1,126,500	992,800	2,119,300	-7%
Discount rate	1%	1,134,600	1,111,600	2,246,200	-2%
Discount rate	-1%	1,337,400	1,003,500	2,340,900	2%
Post-retirement mortality	-2 yrs	1,091,800	919,800	2,011,600	-12%
Average retirement age	+2 yrs	1,382,900	1,261,200	2,644,100	15%
Withdrawal Rate	-50%	1,523,600	1,224,100	2,747,700	20%

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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

16.3 Retirement funds

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

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

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

**LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)**

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2018	2,018,237	2,018,237	1

2019  
R

2018  
R

Contributions paid recognised in the Statement of Financial Performance

28,339

26,486

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181, 000 (30 June 2017 : R1, 859,077,000), with a nett accumulated surplus of R63, 423,000 (2017 : R46,989,000 ), with a funding level of 103.7% (30 June 2017 : 102.6%).

The actuarial valuation report at 30 June 2018 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R2,018,237,000.00 (30 June 2017: R1,911,937,000.00), net investment reserve of R0 (30 June 2017: R0) and with a funding level of 100% (2017: 100%).

The actuary concluded that :

- The Pensioner Account has a funding level of 103.7% with a surplus of R63.4 million and is in a sound financial condition as at the valuation date.
- The DC Section has a funding level of 100% and is in a sound financial condition.
- Overall the Fund is in a sound financial condition with a surplus of R63.0 million and an overall funding level of 101.7%.
- The Trustees allocated the negative balance of the Processing Reserve Account of -0.3% of liabilities to Members' Shares and Living Annuitant accounts.
- The Trustees awarded a 3.22% pension increase effective 1 January 2019.
- The Trustees increased the pension increase target from 65% to 70% of price inflation from 1 January 2019.
- The Trustees awarded a 60% of monthly pension bonus to pensioners payable in December 2018.

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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

It is to be noted that :

- The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- Pensioner liabilities include DB Deferred Member liabilities and a provision for future expenses related to these categories of membership.
- The funding level is determined by dividing the value of the assets of the Pensioner Account by the sum of the pensioner liabilities and the Solvency Reserve.
- The Processing Error Reserve Account held a negative balance of –R5.882 million as at 30 June 2018 representing -0.3% of the DC Section liabilities. The Trustees may allocate the balance of the Processing Error Reserve Account to Members' Shares and Living Annuitants' accounts.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

**CAPE RETIREMENT FUND**

<b>CAPE RETIREMENT FUND</b>	<b>Last Actuarial Valuation</b>	<b>Total Assets R'000</b>	<b>Total Liabilities R'000</b>	<b>Contributing members of Langeberg Municipality</b>
The contribution rate payable is 9% by members and 18% by Council.	June 2017	20,643,329	20,574,162	657
			<b>2019 R</b>	<b>2018 R</b>
Contributions paid recognised in the Statement of Financial Performance			17,909,994	16,129,364

The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R20,643,329,000 (30 June 2016: R20,074,604,000), with funding levels of 100,3% and 127,3% (30 June 2016 100,5% and 118%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2017 & 2016. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	<b>Last Actuarial Valuation</b>	<b>Total Assets R'000</b>	<b>Total Liabilities R'000</b>	<b>Contributing members of Langeberg Municipality</b>
<b>South African Local Authorities Pension Fund</b>	July 2018	14,298,600	14,899,800	18
<b>Municipal Workers Retirement Fund ( previously SAMWU National Provident Fund)</b>	July 2015	7,720,948	7,569,557	55
			<b>2019 R</b>	<b>2018 R</b>
Contributions paid recognised in the Statement of Financial Performance				
SALA Pension Fund			586,437	537,898
SAMWU National Provident Fund			1,581,900	1,699,225
			<b>2,168,338</b>	<b>2,237,123</b>

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

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2018 revealed that the assets of the fund amounted to R14,298,600.00 (30 June 2015 : R13,231,200.00), with funding levels of 96.0% (30 June 2015: 100%). Recommended that employers continue to contribute at the current rate of 19.18% of pensioners salaries.

It is the actuary's opinion that :

- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

17. CONSUMER DEPOSITS

Municipal Services

**Total Consumer Deposits**

**2019  
R**

**2018  
R**

12,214,563

11,086,873

**12,214,563**

**11,086,873**

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

**Guarantees held in lieu of Electricity and Water Deposits**

**2019  
R**

**2018  
R**

2,414,449

2,414,449

18. PROVISIONS

Current Portion of Rehabilitation of Landfill Sites - Note 15

**Total Provisions**

**2019  
R**

**2018  
R**

15,327,335

11,470,624

**15,327,335**

**11,470,624**

**Balance previously reported**

Correction of Error - Refer to Note 48.8

**Restated balance**

**9,121,714**

2,348,910

**11,470,624**

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

	2019 R	2018 R
<b>19. CURRENT EMPLOYEE BENEFITS</b>		
Performance Bonuses	815,109	433,989
Staff Bonuses	4,760,650	4,532,480
Staff Leave	10,143,082	9,294,129
Current Portion of Non-Current Provisions	3,668,522	3,493,946
Current Portion of Post Retirement Benefits - Note 16	2,249,715	1,971,254
Current Portion of Long-Service Provisions - Note 16	1,418,807	1,522,692
<b>Total Provisions</b>	<b>19,387,364</b>	<b>17,754,544</b>

Refer to Correction of error note 48.9 for the prior year error that has a zero net effect.

The movement in current provisions are reconciled as follows:

	2019 R	2018 R
<b>19.1 Performance Bonuses</b>		
Balance at beginning of year	433,989	411,482
Contribution to current portion	738,831	368,718
Expenditure incurred	(357,710)	(346,212)
Balance at end of year	<b>815,109</b>	<b>433,989</b>
<b>Balance previously reported</b>		<b>372,671</b>
Correction of Error - Refer to Note 48.9		61,318
<b>Restated balance</b>		<b>433,989</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

	2019 R	2018 R
<b>19.2 Staff Bonuses</b>		
Balance at beginning of year	4,532,480	4,175,554
Contribution to current portion	8,940,171	8,254,988
Expenditure incurred	(8,712,001)	(7,898,062)
Balance at end of year	<b>4,760,650</b>	<b>4,532,480</b>
<b>Balance previously reported</b>		<b>4,593,798</b>
Correction of Error - Refer to Note 48.9		(61,318)
<b>Restated balance</b>		<b>4,532,480</b>

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

	2019 R	2018 R
<b>19.3 Staff Leave</b>		
Balance at beginning of year	9,294,129	7,147,297
Contribution to current portion	5,827,339	6,378,521
Expenditure incurred	(4,978,385)	(4,231,689)
Balance at end of year	<b>10,143,082</b>	<b>9,294,129</b>

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

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

	2019 R	2018 R
<b>20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Payables	48,615,202	47,403,580
Advance Payments	4,663,060	4,373,606
Other Payables	1,011,959	370,987
Sundry Deposits	11,779,521	9,912,485
Retentions	4,548,160	2,401,902
<b>Total Trade Payables</b>	<b>70,617,902</b>	<b>64,462,559</b>
<b>Balance previously reported</b>		<b>64,490,166</b>
Correction of Error - Refer to Note 48.10		(27,607)
<b>Restated balance</b>		<b>64,462,559</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and other general deposits.

	2019 R	2018 R
<b>21. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	7,415,488	13,653,475
National Government Grants	1,258,075	4,981,146
Provincial Government Grants	5,748,651	7,964,832
District Municipality	408,762	707,497
Other Sources	-	-
<b>Less: Unpaid Transfers and Subsidies</b>	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
<b>Total Unspent Transfers and Subsidies</b>	<b>7,415,488</b>	<b>13,653,475</b>
<b>Balance previously reported</b>		<b>13,644,475</b>
Correction of Error - Refer to Note 48.11		9,000
<b>Restated balance</b>		<b>13,653,475</b>

See appendix "C" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2019 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2019/2020 financial year.

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



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

	2019 R	2018 R
<b>22. UNSPENT PUBLIC CONTRIBUTIONS</b>		
Silwer Strand Home Owners Association	-	-
Robertson Arts and Crafts Project	-	-
	<u>-</u>	<u>-</u>
<b>Balance previously reported</b>		<b>684,330</b>
Correction of Error - Refer to Note 48.28		(684,330)
<b>Restated balance</b>		<u><u>-</u></u>

Unspent Public Contributions consisted of Silwer Strand Home Owners Association and Robertson Arts and Crafts Project.

The amounts were recognised as revenue as there are no more pending conditions to be met against the grants, in the case of the Silverstrand grant the municipality has spent money through its CRR in previous years on bulk infrastructure. An amount equivalent to the amount recognised for the arts and crafts project is cash backed in the CRR if the need arises for a similar project in the future.

	2019 R	2018 R
<b>23. TAXES</b>		
<b>23.1</b>		
VAT Payable	636,279	(212,064)
VAT Output in Suspense	8,978,109	7,442,970
<b>Less:</b> Contribution to Provision for Doubtful Debt Impairment	(4,796,387)	(4,199,768)
<b>Total VAT Payable</b>	<u><b>4,818,002</b></u>	<u><b>3,031,139</b></u>
<b>Balance previously reported</b>		<b>3,335,312</b>
Correction of Error - Refer to Note 48.12		(304,173)
<b>Restated balance</b>		<u><u><b>3,031,139</b></u></u>

	2019 R	2018 R
<b>23.2</b>		
VAT Receivable	94,344	-
VAT Input in Suspense	6,194,240	5,544,793
<b>Total VAT Receivable</b>	<u><b>6,288,584</b></u>	<u><b>5,544,793</b></u>

	2019 R	2018 R
<b>23.3</b>		
<b>Net VAT (Payable)/Receivable</b>	<u><b>1,470,582</b></u>	<u><b>2,513,653</b></u>
<b>Balance previously reported</b>		<b>2,209,480</b>
Correction of Error - Refer to Note 48.12		304,173
<b>Restated balance</b>		<u><u><b>2,513,653</b></u></u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

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

	2019 R	2018 R
<b>24. SHORT-TERM BORROWINGS</b>		
The Municipality has no short term borrowings.		
	2019 R	2018 R
<b>25. NET ASSET RESERVES</b>		
RESERVES	62,921,000	56,421,002
Capital Replacement Reserve	62,921,000	56,421,002
<b>Total Net Asset Reserve and Liabilities</b>	<b>62,921,000</b>	<b>56,421,002</b>

25.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

	2019 R	2018 R
<b>26. PROPERTY RATES</b>		
<u>Actual</u>		
<b>Rateable Land and Buildings</b>	62,339,585	56,903,689
Residential, Commercial Property, State	62,339,585	56,903,689
<u>Less: Revenue Forgone</u>	(9,660,090)	(10,382,436)
<b>Total Property Rates</b>	<b>52,679,495</b>	<b>46,521,253</b>

	2019 R	2018 R
<u>Valuations - 1 July 2018</u>		
<b>Rateable Land and Buildings</b>	14,531,328,426	14,391,748,371
Business and Commercial Property	1,495,143,477	1,478,874,446
Municipal Properties	393,125,878	412,187,038
Residential Properties	5,819,520,673	5,738,269,639
State-owned Properties	289,685,700	289,685,700
Agricultural Property	6,197,124,548	6,124,727,548
Other Categories	336,728,150	348,004,000
<b>Total Assessment Rates</b>	<b>14,531,328,426</b>	<b>14,391,748,371</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

Residential	0.0060c/R	0.0056c/R
Commercial, Industrial & Government	0.0089c/R	0.0081c/R
Public Benefit Organisations	0.0012c/R	0.0011c/R
Agricultural	0.0012c/R	0.0011c/R

Rates are levied annually and are payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - In terms of the Rates policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates.

The first R15 000 on the valuation is exempted in terms section 17(1)(h) of Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Government Grants and Subsidies - Operating	103,329,611	99,852,701
Equitable Share	73,093,000	65,384,000
Expanded Public Works Programme Integrated Grant	1,740,000	1,866,000
Integrated National Electrification Programme	2,034,546	122,800
Local Government Financial Management Grant	1,550,000	1,550,000
Municipal Infrastructure Grant	3,304,575	2,091,725
Human Settlements Development Grant (Beneficiaries)	11,645,238	19,276,934
Title deed registration grant	231,148	-
Library Services	3,210,000	9,171,242
Library services:MRF	5,700,000	-
Western Cape Financial Management Capacity Building	122,000	60,000
CDWM Cultural Events	38,622	-
Training	330,482	-
Western Cape Financial Management Support Grant	330,000	330,000
Government Grants and Subsidies - Capital	56,306,600	24,144,506
Integrated National Electrification Programme Grant	965,454	877,200
Municipal Infrastructure Grant	22,030,497	14,877,128
Libraries	-	456,621
Accelerating of Housing	-	4,274,259
Fire Service Capacity Building Grant	121,672	659,298
Municipal Drought Relief	4,200,000	3,000,000
Human Settlements Development Grant (Beneficiaries)	28,228,863	-
CWDM: Construction of Boundary Walls of Sportsfields	467,801	-
CWDM:King Edward Sport Grounds Upgrade	292,312	-
<b>Total Government Grants and Subsidies</b>	<b>159,636,211</b>	<b>123,997,208</b>
<b>Balance previously reported</b>		<b>124,006,208</b>
Correction of Error - Refer to Note 48.14 and 48.24.4		(9,000)
<b>Restated balance</b>		<b>123,997,208</b>

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
Included in above are the following grants and subsidies received:		
<b><u>Unconditional</u></b>	73,093,000	65,384,000
Equitable Share	73,093,000	65,384,000
<b><u>Conditional</u></b>	86,543,211	58,613,208
Expanded Public Works Programme Integrated Grant	1,740,000	1,866,000
Integrated National Electrification Programme	2,034,546	122,800
Local Government Financial Management Grant	1,550,000	1,550,000
Municipal Infrastructure Grant	25,335,072	16,968,854
Human Settlements Development Grant (Beneficiaries)	39,874,102	19,276,934
Title deed registration grant	231,148	-
Library Services	3,210,000	9,171,242
Library services:MRF	5,700,000	-
Western Cape Financial Management Capacity Building	122,000	60,000
CDWM Cultural Events	38,622	-
Training	330,482	-
Western Cape Financial Management Support Grant	330,000	330,000
CWDM:King Edward Sport Grounds Upgrade	292,312	-
Integrated National Electrification Programme Grant	965,454	877,200
Libraries	-	456,621
Accelerating of Housing	-	4,274,259
Fire Service Capacity Building Grant	121,672	659,298
Municipal Drought Relief	4,200,000	3,000,000
CWDM: Construction of Boundary Walls of Sportsfields	467,801	-
<b>Total Government Grants and Subsidies</b>	<b>159,636,211</b>	<b>123,997,208</b>
	<b>2019 R</b>	<b>2018 R</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	73,093,000	65,384,000
Executive & Council	330,482	2,239,298
Finance and Administration	1,880,000	-
Budget & Treasury	-	1,881,193
Corporate Services	-	106,601
Community & Social Services	10,932,294	9,271,256
Sport & Recreation	760,113	-
Public Safety	-	659,298
Housing	40,105,250	19,239,627
Planning & Development	25,335,072	1,866,000
Road Transport	-	-
Energy Sources	3,000,000	1,000,000
Water Management	4,200,000	22,298,302
Waste Water Management	-	51,633
<b>Total Government Grants and Subsidies</b>	<b>159,636,211</b>	<b>123,997,208</b>

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>27.1 <u>Equitable Share</u></b>		
Opening balance	-	-
Grants received	73,093,000	65,384,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(73,093,000)	(65,384,000)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*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.*

	2019 R	2018 R
<b>27.2 <u>Local Government Financial Management Grant (FMG)</u></b>		
Opening balance	-	-
Grants received	1,550,000	1,550,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,550,000)	(1,550,000)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).*

	2019 R	2018 R
<b>27.3 <u>Municipal Infrastructure Grant (MIG)</u></b>		
Opening balance	4,981,146	-
Grants received	21,612,000	21,950,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3,304,575)	(2,091,725)
Conditions met - Capital	(22,030,497)	(14,877,128)
<b>Conditions still to be met</b>	<b>1,258,075</b>	<b>4,981,146</b>

*The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.*

	2019 R	2018 R
<b>27.4 <u>Integrated National Electrification Grant</u></b>		
Opening balance	-	-
Grants received	3,000,000	1,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2,034,546)	(122,800)
Conditions met - Capital	(965,454)	(877,200)
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*The National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.*

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>27.5 <u>Expanded Public Works Grant</u></b>		
Opening balance	-	-
Grants received	1,740,000	1,866,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,740,000)	(1,866,000)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*The Expanded Public Works Grant is used to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods.*

	2019 R	2018 R
<b>27.6 <u>Human Settlements Development Grant (Beneficiaries), Title Deed Registration Grant and Acceleration of Housing Delivery</u></b>		
Opening balance	3,324,130	1,340,376
Grants received	42,032,742	25,518,704
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(11,876,387)	(19,276,934)
Conditions met - Capital	(28,228,863)	(4,227,933)
Transfer	-	(30,083)
<b>Conditions still to be met</b>	<b>5,251,622</b>	<b>3,324,130</b>

*To provide funding for the creation of sustainable and integrated human settlements.*

	2019 R	2018 R
<b>27.7 <u>Community Library Services Grant</u></b>		
Opening balance	-	82,160
Grants received	3,210,000	3,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3,210,000)	(3,000,000)
Conditions met - Capital	-	(82,160)
<b>Conditions still to be met</b>	<b>-</b>	<b>0</b>

*The Community Library Services Grant is used to pay costs relating to library services. Eg: Employee related costs of library staff*

	2019 R	2018 R
<b>27.8 <u>Community Library Services - MRF</u></b>		
Opening balance	-	354,775
Grants received	5,700,000	5,570,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(5,700,000)	(5,550,313)
Conditions met - Capital	-	(374,462)
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*The Community Library services MRF grant is used to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives. (example of expenditure: salaries and operational costs)*

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>27.9 <u>Western Cape Financial Management Support Grant</u></b>		
Opening balance	-	-
Grants received	330,000	330,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(330,000)	(330,000)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*To provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.*

	2019 R	2018 R
<b>27.10 <u>Western Cape Financial Management Capacity Building Grant</u></b>		
Opening balance	240,000	60,000
Grants received	360,000	240,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(122,000)	(60,000)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>478,000</b>	<b>240,000</b>

*The purpose of this grant is to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to the municipality's requirements to enable sound and sustainable financial management and good financial governance.*

	2019 R	2018 R
<b>27.11 <u>Local Government Graduate Internship</u></b>		
Opening balance	60,000	60,000
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	(60,000)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>60,000</b>

*This grant is used to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.*

	2019 R	2018 R
<b>27.12 <u>Fire Services Capacity Building Grant</u></b>		
Opening balance	140,702	-
Grants received	-	800,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(121,672)	(659,298)
<b>Conditions still to be met</b>	<b>19,029</b>	<b>140,702</b>

*This grant is used to ensure functional emergency communication, mobilisation systems and fire services.*

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>27.13 <u>Emergency Drought Relief</u></b>		
Opening balance	-	-
Grants received	-	3,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(3,000,000)
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

*This grant is for the development of municipal water infrastructure with the purpose of augmenting water supply in drought stricken municipalities.*

	2019 R	2018 R
<b>27.14 <u>Municipal Drought Relief Grant</u></b>		
Opening balance	4,200,000	-
Grants received	-	4,200,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(4,200,000)	-
<b>Conditions still to be met</b>	<b>-</b>	<b>4,200,000</b>

*This grant is used for drought relief financial assistance to municipalities to augment water supply, bulk infrastructure capacity and demand reduction in drought stricken municipalities.*

	2019 R	2018 R
<b>27.15 <u>CWDM: Upgrade of Ablution Facilities at King Edward Sport Grounds</u></b>		
Opening balance	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>
<b>Balance previously reported</b>		<b>50,000</b>
Correction of Error - Refer to Note 48.24.4		(50,000)
<b>Restated balance</b>		<b>-</b>

*This grant is used for maintenance, repair and alterations to the King Edwards Sports Ground ablution facilities*

	2019 R	2018 R
<b>27.16 <u>Bakery Project</u></b>		
Opening balance	168,875	187,868
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(18,993)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>168,875</b>	<b>168,875</b>

*Funds were received from the Cape Winelands District Municipality to roll out a bakery project to assist communities in the Langeberg area.*



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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>27.17 <u>CDWM Cultural Events</u></b>		
Opening balance	38,622	126,230
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(38,622)	(87,608)
Conditions met - Capital	-	-
<b>Conditions still to be met</b>	<b>0</b>	<b>38,622</b>

*The purpose of the grant is to provide funding in order to facilitate cultural events, sport events and the Christmas Lights event in the area of Langeberg Municipality.*

	2019 R	2018 R
<b>27.18 <u>CWDM: King Edward Sport Grounds Upgrade</u></b>		
Opening balance	500,000	-
Grants received	-	500,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(292,312)	-
<b>Conditions still to be met</b>	<b>207,688</b>	<b>500,000</b>
<b>Balance previously reported</b>		<b>441,000</b>
Correction of Error - Refer to Note 48.14 and 48.24.4		59,000
<b>Restated balance</b>		<b>500,000</b>

*This grant is used for maintenance, repair and alterations to the King Edwards Sports Ground facilities*

	2019 R	2018 R
<b>27.19 <u>CWDM: Construction of Boundary Walls of Sportsfields</u></b>		
Opening balance	-	-
Correction of Error	-	-
Grants received	500,000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(467,801)	-
Transfer/Write-off	-	-
<b>Conditions still to be met</b>	<b>32,199</b>	<b>-</b>

*This grant is an initiative for the erection and maintenance of boundary walls for the Langeberg sportsfields and community walls.*

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

	2019 R	2018 R
<b>27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>		
<b>27.20 Other Grants</b>		
Opening balance	-	863,788
Grants received	330,482	275,829
Interest received	-	-
Repaid to National Revenue Fund	-	(297,571)
Conditions met - Operating	(330,482)	(514,328)
Conditions met - Capital	-	(46,326)
Transfer/Write-off	-	(281,393)
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>27.21 Total Grants</b>		
Opening balance	13,653,475	3,075,197
Grants received	153,458,224	135,184,533
Interest received	-	-
Repaid to National Revenue Fund	(60,000)	(297,571)
Conditions met - Operating	(103,329,611)	(99,852,701)
Conditions met - Capital	(56,306,600)	(24,144,506)
Transfer/Write-off	-	(311,476)
<b>Conditions still to be met/(Grant expenditure to be recovered)</b>	<b>7,415,488</b>	<b>13,653,475</b>
<b>Balance previously reported</b>		<b>13,644,475</b>
Correction of Error - Refer to Note 48.14		9,000
<b>Restated balance</b>		<b>13,653,475</b>
	<b>2019 R</b>	<b>2018 R</b>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	7,415,488	13,653,475
Unpaid Conditional Government Grants and Receipts	-	-
<b>Total</b>	<b>7,415,488</b>	<b>13,653,475</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>28. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
Other contributed assets	-	40,439
<b>Total Contributed Property, Plant and Equipment</b>	<b>-</b>	<b>40,439</b>
	<b>2019 R</b>	<b>2018 R</b>
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	-	40,439
Revenue from Exchange Transactions	-	-
<b>Total Contributed Property, Plant and Equipment</b>	<b>-</b>	<b>40,439</b>

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

	2019 R	2018 R
<b>29. SERVICE CHARGES</b>		
Electricity	369,410,647	337,669,912
Water	44,391,373	27,387,542
Waste Management	29,635,935	21,892,475
Waste Water Management	33,526,298	31,594,659
	<u>476,964,253</u>	<u>418,544,589</u>
Less: Rebates	(23,241,692)	(19,693,137)
	<u><b>453,722,561</b></u>	<u><b>398,851,451</b></u>
<b>Balance previously reported</b>		<b>399,062,336</b>
Correction of Error - Refer to Note 48.13		(210,885)
<b>Restated balance</b>		<u><b>398,851,451</b></u>

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2019 R	2018 R
<b>30. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Application Fees for Land Usage	1,083,050	732,942
Building Plan Approval	1,078,516	1,132,258
Building Plan Clause Levy	66,510	69,351
Cemetery and Burial	571,201	567,086
Connection Fees	4,896,118	4,046,222
Development Charges	5,012,695	6,005,092
Fire Services	89,215	84,066
Photocopies and Faxes	105,397	88,936
Re-connection fees	482,673	366,910
Rendering of Services	2,203,048	2,954,618
Valuation Services	161,089	155,703
	<u><b>15,749,511</b></u>	<u><b>16,203,184</b></u>
<b>Total Sales of Goods and Rendering of Services</b>		
<b>Balance previously reported</b>		<b>16,206,578</b>
Correction of Error - Refer to Note 48.30		(3,395)
<b>Restated balance</b>		<u><b>16,203,184</b></u>

	2019 R	2018 R
<b>31. RENTAL FROM FIXED ASSETS</b>		
Investment Property	1,619,767	1,566,715
Property, Plant and Equipment	1,543,441	1,321,182
	<u><b>3,163,208</b></u>	<u><b>2,887,897</b></u>
<b>Total Rental from Fixed Assets</b>		

	2019 R	2018 R
<b>32. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	4,327,686	3,353,636
Financial assets	8,770,910	7,419,757
	<u><b>13,098,597</b></u>	<u><b>10,773,393</b></u>
<b>Total Interest Earned - External Investments</b>		

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

	2019 R	2018 R
<b>33. INTEREST EARNED FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS</b>		
<b>33.1 <u>Interest Earned - Exchange Transactions</u></b>		
Trade and Other Receivables	2,177,347	2,143,978
<b>33.2 <u>Interest Earned - Non-exchange Transactions</u></b>		
Trade and Other Receivables	558,892	464,514
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2,736,239</b>	<b>2,608,492</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>34. OPERATIONAL REVENUE</b>		
Commission	261,625	239,383
Contribution to Provision	5,505,930	2,048,007
Insurance Refund	781,778	1,315,543
Public Contributions and Donations	32,367	-
Staff Recoveries	198,602	60,584
<b>Total Operational Revenue</b>	<b>6,780,302</b>	<b>3,663,517</b>
<b>Balance previously reported</b>		<b>1,615,510</b>
Correction of Error - Refer to note 48.25		2,048,007
<b>Restated balance</b>		<b>3,663,517</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>35. EMPLOYEE RELATED COSTS</b>		
<b>Permanent Employee Related Cost</b>	181,681,926	166,857,736
Basic Salaries and Wages	114,477,263	103,824,017
Pension and UIF Contributions	21,255,702	19,438,766
Medical Aid Contributions	5,924,847	5,521,499
Overtime	7,995,442	7,120,450
Bonuses	9,679,002	8,616,704
Motor Vehicle Allowance	5,509,980	5,420,176
Cell Phone Allowance	764,628	621,157
Housing Allowances	1,831,259	1,710,228
Long service awards	889,347	825,092
Other benefits and allowances	4,518,556	4,394,814
Leave reserve fund	5,654,519	6,175,937
Workmen's Compensation Fund	1,096,091	924,204
Post-retirement Benefit Obligations	2,085,290	2,264,694
<b>Temporary Employee Related Cost</b>	<b>5,083,162</b>	<b>5,746,755</b>
Basic Salaries and Wages	4,682,079	5,414,220
Pension and UIF Contributions	48,328	47,090
Overtime	179,524	101,941
Leave reserve fund	172,820	183,223
Other benefits and allowances	411	281
<b>Total Employee Related Costs</b>	<b>186,765,088</b>	<b>172,604,491</b>
<b>Balance previously reported</b>		<b>169,967,773</b>
Correction of Error - Refer to note 48.15		2,636,718
<b>Restated balance</b>		<b>172,604,491</b>

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

35. EMPLOYEE RELATED COSTS (CONTINUE)

KEY MANAGEMENT PERSONNEL

The Municipal Manager is appointed on a 5-year fixed term contract, the other 5 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2019 R	2018 R
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager - Mr SA Mokweni</i>		
Basic Salary	1,427,322	1,455,745
Pension and UIF Contributions	259,024	264,140
Medical Aid Contributions	-	-
Performance Bonus	91,394	85,129
Motor Vehicle Allowance	108,000	108,000
Cell Phone Allowance	58,909	54,000
Payments in lieu of leave	-	-
<b>Total</b>	<b>1,944,649</b>	<b>1,967,013</b>
<i>Remuneration of the Chief Financial Officer - Mr B Brown</i>		
Basic Salary	1,111,153	1,124,119
Pension and UIF Contributions	202,113	204,447
Medical Aid Contributions	-	-
Performance Bonus	70,028	52,182
Motor Vehicle Allowance	72,000	72,000
Cell Phone Allowance	44,746	41,017
Payments in lieu of leave	47,952	21,547
<b>Total</b>	<b>1,547,992</b>	<b>1,515,313</b>
<i>Remuneration of Director Corporate Services - Mr AWJ Everson</i>		
Basic Salary	1,181,269	1,098,184
Pension and UIF Contributions	214,734	199,779
Medical Aid Contributions	-	-
Performance Bonus	70,028	52,182
Motor Vehicle Allowance	102,603	102,603
Cell Phone Allowance	44,746	41,017
Payments in lieu of leave	-	-
<b>Total</b>	<b>1,613,381</b>	<b>1,493,766</b>
<i>Remuneration of Director Community Services - Mrs EC Liebenberg (01 July 2017 to 30 March 2018)</i>		
Basic Salary	-	828,111
Pension and UIF Contributions	-	150,639
Medical Aid Contributions	-	21,562
Overtime	-	-
Performance Bonus	-	52,182
Motor Vehicle Allowance	-	50,113
Cell Phone Allowance	-	30,889
Payments in lieu of leave	-	161,604
<b>Total</b>	<b>-</b>	<b>1,295,100</b>
<b>Balance previously reported</b>		<b>1,132,438</b>
Correction of Error - Refer to note 48.24.2		162,662
<b>Restated balance</b>		<b>1,295,100</b>

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

	2019 R	2018 R
<b>35. EMPLOYEE RELATED COSTS (CONTINUE)</b>		
<i><b>Remuneration of Director Community Services - M Mgajo (01 September 2018 to 30 June 2019)</b></i>		
Basic Salary	805,526	-
Pension and UIF Contributions	146,574	-
Medical Aid Contributions	38,538	-
Performance Bonus	-	-
Motor Vehicle Allowance	44,534	-
Cell Phone Allowance	37,288	-
Payments in lieu of leave	-	-
<b>Total</b>	<b>1,072,461</b>	<b>-</b>
	<b>2019 R</b>	<b>2018 R</b>
<i><b>Remuneration of Director Engineering Services - Mr IAB van der Westhuizen</b></i>		
Basic Salary	1,225,431	1,142,209
Pension and UIF Contributions	222,683	207,703
Medical Aid Contributions	45,846	42,098
Performance Bonus	70,144	52,268
Motor Vehicle Allowance	7,125	10,873
Cell Phone Allowance	44,746	42,216
Payments in lieu of leave	-	-
<b>Total</b>	<b>1,615,975</b>	<b>1,497,368</b>
<b>Balance previously reported</b>		<b>1,496,169</b>
Correction of Error - Refer to note 48.24.2		1,199
<b>Restated balance</b>		<b>1,497,368</b>
	<b>2019 R</b>	<b>2018 R</b>
<i><b>Remuneration of Director Strategy and Social Development - Mrs CO Matthys</b></i>		
Basic Salary	1,185,576	1,102,354
Pension and UIF Contributions	215,510	200,530
Medical Aid Contributions	-	-
Performance Bonus	56,115	52,268
Motor Vehicle Allowance	100,000	100,000
Cell Phone Allowance	44,746	41,017
Payments in lieu of leave	57,734	-
<b>Total</b>	<b>1,659,681</b>	<b>1,496,169</b>

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

		2019 R	2018 R
<b>36.</b>	<b>REMUNERATION OF COUNCILLORS</b>		
HM Jansen	Executive Mayor	903,871	870,814
GD Joubert	Deputy Executive Mayor	731,975	705,529
SW van Eeden	Speaker	731,975	705,529
EMJ Scheffers	Member of Executive Mayoral Committee	689,003	664,211
SW Strauss	Member of Executive Mayoral Committee	689,003	664,211
DB Janse	Member of Executive Mayoral Committee	689,003	664,211
JD Burger	Member of Executive Mayoral Committee	689,003	664,211
SJ Malgas	Member of Council and Section 79 Chair	-	168,429
WZ Nyamana	Member of Council and Section 79 Chair (1 Dec 2015 - 2 Oct 2018)	100,520	380,030
J Kriel	Member of Council and Section 79 Chair	393,455	380,030
P Hess	Member of Council and Section 79 Chair	393,455	380,030
NJ Beginsel	Member of Council and Section 79 Chair	393,455	380,030
LM Swanepoel	Member of Council and Section 79 Chair	393,455	380,030
H Mangenengene	Member of Council and Section 79 Chair	393,455	155,392
JDF Van Zyl	Member of Council and Section 79 Chair	359,584	305,929
CJ Grootboom	Member of Council	316,390	305,929
AJ Shibili	Member of Council	316,390	305,929
AS Mbi	Member of Council (1 Aug 2016 - 30 Sept 2018)	79,098	305,929
JS Mafilika	Member of Council	316,390	305,929
TM van der Merwe	Member of Council	316,390	305,929
E Bosjan	Member of Council	316,390	305,929
BH Nteta	Member of Council	316,390	305,929
JJJS Januarie	Member of Council	316,390	305,929
S du Plessis	Member of Council	316,390	305,929
OC Simpson	Member of Council	224,796	-
DJW Kuhn	Member of Council	151,766	-
<b>Total Councillors' Remuneration</b>		<b>10,537,992</b>	<b>10,221,977</b>
<b>Balance previously reported</b>			<b>10,202,437</b>
Correction of Error - Refer to note 48.16			19,540
<b>Restated balance</b>			<b>10,221,977</b>

(\*) Disclosed on page 2 are the members as at 30 June 2019, note 36 discloses all the members that served during the year under review.

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

36. REMUNERATION OF COUNCILLORS (CONTINUE)

Remuneration paid to Councillors can be summarised as follow:

30 June 2019

	Salary	Travel Allowance	Other Allowances	Pension and Medical Aid contributions	Total
Executive Mayor	712,036	48,186	44,400	99,249	903,871
Deputy Executive Mayor	622,860	18,000	44,400	46,715	731,975
Speaker	494,674	96,440	44,400	96,461	731,975
Chief Whip	-	-	-	-	-
Executive Mayoral Committee Members	2,064,615	149,003	177,600	364,795	2,756,012
Section 79 Committee Chairperson	1,786,669	80,214	258,037	142,863	2,267,783
Councillors	2,285,976	74,119	441,718	344,562	3,146,376
<b>Total Councillors' Remuneration</b>	<b>7,966,829</b>	<b>465,962</b>	<b>1,010,555</b>	<b>1,094,645</b>	<b>10,537,992</b>

30 June 2018

	Salary	Travel Allowance	Other Allowances	Pension and Medical Aid contributions	Total
Executive Mayor	681,286	52,070	82,762	54,696	870,814
Deputy Executive Mayor	598,260	18,000	44,400	44,869	705,529
Speaker	472,543	96,440	44,400	92,146	705,529
Chief Whip	-	-	-	-	-
Executive Mayoral Committee Members	1,971,251	149,917	177,600	358,075	2,656,844
Section 79 Committee Chairperson	1,617,335	75,707	241,716	153,361	2,088,119
Councillors	2,251,755	108,782	466,584	368,021	3,195,142
<b>Total Councillors' Remuneration</b>	<b>7,592,429</b>	<b>500,916</b>	<b>1,057,462</b>	<b>1,071,169</b>	<b>10,221,977</b>

*In-kind Benefits*

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality.

37. BAD DEBTS WRITTEN OFF

Receivables from Exchange Transactions - Note 11  
Receivables from Non-exchange Transactions - Note 12

2019 R	2018 R
14,244,600	1,474,570
4,424,683	7,628,132
<b>18,669,283</b>	<b>9,102,701</b>
<b>Balance previously reported</b>	<b>9,100,016</b>
Correction of Error - Refer to note 48.22	2,685
<b>Restated balance</b>	<b>9,102,701</b>



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

		2019 R	2018 R
<b>38. CONTRACTED SERVICES</b>			
Outsourced Services		4,667,250	2,042,411
Business and Advisory		3,180,267	1,702,757
Other outsourced services		1,486,984	339,654
Consultants and Professional Services		5,643,511	7,043,895
Business and Advisory		2,917,380	5,169,529
Legal Cost	626,270		962,727
Other consultants and professional services		2,099,862	911,639
Contractors	13,151,564		12,396,915
Maintenance of assets		9,906,987	8,117,073
Other contractors		3,244,577	4,279,843
<b>Total Contracted Services</b>		<b>23,462,325</b>	<b>21,483,221</b>
<b>Balance previously reported</b>			<b>24,119,939</b>
Correction of Error - Refer to note 48.21			(2,636,718)
<b>Restated balance</b>			<b>21,483,221</b>

Other outsourced services consists of services related to burials, clearing and grass cutting, hygiene services, translators and scribes, transport services and other outsourced services.

Other consultants and professional services consists of services related to infrastructure and planning, laboratory services and other professional services.

Other contractors consist of services related to security and safeguarding, management of informal settlements, catering services, employee wellness and other incidental services provided.

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

	2019 R	2018 R
<b>39. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	24,874,295	25,379,950
Intangible Assets	129,216	56,456
Investment Property carried at cost	50,868	49,582
<b>Total Depreciation and Amortisation</b>	<b>25,054,379</b>	<b>25,485,988</b>
<b>Balance previously reported</b>		<b>25,545,556</b>
Correction of Error - Refer to note 48.17		(59,568)
<b>Restated balance</b>		<b>25,485,988</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>40. FINANCE CHARGES</b>		
Long-term Borrowings	1,658,073	2,258,308
Non-current Provisions	3,750,066	3,645,104
Non-current Employee Benefits	5,828,904	5,705,276
Unamortised Discount - Interest	58,605	15,610
<b>Total Finance Charges</b>	<b>11,295,649</b>	<b>11,624,298</b>
<b>Balance previously reported</b>		<b>11,527,664</b>
Reclassification of balance previously reported for Unamortised Discount - Refer to note 47		15,610
<b>Balance previously reported, now reclassified</b>		<b>11,543,274</b>
Correction of Error - Refer to Note 48.18		81,024
<b>Restated balance</b>		<b>11,624,298</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>41. BULK PURCHASES</b>		
Electricity	289,899,530	263,452,157
Water	3,100,014	2,740,638
<b>Total Bulk Purchases</b>	<b>292,999,544</b>	<b>266,192,795</b>
<b>Balance previously reported</b>		<b>266,195,417</b>
Correction of Error - Refer to Note 48.27		(2,622)
<b>Restated balance</b>		<b>266,192,795</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>42. TRANSFERS AND SUBSIDIES</b>		
Capital	-	-
Allocations In-kind	-	-
Monetary Allocations	-	-
Operational	1,765,021	1,819,542
Allocations In-kind	13,034	-
Households	13,034	-
Monetary Allocations	1,751,986	1,819,542
Departmental Agencies and Accounts	-	200,000
Households	838,292	221,390
Non-profit Institutions	726,054	914,478
Private Enterprises	187,640	327,500
Destitute Grants	-	156,174
<b>Total Transfers and Subsidies</b>	<b>1,765,021</b>	<b>1,819,542</b>

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

	2019 R	2018 R
<b>43. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	1,590,807	1,321,511
Audit Fees	4,462,503	3,427,152
Bank Charges, Facility and Card Fees	1,124,375	932,752
Bursaries (Employees)	112,927	95,344
Cleaning Services	2,725	7,809
Commission	3,305,539	3,197,273
Cost relating to the Sale of Houses	141,429	81,575
Courier and Delivery Services	2,039	6,815
Communication	2,172,948	1,905,058
Copy Right Fees	-	37,280
Deeds	42,241	-
Eskom Connection Fees	-	66,991
Entertainment	22,630	44,557
External Computer Service	4,048,239	3,427,427
Fines and Penalties	7,100	-
Full Time Union Representative	141,569	151,068
Hire Charges	416,759	987,293
Insurance Underwriting	3,798,851	3,239,533
Land Alienation Costs	1,397,969	-
Licences and Permits	588,480	594,914
Loss on Cancelled Operating Lease Contracts	-	3,530
Office Decorations	2,795	-
Operating lease expenditure	563,799	-
Printing, Publications and Books	433,406	860,195
Professional Bodies, Membership and Subscription	2,199,023	1,916,496
Registration Fees	47,075	893,254
Remuneration to Ward Committees	611,000	656,500
Resettlement Cost	-	3,950
Search Fees	98,162	-
Servitudes and Land Surveys	79,058	93,240
Signage	52,278	-
Skills Development Fund Levy	1,590,375	1,461,214
System Access and Information Fees	-	96,515
Transport Provided as Part of Departmental Activities	9,000	130,792
Travel and Subsistence	647,613	474,031
Uniform and Protective Clothing	1,292,710	871,591
Vehicle Tracking	153,872	150,057
Wet Fuel	7,993,233	7,017,022
Witness Fees	270	-
<b>Total Operational Costs</b>	<b>39,152,797</b>	<b>34,152,741</b>
<b>Balance previously reported</b>		<b>33,765,165</b>
Correction of Error - Refer to Note 48.20		387,577
<b>Restated balance</b>		<b>34,152,741</b>

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

	2019 R	2018 R
<b>44. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Non-Current Receivables from Exchange Transactions - Note 7	2,355,813	22,504
Non-Current Receivables from Non-Exchange Transactions - Note 8	229,247	-
Receivables from Exchange Transactions - Note 11	(3,273,288)	(3,005,584)
Receivables from Non-exchange Revenue - Note 12	(2,761,919)	2,623,322
Vat Portion on receivables	596,619	654,558
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(2,853,528)</b>	<b>294,800</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>45. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON ASSETS</b>		
Property, Plant and Equipment	(71,313)	(67,460)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Assets</b>	<b>(71,313)</b>	<b>(67,460)</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>46. PROFIT/ (LOSS) ON FAIR VALUE ADJUSTMENTS</b>		
Other Financial Assets	(13,353)	3,821
<b>Total Profit/ (Loss) on Fair Value Adjustments</b>	<b>(13,353)</b>	<b>3,821</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>47. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS</b>		

Certain reclassifications took place in the Annual Financial statements due to Implementation of latest GRAP template.

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Position</b>			
Capitalised Restoration cost	4,058,270	(4,058,270)	-
Property, Plant and Equipment	633,371,235	4,058,270	637,429,505
Non-Current Receivables	496,426	(496,426)	-
Non-Current Receivables from Exchange Transactions	-	200,852	200,852
Non-Current Receivables from Non-Exchange Transactions	-	295,574	295,574
		-	

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Performance</b>			
Finance Costs	11,527,664	15,610	11,543,274
Unamortised Discount - Interest	(58,317)	58,317	-
Unamortised Discount - Interest paid	73,927	(73,927)	-
		-	

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

48. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

	2018 R
<b>48.1 Property, Plant and Equipment</b>	
<b>Balance previously reported</b>	633,371,235
Reclassification of balance previously reported for Capitalised Restoration Cost to PPE - see note 47	4,058,270
<b>Balance previously reported, now reclassified</b>	<b>637,429,505</b>
Correction of error relating to the landfill site asset Cost 1 Jul 2017 - JI 27038	4,201,221
Correction of error relating to the landfill site asset Cost 2017/2018 - JI 27038	643,347
Correction of error relating to the landfill site asset Accumulated Impairment 1 Jul 2017 - JI 27038	183,405
Correction of error relating to the landfill site asset Accumulated Depreciation - JI 27038	(2,742,651)
Correction of error relating to the landfill site asset depreciation for 2017/2018 - JI 27038	(158,803)
Correction of Accumulated depreciation on leased assets incorrectly calculated in 2017/2018 - JI 14916	6,674
Correction of Community Assets Open Spaces as part of McGregor housing project incorrectly recognised as inventory 1 Jul 2017 - JI 27091	1,009,258
Correction of error relating to vacant plots in Bonnievale incorrectly recognised as inventory - JI 27091	2,318,134
Correction of error relating the depreciation of the disposal of a damaged vehicle - JI 14936	2,490
Correction of error relating the accumulated depreciation of the disposal of a damaged vehicle - JI 14936	17,945
Correction of error relating the cost of the disposal of a damaged vehicle - JI 14936	(92,982)
<b>Restated Balance</b>	<b>642,817,544</b>
Correction of error - Refer to note 2	
Correction of errors to Property, plant and equipment.	
<b>48.2 Investment Property</b>	
<b>Balance previously reported</b>	<b>26,901,486</b>
Correction of Investment Property as part of McGregor housing project incorrectly not recognised as investment property - JI 27091	474,335
Correction of error relating to vacant plots in Bonnievale incorrectly not recognised as Investment Property - JI 27093	1,109,500
<b>Restated Balance</b>	<b>28,485,321</b>
Correction of error - Refer to note 3	
Correction of Investment Property as part of housing projects previously not recognised as investment property.	
<b>48.3 Inventory</b>	
<b>Balance previously reported</b>	<b>22,850,263</b>
Correction of Land and roads as part of McGregor housing project incorrectly recognised as inventory - JI 27091	(3,801,728)
Correction of Inventory that should have been transferred in 2017/18 - JI 27092	(2,498,845)
Correction of error relating to vacant plots in Bonnievale incorrectly recognised as inventory - JI 27093	(2,109,500)
Correction of error relating to the prior year calculation of compost inventory - JI 27109	2,312
Correction of error relating to the prior year calculation of water inventory - JI 27114	(32,003)
<b>Restated Balance</b>	<b>14,410,500</b>
Correction of error - Refer to note 10	
Corrections of prior year errors relating to inventory.	

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.4 Receivables from Exchange Transactions

<b>Balance previously reported</b>	<b>41,368,502</b>
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 1 Jul 2017 - JI 25473	(2,236,430)
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 2017/2018 - JI 25473	(240,409)
Correction of previous year error on the treatment of bad debts - JI 27089	27,071
Correction of previous year classification between exchange and non-exchange receivables - No Jnl required	657,438
<b>Restated Balance</b>	<b>39,576,172</b>

Correction of error - Refer to note 11  
Corrections of prior year errors relating to Receivables from exchange transactions.

2018  
R

48.5 Receivables from Non-Exchange Transactions

<b>Balance previously reported</b>	<b>7,239,298</b>
Correction of previous year error on the treatment of bad debts - JI 27090	(2,685)
Correction of previous year classification between exchange and non-exchange receivables - No Jnl required	(657,438)
<b>Restated Balance</b>	<b>6,579,174</b>

Correction of error - Refer to note 12  
Corrections of prior year errors relating to Receivables from non-exchange transactions.

2018  
R

48.6 Operating Lease Asset

<b>Balance previously reported</b>	<b>101,600</b>
Additional Operating lease contracts not included in previous years working papers - JI24870	557
<b>Restated Balance</b>	<b>102,156</b>

Correction of error - Refer to note 9  
Corrections of prior year errors relating to Operating Lease asset transactions.

2018  
R

48.7 Non-Current Provisions

<b>Balance previously reported</b>	<b>54,181,595</b>
Correction of error relating to the landfill site provision calculation - JI 27038	(4,675,531)
<b>Restated Balance</b>	<b>49,506,064</b>

Correction of error, refer to note 15  
Corrections of prior year errors relating to non-current Provisions.

2018  
R

48.8 Provisions

<b>Balance previously reported</b>	<b>9,121,714</b>
Correction of error relating to the landfill site provision calculation - JI 27038	2,348,910
<b>Restated Balance</b>	<b>11,470,624</b>

Correction of error, refer to note 18  
Corrections of prior year errors relating to Provisions.

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.9 Current Employee Benefits

<b>Balance previously reported</b>	17,754,544
Correction of Performance bonuses of the previous year from Staff bonuses - JI tba	61,318
Correction of Staff bonuses of the previous year to Performance Bonusses - JI tba	(61,318)
<b>Restated Balance</b>	<b>17,754,544</b>

Correction of error, refer to note 19  
Corrections of prior year errors relating to current employee benefits.

2018  
R

48.10 Trade and Other Payables from Exchange Transactions

<b>Balance previously reported</b>	64,490,166
Correction of Councillor Mangelengene's remuneration of 2017/2018 - JI 26215	19,540
Derecognition of retention relating to capital housing projects - JI 26631	(192,757)
Correction of SDL payments - JI 26254	24,887
Correction of SDL payments - JI 26254	22,076
Correction of prior year Payments received in advance from - JI 27065	1,016,410
Correction of prior year Payments received in advance moved to - JI 27065	(1,016,410)
Correction of prior year error relating to Arangieskop hiking trail fees payable - JI 26632	98,647
<b>Restated Balance</b>	<b>64,462,559</b>

Correction of error, refer to note 20  
Corrections of prior year errors relating to Trade and other Payables.

2018  
R

48.11 Unspent Transfers and Subsidies

<b>Balance previously reported</b>	13,644,475
Correction of revenue over-recognition of Cape Winelands grant - JI 20780	9,000
<b>Restated Balance</b>	<b>13,653,475</b>

Correction of error, refer to note 21  
Corrections of prior year errors relating to Unspent Transfers and Subsidies.

2018  
R

48.12 Taxes

<b>Balance previously reported</b>	2,209,480
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 1 Jul 2017- JI 25473	274,649
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 2017/2018 - JI 25473	29,524
<b>Restated Balance</b>	<b>2,513,653</b>

Correction of error, refer to note 23  
Corrections of prior year errors relating to taxes.

2018  
R

48.13 Service Charges

<b>Balance previously reported</b>	399,062,336
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings - JI 25473	(210,885)
<b>Restated Balance</b>	<b>398,851,451</b>

Correction of error, refer to note 29  
Corrections of prior year errors relating to service charges.

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.14 Government Grants and Subsidies

Balance previously reported

124,006,208

Correction of revenue over-recognition of Cape Winelands grant - JI 20780

(9,000)

Restated Balance

123,997,208

Correction of error, refer to note 27

Corrections of prior year errors relating to Government Grants and subsidies.

2018  
R

48.15 Employee Related Cost

Balance previously reported

169,967,773

Correction of prior year temporary employees incorrectly classified as contracted services - JI 26244

2,636,178

Restated Balance

172,604,491

Correction of error, refer to note 35

Corrections of prior year errors relating to employee related costs.

2018  
R

48.16 Remuneration of Councillors

Balance previously reported

10,202,437

Correction of Councillor Mangenengene's remuneration of 2017/2018 - JI 26215

19,540

Restated Balance

10,221,977

Correction of error, refer to note 36

Councillor Mangenengene was elected as a Section 79 chair effective 27 March 2018 but her remuneration remained on a Part time Councillor package in the disclosure note.

2018  
R

48.17 Depreciation and Amortisation

Balance previously reported

25,545,556

Correction of Accumulated depreciation on leased assets incorrectly calculated in 2017/2018 - JI 14916

(6,674)

Correction of error relating to the landfill site asset depreciation for 2017/2018 - JI 27038

158,803

Correction of error relating to the derecognition of intangible assets - JI 14942

(209,207)

Correction of error relating to the disposal of a damaged vehicle - JI 14937

(2,490)

Restated Balance

25,485,988

Correction of error, refer to note 39

Corrections of prior year errors relating to depreciation.

2018  
R

48.18 Finance Charges

Balance previously reported

11,527,664

Reclassification of balance previously reported for Capitalised Restoration Cost to PPE - see note ...

15,610

Balance previously reported, now reclassified

11,543,274

Correction of error relating to the landfill site interest - JI 27037

78,403

Correction of finance charges incorrectly included in Bulk purchases - JI 27087

2,622

Restated Balance

11,624,298

Correction of error, refer to note 40

Corrections of prior year errors relating to Finance Charges.



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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.19 Inventory Consumed

Balance previously reported

63,907,534

Correction of housing stock not recognised as complete - JI 27092

2,530,848

Correction of error relating to the prior year calculation of compost inventory - JI 27109

(2,312)

Correction of error relating to the prior year calculation of water inventory - JI 27114

32,003

Restated Balance

66,468,072

Correction of error, refer to note 10

Corrections of prior year errors relating to Inventory Consumed.

2018  
R

48.20 Operational Cost

Balance previously reported

33,765,165

Correction of error relating to the landfill site contribution of the previous year - JI 27038

(476,254)

Derecognition of Computer licences cost incorrectly included under intangible assets 2017/2018 - JI 14942

863,831

Restated Balance

34,152,741

Correction of error, refer to note 43

Corrections of prior year errors relating to Operational Cost.

2018  
R

48.21 Contracted Services

Balance previously reported

24,119,939

Correction of prior year temporary employees incorrectly classified as contracted services - JI 26244

(2,636,718)

Correction of prior year Translator/Scribe to correct Contracted Services Type. - JI 26249

12,500

Correction of prior year Translator/Scribe to correct Contracted Services Type. - JI 26249

(12,500)

Restated Balance

21,483,221

Correction of error, refer to note 38

Corrections of prior year errors relating to Contracted Services. Within the amount is the amount from repairs and maintenance note 2.6 that was also affected.

2018  
R

48.22 Bad debts

Balance previously reported

9,100,016

Correction of previous year error on the treatment of bad debts - JI 27090

2,685

Restated Balance

9,102,701

Correction of error, refer to note 37

Corrections of prior year errors relating to Bad debts.

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.23 Accumulated Surplus/(Deficit) - 1 July 2017

Balance previously reported	598,315,184
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings - JI 25473	(1,961,781)
Correction of error relating to the landfill site provision calculation - JI 27038, JI 27060, JI 27075	524,108
Correction of error relating to the landfill site asset cost - JI 27038, JI 27060, JI 27075	4,201,221
Correction of error relating to the landfill site asset Depreciation and Impairment - JI 27038, JI 27060, JI 27075	(2,559,247)
The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure - JI 24873.	62,849
The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality - JI 24873.	621,481
Additional Operating lease contracts not included in previous years working papers - JI24870	557
Derecognition of retention relating to capital housing projects - JI 26631	192,757
Correction of prior period error: vacant plots in Bonnievale incorrectly recognised as inventory - JI 27093	(1,000,000)
Correction of previous year error on the treatment of bad debts - JI 27089	27,071
Correction of SDL payments - JI 26254	(24,887)
Correction of SDL payments - JI 26254	(22,076)
Derecognition of Computer licences cost incorrectly included under intangible assets - JI 14943	(629,180)
Derecognition of Computer licences accumulated depreciation incorrectly included under intangible assets - JI 14943	559,615
<b>Total</b>	<b>598,307,672</b>

2018  
R

48.24 Annual Financial Statement Disclosures

48.24.1 VAT - [MFMA 125 (1)(c)]

Balance previously reported	(2,202,351)
Disclosure corrected due to prior year error passed in note 23	304,173
<b>Restated Balance</b>	<b>(1,898,178)</b>

Correction of error, refer to note 55.3  
Correction of disclosures of VAT affecting additional disclosures ito of MFMA.

48.24.2 Disclosure of Key Management Personnels Remuneration

Remuneration of Director Community Services - Mrs EC Liebenberg (01 July 2017 to 30 March 2018)

Balance previously reported	1,132,438
Prior year remuneration disclosed incorrectly, no financial impact.	162,662
<b>Restated balance</b>	<b>1,295,100</b>

Correction of error, refer to note 35.  
Correction of disclosure of Key Management personnel.

Remuneration of Director Engineering Services - Mr IAB van der Westhuizen

Balance previously reported	1,496,169
Prior year remuneration disclosed incorrectly, no financial impact.	1,199
<b>Restated balance</b>	<b>1,497,368</b>

Correction of error, refer to note 35.  
Correction of disclosure of Key Management personnel.

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.24.3 Disclosure of Property, plant and equipment which is in the process of being constructed or developed.

**Balance previously reported**

13,416,208

Prior year total of the note was incorrectly cast, no financial impact.

1,902,913

**Restated balance**

15,319,121

Correction of error, refer to note 35.

Correction of disclosure of Key Management personnel.

2018  
R

48.24.4 Disclosure of names of Government Grants and Subsidies

**CWDM: Upgrade of Ablution Facilities at King Edward Sport Grounds**

**Balance previously reported**

50,000

This grant should have been combined with the Project Assistance CWDM grant which has since been renamed to CWDM: King Edward Sport Grounds Upgrade.

(50,000)

**Restated balance**

-

Correction of error, refer to note 27.15

Correction of disclosure of Government Grants and Subsidies

**Project assistance-CWDM, now named as CWDM: Kind Edward Sport Grounds Upgrade**

**Balance previously reported, after prior period error 27.18**

450,000

This is the grant amount of CWDM: Upgrade of Ablution Facilities at King Edward Sports Grounds that should have been combined with this grant.

50,000

**Restated balance**

500,000

Correction of error, refer to note 27.18

Correction of disclosure of Government Grants and Subsidies

2018  
R

48.24.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

**Balance previously reported**

23,762,070

The previous years Pension and Medical Aid Deductions - MFMA 125 (1) C disclosure was incorrectly stated as R23 762 070. This has now been corrected, and has no financial impact.

(107,118)

**Restated balance**

23,654,952

Correction of error, refer to note 55.5

Correction of disclosure of Government Grants and Subsidies

2018  
R

48.25 Operational Revenue

**Balance previously reported**

1,615,510

Correction of error relating to the landfill site provision calculation due to changes in discount rate - JI 27038, JI 27060, JI 27075

2,048,007

**Restated Balance**

3,663,517

Correction of error, refer to note 34

Correction of prior year errors relating to Operational Revenue.

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.26 Intangible Assets

<b>Balance previously reported</b>	<b>1,316,295</b>
Decrease in Cost of prior year intangible asset due to the disposal not being accounted for in the note.	(33,519)
Decrease in Accumulated Depreciation of prior year intangible asset due to the disposal not being accounted for the note.	33,518
Derecognition of Computer licences cost incorrectly included under intangible assets 2016/2017 - JI 14943	(629,180)
Derecognition of Computer licences accumulated depreciation incorrectly included under intangible assets 2016/17 - JI 14943	559,615
Derecognition of Computer licences cost incorrectly included under intangible assets 2017/2018 - JI 14942	(863,831)
Derecognition of Computer licences depreciation incorrectly included under intangible assets 2017/2018 - JI 14942	209,207
<b>Restated Balance</b>	<b>592,105</b>

Correction of error, refer to note 4  
Correction of prior year errors relating to Intangible Assets.

2018  
R

48.27 Bulk Purchases

<b>Balance previously reported</b>	<b>266,195,417</b>
Correction of finance charges incorrectly included in Bulk purchases - JI 27087	(2,622)
<b>Restated Balance</b>	<b>266,192,795</b>

Correction of error, refer to note 41  
Correction of prior year errors relating to Bulk Purchases.

2018  
R

48.28 Unspent Public Contributions

<b>Balance previously reported</b>	<b>684,330</b>
The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure - JI 24873.	(62,849)
The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality - JI 24873.	(621,481)
<b>Restated Balance</b>	<b>-</b>

Correction of error, refer to note 22  
The amounts were recognised as revenue as there are no more pending conditions to be met against the grants, in the case of the Silverstrand grant the municipality has spent money through its CRR in previous years on bulk infrastructure. An amount equivalent to the amount recognised for the arts and crafts project is cash backed in the CRR if the need arises for a similar project in the future.

2018  
R

48.29 Gains/(Loss) on disposal of Property, Plant and Equipment

<b>Balance previously reported</b>	<b>7,945,336</b>
Correction of loss on disposal of PPE for the 2017/2018 financial year - JI14944	(75,037)
<b>Restated Balance</b>	<b>7,870,298</b>

Correction of error, refer to note 2  
Correction of prior year errors relating to gains/(losses) of Property, Plant and Equipment.

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

2018  
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.30 Dividends

Balance previously reported

Correction of prior year error relating to dividends not being disclosed separately.

Restated Balance

3,395

3,395

Correction of error, refer to note 6

Correction of prior year error relating to dividends not being disclosed separately.

2018  
R

48.31 Licences and Permits

Balance previously reported

Correction of prior year error relating to Arangieskop hiking trail fees payable - JI 26632

Restated Balance

1,038,901

(98,647)

940,255

Correction of error, refer to note 48.10

Correction of prior year error relating to Licences and Permits.

2019  
R

2018  
R

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

Surplus/(Deficit) for the year

99,055,133

10,038,647

Adjustments for:

Depreciation and Amortisation

25,054,378

25,485,992

Loss/(Gain) on Sale of Fixed Assets

(1,483,255)

(7,870,298)

Impairment Loss/(Reversal of Impairment Loss)

71,313

67,460

Contributed Property, Plant and Equipment

-

(40,439)

Fair Value Adjustments

13,353

(3,821)

Government Grants and Subsidies received

153,458,224

135,184,533

Government Grants and Subsidies recognised as revenue

(159,636,211)

(123,997,208)

Repaid to Revenue Fund

(60,000)

(297,571)

Write-off of Grants

-

(311,476)

Contribution to provisions – Non-Current Provisions

3,750,066

3,645,104

Non-cash change in landfill site obligation due to discount rate

(5,505,930)

(2,048,007)

Contribution from/to provisions - Non-Current Employee Benefits

5,386,728

5,995,517

Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses

2,615,533

335,235

Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains

(9,772,402)

(4,348,861)

Contribution from/to - Current Employee Benefits

1,458,244

2,526,265

Contribution to provisions – Bad Debt

5,438,588

-

Reversal of Provision for Bad Debt

(2,585,060)

-

Bad Debts written off

18,669,283

9,102,701

Debt Impairment

-

(294,800)

Unamortised Discounts

58,605

15,610

Operating lease income accrued

5,143

(5,776)

Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value

(30,438)

304,545

Operating Surplus/(Deficit) before changes in working capital

135,961,295

53,483,352

Changes in working capital

(34,644,838)

22,369,847

Increase/(Decrease) in Trade and Other Payables

6,155,343

(7,183,079)

Increase/(Decrease) in Taxes

1,043,072

(429,757)

(Increase)/Decrease in Inventory

(10,065,978)

31,930,604

(Increase)/Decrease in Trade Receivables from Exchange Transactions

(23,178,165)

2,149,072

(Increase)/Decrease in Other Receivables from Non-Exchange Transactions

(10,823,729)

(4,195,942)

(Increase)/Decrease in Non-current Receivables from exchange and non-exchange

2,224,619

98,949

Cash generated/(absorbed) by operations

101,316,457

75,853,199

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

	2019 R	2018 R
<b>50. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 13	24,642,305	19,089,790
Call Deposits and Investments - Note 13	130,051,054	130,034,742
Cash Floats - Note 13	10,300	10,300
<b>Total cash and cash equivalents</b>	<b>154,703,659</b>	<b>149,134,832</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>51. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 13	154,703,659	149,134,832
Investments	113,289	126,641
<b>Less:</b>	<b>(7,415,488)</b>	<b>(13,653,475)</b>
Unspent Transfers and Subsidies - Note 21	<b>(7,415,488)</b>	<b>(13,653,475)</b>
Net cash resources available for internal distribution	147,401,461	135,607,999
Allocated to:		
Capital Replacement Reserve	(62,921,000)	(56,421,002)
Current Provisions	(36,964,414)	(31,196,423)
Current Portion of Long-term Borrowings	(3,199,081)	(4,516,800)
<b>Resources available for working capital requirements</b>	<b>44,316,965</b>	<b>43,473,773</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>52. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 14	16,026,182	18,658,720
Used to finance property, plant and equipment - at cost	(16,026,182)	(18,658,720)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

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

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

		2019 R	2018 R
53.	<b>BUDGET INFORMATION</b>		
53.1	<b>Explanation of variances between approved and final budget amounts</b>		

The reasons for the variances between the approved and final budgets are mainly due to virements.

**Explanation of variances greater than 5%: Final Budget and Actual Amounts**

	2019 R (Actual)	2019 R (Budget)	2019 R Variance	2019 R (%)
<b>53.2 Operational</b>				
<b>Revenue by source</b>				
Property Rates	52,679,495	52,862,690	(183,195)	-0.35%
Government Grants and Subsidies	159,636,211	169,201,019	(9,564,808)	-5.65%
Interest Earned - Non-exchange Transactions	558,892	603,810	(44,918)	-7.44%
Actuarial Gains	9,772,402	9,772,402		100.00%
Availability Fees	2,557,480	4,722,050	(2,164,570)	-45.84%
Fines	5,476,744	5,411,466	65,278	1.21%
Service Charges	453,722,561	456,060,500	(2,337,939)	-0.51%
Rental from Fixed Assets	3,163,208	4,748,100	(1,584,892)	-33.38%
Dividends	2,660	-	2,660	100.00%
Interest Earned - external investments	13,098,597	7,712,110	5,386,487	69.84%
Interest Earned - Exchange Transactions	2,177,347	2,077,760	99,587	4.79%
Licences and Permits	1,453,966	1,327,530	126,436	9.52%
Agency Services	4,144,683	5,680,100	(1,535,417)	-27.03%
Sales of Goods and Rendering of Services	15,749,511	8,689,450	7,060,061	81.25%
Operational Revenue	6,780,302	4,913,010	1,867,292	38.01%
	<u>730,974,058</u>	<u>724,009,595</u>	<u>6,964,463</u>	<u>0.96%</u>
<b>Expenditure by nature</b>				
Employee related costs	186,765,088	189,026,989	(2,261,901)	-1.20%
Remuneration of Councillors	10,537,992	10,571,398	(33,406)	-0.32%
Bad Debts Written Off	18,669,283	8,746,397	9,922,886	0.09%
Depreciation and Amortisation	25,054,379	27,986,690	(2,932,311)	-10.48%
Inventory Consumed	18,176,815	23,633,593	(5,456,778)	-23.09%
Actuarial losses	2,615,533	-	2,615,533	100.00%
Finance Charges	11,295,649	11,524,658	(229,009)	-1.99%
Bulk Purchases	292,999,544	289,862,540	3,137,004	1.08%
Contracted services	23,462,325	52,795,157	(29,332,832)	-55.56%
Transfers and Subsidies	1,765,021	8,263,050	(6,498,029)	-78.64%
Operational Costs	39,152,797	53,471,066	(14,318,269)	-26.78%
	<u>630,494,425</u>	<u>675,881,538</u>	<u>(45,387,113)</u>	<u>-6.72%</u>
Operating Surplus/(Deficit) for the Year	100,479,633	48,128,057	52,351,576	108.78%
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	30,438		30,438	100.00%
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(2,853,528)	(9,765,534)	6,912,006	-70.78%
Gains/(Loss) on disposal of Property, Plant and Equipment	1,483,255	816,760	666,495	81.60%
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(71,313)		(71,313)	100.00%
Profit/(Loss) on Fair Value Adjustments	(13,353)		(13,353)	100.00%
Net Surplus for the year	<u>99,055,133</u>	<u>39,179,283</u>	<u>59,875,850</u>	<u>152.83%</u>

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

53. BUDGET INFORMATION (CONTINUE)

	2019 R (Approved Budget)	2019 R (Final Budget)	2019 R (Variance)	2019 R (%)	Explanation for Variances
<b>53.3 Comparison between last approved budget and final budget:</b>					
<b>Revenue by source</b>					
Property Rates	52,862,690	52,862,690	-	0.00%	
Government Grants and Subsidies	169,201,019	169,201,019	-	0.00%	
Interest Earned - Non-exchange Transactions	603,810	603,810	-	0.00%	
Availability Fees	4,722,050	4,722,050	-	0.00%	
Fines	5,411,466	5,411,466	-	0.00%	
Service Charges	456,060,500	456,060,500	-	0.00%	
Rental from Fixed Assets	4,748,100	4,748,100	-	0.00%	
Interest Earned - external investments	7,712,110	7,712,110	-	0.00%	
Interest Earned - Exchange Transactions	2,077,760	2,077,760	-	0.00%	
Licences and Permits	1,327,530	1,327,530	-	0.00%	
Agency Services	5,680,100	5,680,100	-	0.00%	
Sales of Goods and Rendering of Services	8,689,450	8,689,450	-	0.00%	
Operational Revenue	4,913,010	4,913,010	-	0.00%	
	<u>724,009,595</u>	<u>724,009,595</u>	<u>-</u>	<u>0.00%</u>	
<b>Expenditure by nature</b>					
Employee related costs	189,026,989	189,026,989	-	0.00%	
Remuneration of Councillors	10,571,398	10,571,398	-	0.00%	
Bad Debts Written Off	8,746,397	8,746,397	-	0.00%	
Depreciation and Amortisation	27,986,690	27,986,690	-	0.00%	
Inventory Consumed	23,347,519	23,643,593	(296,074)	-1.27%	
Finance Charges	11,524,658	11,524,658	-	0.00%	
Bulk Purchases	289,862,540	289,862,540	-	0.00%	
Contracted services	53,693,557	52,808,697	884,860	1.65%	
Transfers and Subsidies	8,263,050	8,263,050	-	0.00%	
Operational Costs	53,471,066	53,447,526	23,540	0.04%	
	<u>676,493,864</u>	<u>675,881,538</u>	<u>612,326</u>	<u>0.09%</u>	
Operating Surplus/(Deficit) for the Year	47,515,731	48,128,057	(612,326)	-1.29%	
Gains/(Loss) on disposal of Property, Plant and Equipment	(9,765,534)	(9,765,534)		0.00%	
Gains/(Loss) on Sale of Fixed Assets	816,760	816,760		0.00%	
Net Surplus for the year	<u>38,566,957</u>	<u>39,179,283</u>	<u>(612,326)</u>	<u>-1.59%</u>	



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

53. BUDGET INFORMATION (CONTINUE)

53.4 Expenditure by Vote

	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (%)
Community Services	51,692,048	71,755,034	(20,062,986)	-27.96%
Corporate Services	51,214,706	42,769,322	8,445,384	19.75%
Engineering Services	469,745,213	468,134,817	1,610,395	0.34%
Executive & Council	28,615,631	38,010,475	(9,394,844)	-24.72%
Finance	30,922,977	39,697,768	(8,774,791)	-22.10%
Strategy & Social Development	17,382,609	25,857,636	(8,475,027)	-32.78%
	<u>649,573,184</u>	<u>686,225,052</u>	<u>(36,651,868)</u>	<u>-5.34%</u>

Comparison between last approved budget and final budget:

	2019 R (Approved Budget)	2019 R (Final Budget)	2019 R (Variance)	2019 R (%)	Explanation for Variances
Community Services	71,755,034	71,755,034	-	0.00%	
Corporate Services	42,769,322	42,769,322	-	0.00%	
Engineering Services	468,134,817	468,134,817	-	0.00%	
Executive & Council	38,010,475	38,010,475	-	0.00%	
Finance	39,697,768	39,697,768	-	0.00%	
Strategy & Social Development	25,857,636	25,857,636	-	0.00%	
	<u>686,225,052</u>	<u>686,225,052</u>	<u>-</u>	<u>0.00%</u>	

53.5

Capital

Capital expenditure by vote

	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (%)
Community Services	43,118,827	43,760,688	(641,861)	-1.47%
Corporate Services	1,617,545	1,732,000	(114,455)	-6.61%
Engineering Services	46,916,359	53,981,598	(7,065,239)	-13.09%
Executive & Council	115,435	154,250	(38,815)	-25.16%
Finance	183,762	183,762	-	0.00%
Strategy & Social Development	1,338,506	1,518,398	(179,892)	-11.85%
	<u>93,290,434</u>	<u>101,330,696</u>	<u>(8,040,262)</u>	<u>-7.93%</u>

Comparison between last approved budget and final budget:

	2019 R (Approved Budget)	2019 R (Final Budget)	2019 R (Variance)	2019 R (%)	Explanation for Variances
Community Services	43,760,688	43,760,688	-	0.00%	
Corporate Services	1,732,000	1,732,000	-	0.00%	
Engineering Services	53,981,598	53,981,598	-	0.00%	
Executive & Council	154,250	154,250	-	0.00%	
Finance	183,762	183,762	-	0.00%	
Strategy & Social Development	1,518,398	1,518,398	-	0.00%	
	<u>101,330,696</u>	<u>101,330,696</u>	<u>-</u>	<u>0.00%</u>	

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

	2019 R	2018 R
<b>54. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>54.1 <u>Unauthorised expenditure</u></b>		
Reconciliation of unauthorised expenditure:		
Opening balance	6,462,562	15,250
Unauthorised expenditure current year - operational	10,055,780	6,447,312
Unauthorised expenditure current year - capital	-	-
Approved by Council or written off	(6,462,562)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>10,055,780</b>	<b>6,462,562</b>
	<b>2019 R</b>	<b>2018 R</b>

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of Operating Budget - 2018	None	-	6,462,562
Over expenditure of Operating Budget on Corporate Services - 2019	None	8,445,384	-
Over expenditure of Operating Budget on Engineering Services - 2019	None	1,610,395	-
		<b>10,055,780</b>	<b>6,462,562</b>

The over expenditure incurred by the Corporate Services department on their operating budgets during the year is attributable to the following non-cash items:

- Bad Debts written off on traffic Fines
- Contribution to debt impairment on traffic fines
- Depreciation

The over expenditure incurred by the Engineering Services department on their operating budgets during the year is attributable to the following cash items:

- Bulk purchases

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

	2019 R	2018 R
<b>54. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)</b>		
<b>54.2 <u>Fruitless and wasteful expenditure</u></b>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	15,115	64,144
Fruitless and wasteful expenditure current year	99,820	40,250
Written off by Council	-	-
Transfer to receivables for recovery - not written off	(53,083)	(89,278)
Fruitless and wasteful expenditure awaiting further action	<b>61,852</b>	<b>15,115</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>54.3 <u>Irregular expenditure</u></b>		
Reconciliation of irregular expenditure:		
Opening balance	836,508	501,748
Irregular expenditure current year	6,316,236	836,508
Irregular expenditure identified in current year relating to previous years	4,966,587	-
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Write-offs supported by council	(836,508)	(501,748)
Transfer to receivables for recovery - not written off	-	-
Irregular expenditure awaiting further action	<b>11,282,823</b>	<b>836,508</b>

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

	2019 R	2018 R
<b>55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>55.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance		
Council subscriptions	2,039,742	1,888,266
Amount paid - current year	(2,039,742)	(1,888,266)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>55.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	(0)	24,158
Correction of prior period error	-	-
Restated opening balance	-	24,158
Current year audit fee	5,296,210	3,595,175
External Audit - Auditor-General	5,131,878	3,427,152
Internal Audit	-	-
Audit Committee	164,331	168,023
Amount paid - current year	(5,296,210)	(3,595,175)
Amount paid - previous year	-	(24,158)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>(0)</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>55.3 VAT - [MFMA 125 (1)(c)]</b>		
Opening balance	8,634,719	8,117,002
Correction of prior period error	-	-
Restated opening balance	8,634,719	8,117,002
Amounts received - previous year	(8,634,719)	(8,117,002)
Amounts received - current year	70,071,178	61,319,135
Amount claimed - current year	(63,859,396)	(52,684,417)
<b>Closing balance</b>	<b>6,211,782</b>	<b>8,634,719</b>
Vat in suspense due to cash basis of accounting		
Input VAT	6,194,240	5,544,793
Output VAT	(8,978,109)	(7,442,970)
	<b>(2,783,869)</b>	<b>(1,898,178)</b>
<b>Balance previously reported</b>		<b>(2,202,351)</b>
Correction of Error - Refer to note 48.12 and note 48.24.1		(304,173)
<b>Restated balance</b>		<b>(1,898,178)</b>

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.

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

	2019 R	2018 R
<b>55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)</b>		
<b>55.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	(24,705,948)	(22,066,837)
Amount paid - current year	24,705,948	22,066,837
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
The previous years PAYE and UIF - MFMA 125 (1) C disclosure was incorrectly stated as R21 523 084. This has now been corrected, and has no financial impact.		
	2019 R	2018 R
<b>55.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	(25,694,430)	(23,654,952)
Amount paid - current year	25,694,430	23,654,952
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
The previous years Pension and Medical Aid Deductions - MFMA 125 (1) C disclosure was incorrectly stated as R23 762 070. This has now been corrected, and has no financial impact.		
	2019 R	2018 R
<b>55.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:		
	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
NYAMANA, W	-	151
MBI, AS	-	4,697
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>4,848</b>

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

55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

55.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

2018/2019	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
July	639,789	5	0	3	3
August	950,652	7	0	11	2
September	40,050	0	0	3	1
October	610,434	2	0	4	2
November	205,132	1	0	3	2
December	164,728	5	0	1	0
January	40,607	0	0	2	2
February	632,883	2	0	1	13
March	180,782	3	0	1	0
April	303,763	3	0	2	1
May	865,895	3	0	4	1
June	303,594	0	0	2	1
	<b>4,938,309</b>	<b>31</b>	<b>0</b>	<b>37</b>	<b>28</b>

2017/2018	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
July	-	0	0	0	0
August	847,524	2	0	8	4
September	586,156	4	0	6	1
October	364,425	3	0	10	1
November	342,787	6	0	10	0
December	411,728	5	0	5	0
January	867,932	2	0	5	3
February	327,325	5	0	8	2
March	256,358	1	0	7	1
April	471,623	4	0	4	0
May	523,267	1	0	6	1
June	32,087	0	0	2	1
	<b>5,031,211</b>	<b>33</b>	<b>0</b>	<b>71</b>	<b>14</b>

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

55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

55.8 Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annandale Motors BK	Director	Spouse	Elmarie Wagner	PA - Langeberg Municipality	111,829
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher - WCED	246,710
Mubesko Africa	Manager	Spouse	S Niehaus	Dietician - Northern Cape Dept Health	3,385,990
Montagu Trekkers	Owner	Child	Johan Rossouw	IT technician - Langeberg Municipality	41,520
Qinisekisa System Solution	Director	Spouse	Andriette Olivier	Teacher - WCED	261,185
Robertson Toyota	Director	Spouse	ZG Schreder	Teacher - WCED	26,217
Van Niekerk & Linde Attorneys	Owner	Spouse	Susanna Rossouw	Teacher - WCED	76,932
Bar Vallei Herstell & Ing. Werke	Owner	Child	Githe-Marie van Loggerenberg	Teacher - Bonnievale High School	209,723
Berry Bright	Owner	Spouse	Cyril Charles Buirman	Police officer - SAPS	11,258
Buirman Blindings	Owner	Child	Cyril Charles Buirman	Police officer - SAPS	7,100
Advocate Etienne Vermaak	Owner	Spouse	Johanna Maria Christina Vermaak	Pharmacist- Karl Bremmer Hospital	33,715
Capital Security Services	Shareholder	Spouse	JE Saayman	Ward 6 Community Member - Worcester	2,330
Rukeya Jamie T/A Keyn's Spicy Bites	Owner	Child	Moegament Moeneeb Jamie	Fire Fighter	4,178
Rob Auto Electric	Owner	Father in-law	AWJ Everson	Director Corporate Services	176,228
Ludify	Owner	Mother	Tabita Williams	Teacher - WCED	204,250

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

55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

55.9 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Member of company who has relationship with person in the service of	Relationship to person in the service	Name of person in the service of the state	Employer and capacity of person	Value of transactions
None					

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

55.10 **Material losses**

**Electricity distribution losses**

	2019 R	2018 R
Units purchased (Kwh)	316,563,848	306,928,606
Units lost during distribution (Kwh)	9,020,071	12,554,612
Percentage lost during distribution	2.85%	4.09%
Distribution loss (Rand Value)		

**Water distribution losses**

	2019 R	2018 R
Units disinfected/purified/purchased (KI)	6,544,530	5,787,210
Units lost during distribution (KI)	1,043,650	837,450
Percentage lost during distribution	15.95%	14.47%
Distribution loss (Rand Value)		



**56. FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2019 R	2018 R
1% (2018: 1.25%) Increase in interest rates	1,394,793	1,722,257
0.5% (2018: 0.5%) Decrease in interest rates	(697,397)	(688,903)

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

56. FINANCIAL RISK MANAGEMENT (CONTINUE)

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All services are payable within 30 days from invoice date. Refer to **note 11** for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to **note 7 and note 8** for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
<u>Exchange Receivables</u>				
Electricity	14.50%	3,354,621	12.66%	2,421,967
Water	24.38%	5,641,034	28.24%	5,403,598
Waste Management	19.70%	4,559,142	19.01%	3,637,667
Waste Water Management	24.56%	5,684,382	25.16%	4,814,915
Other	16.86%	3,902,673	14.94%	2,858,134
	100.00%	23,141,853	100.00%	19,136,282

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in **note 11** of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100.00%	-	100.00%	-
<u>Exchange Receivables</u>				
Electricity	15.60%	3,271,775	10.57%	1,872,062
Water	25.51%	5,351,745	28.95%	5,124,576
Waste Management	20.24%	4,246,773	19.11%	3,383,135
Waste Water Management	25.50%	5,348,397	25.64%	4,538,823
Other	13.15%	2,758,972	15.73%	2,785,778
	100.00%	20,977,662	100.00%	17,704,374

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

56. FINANCIAL RISK MANAGEMENT (CONTINUE)

**Ageing of amounts past due but not impaired are as follow:**

**Exchange Receivables**

1 month past due  
2+ months past due

2019	2018
2,168,102	1,648,162
20,973,751	17,488,120
<u>23,141,853</u>	<u>19,136,282</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

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

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2019 R	2018 R
Non-Current Receivables from Exchange Transactions	9,713,547	11,880,173
Non-Current Receivables from Non-Exchange Transactions	2,080,370	2,211,129
Receivables from exchange transactions	66,810,730	57,280,546
Receivables from non-exchange transactions	29,114,335	22,715,289
Cash and Cash Equivalents	154,693,359	149,124,532
Non-current Investments	113,289	126,641
	<u>262,412,341</u>	<u>243,211,669</u>

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

56. FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2019</b>				
Long-term Liabilities	4,595,462	12,500,422	3,343,000	-
Trade and Other Payables	70,617,902	-	-	-
Consumer Deposits	-	-	-	12,214,563
	<u>75,213,364</u>	<u>12,500,422</u>	<u>3,343,000</u>	<u>12,214,563</u>
<b>2018</b>				
Long-term Liabilities	6,135,427	10,955,256	7,343,178	-
Trade and Other Payables	64,462,559	-	-	-
Consumer Deposits	-	-	-	11,086,873
	<u>70,597,986</u>	<u>10,955,256</u>	<u>7,343,178</u>	<u>11,086,873</u>
			<b>2019 R</b>	<b>2018 R</b>

57. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

57.1	Financial Assets	Classification		
	<b>Investments</b>			
	Listed Investments	Financial Instruments at fair value	109,948	113,791
	Investment in Municipal Entities	Financial Instruments at cost	-	-
	Investment in Joint Ventures	Financial Instruments at cost	-	-
	Investment in Associates	Financial Instruments at cost	-	-
	Investment in Municipal Stock	Financial Instruments at cost	3,341	12,850
	Fixed Deposits	Financial Instruments at amortised cost	-	-
			<b>2019 R</b>	<b>2018 R</b>
	<b>Non-Current Receivables from Non-exchange transactions</b>			
	Provincial Government Housing Loans	Financial Instruments at amortised cost	382,455	374,094
	Staff bursaries and other advances	Financial Instruments at amortised cost	198,479	108,352
	<b>Non-Current Receivables from Exchange Transactions</b>			
	Services connections	Financial Instruments at amortised cost	662,507	459,911
	Land Sales	Financial Instruments at amortised cost	-	-
	Short-term Installments	Financial Instruments at amortised cost	330,436	271,079
	Agreements with Consumer Debtors	Financial Instruments at amortised cost	-	-
	Receivables with repay arrangements	Financial Instruments at amortised cost	9,323,508	11,679,321

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

		2019 R	2018 R
<b>57. FINANCIAL INSTRUMENTS (CONTINUE)</b>			
<b>Receivables from Exchange Transactions</b>			
Electricity	Financial Instruments at amortised cost	24,595,168	18,471,287
Water	Financial Instruments at amortised cost	9,573,271	9,008,817
Property Rentals	Financial Instruments at amortised cost	-	-
Waste Management	Financial Instruments at amortised cost	6,466,705	5,170,861
Waste Water Management	Financial Instruments at amortised cost	7,737,929	6,693,529
Housing Selling Scheme	Financial Instruments at amortised cost	-	-
Water and Sanitation Service Authority	Financial Instruments at amortised cost	-	-
Abeyance	Financial Instruments at amortised cost	-	-
Other Arrears	Financial Instruments at amortised cost	18,437,656	17,936,053
		<b>2019 R</b>	<b>2018 R</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	24,642,305	19,089,790
Call Deposits	Financial Instruments at amortised cost	130,051,054	130,034,742
<b>Total Financial Assets</b>		<b>232,514,763</b>	<b>219,424,476</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at cost:</b>			
Investments	Investment in Municipal Entities	-	-
Investments	Investment in Joint Ventures	-	-
Investments	Investment in Associates	-	-
Investments	Investment in Municipal Stock	3,341	12,850
		<b>3,341</b>	<b>12,850</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>Financial Instruments at amortised cost:</b>			
Investments	Fixed Deposits	-	-
Long-term Receivables - Non-exchange	Provincial Government Housing Loans	382,455	374,094
Long-term Receivables - Non-exchange	Staff Study loans	198,479	108,352
Long-term Receivables - Exchange	Services connections	662,507	459,911
Long-term Receivables - Exchange	Land Sales	-	-
Long-term Receivables - Exchange	Short-term Installments	330,436	271,079
Long-term Receivables - Exchange	Agreements with Consumer Debtors	-	-
Long-term Receivables - Exchange	Receivables with repay arrangements	9,323,508	11,679,321
Receivables from Exchange Transactions	Electricity	24,595,168	18,471,287
Receivables from Exchange Transactions	Water	9,573,271	9,008,817
Receivables from Exchange Transactions	Property Rentals	-	-
Receivables from Exchange Transactions	Waste Management	6,466,705	5,170,861
Receivables from Exchange Transactions	Waste Water Management	7,737,929	6,693,529
Receivables from Exchange Transactions	Housing Selling Scheme	-	-
Receivables from Exchange Transactions	Water and Sanitation Service Authority	-	-
Receivables from Exchange Transactions	Abeyance	-	-
Receivables from Exchange Transactions	Other Arrears	18,437,656	17,936,053
Cash and Cash Equivalents	Bank Balances	24,642,305	19,089,790
Cash and Cash Equivalents	Call Deposits	130,051,054	130,034,742
		<b>232,401,474</b>	<b>219,297,835</b>

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

		2019 R	2018 R
<b>57. FINANCIAL INSTRUMENTS (CONTINUE)</b>			
<b>Financial Instruments at fair value:</b>			
Investments	Listed Investments	109,948	113,791
		<b>109,948</b>	<b>113,791</b>
<b>Total Financial Assets</b>		<b>232,514,763</b>	<b>219,424,476</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>57.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	13,840,544	17,365,077
Local Registered Stock	Financial Instruments at amortised cost	-	-
Government Loans	Financial Instruments at amortised cost	-	-
Capitalised Lease Liability	Financial Instruments at amortised cost	2,185,638	1,293,644
		<b>2019 R</b>	<b>2018 R</b>
<b>Trade and Other Payables</b>			
Trade Payables	Financial Instruments at amortised cost	48,615,202	47,403,580
Accrued Interest	Financial Instruments at amortised cost	-	-
Advance Payments	Financial Instruments at amortised cost	4,663,060	4,373,606
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	-	-
Other Payables	Financial Instruments at amortised cost	1,011,959	370,987
Retentions	Financial Instruments at amortised cost	4,548,160	2,401,902
Sundry Deposits	Financial Instruments at amortised cost	11,779,521	9,912,485
Consumer Deposits	Financial Instruments at amortised cost	12,214,563	11,086,873
		<b>2019 R</b>	<b>2018 R</b>
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		<b>98,858,647</b>	<b>94,208,152</b>
		<b>2019 R</b>	<b>2018 R</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial instruments at amortised cost:</b>			
Long-term Liabilities	Annuity Loans	13,840,544	17,365,077
Long-term Liabilities	Local Registered Stock	-	-
Long-term Liabilities	Government Loans	-	-
Long-term Liabilities	Capitalised Lease Liability	2,185,638	1,293,644
Trade and Other Payables	Trade Payables	48,615,202	47,403,580
Trade and Other Payables	Accrued Interest	-	-
Trade and Other Payables	Advance Payments	4,663,060	4,373,606
Trade and Other Payables	Control, Clearing and Interface Accounts	-	-
Trade and Other Payables	Other Payables	1,011,959	370,987
Trade and Other Payables	Retentions	4,548,160	2,401,902
Trade and Other Payables	Sundry Deposits	11,779,521	9,912,485
Trade and Other Payables	Consumer Deposits	12,214,563	11,086,873
Cash and Cash Equivalents	Bank Overdraft	-	-
		<b>98,858,647</b>	<b>94,208,152</b>

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

	2019 R	2018 R
<b>58. STATUTORY RECEIVABLES</b>		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
<b>Taxes</b>		
VAT Receivable	1,470,582	2,513,653
<b>Receivables from Non-Exchange Transactions</b>	16,759,495	13,937,878
Rates	12,726,548	10,803,878
Fines	4,032,948	3,134,000
<b>Total Statutory Receivables (before provision)</b>	<b>18,230,077</b>	<b>16,451,531</b>
<b>Less:</b> Provision for Debt Impairment	(12,621,195)	(10,327,532)
<b>Total Statutory Receivables (after provision)</b>	<b>5,608,882</b>	<b>6,123,999</b>
<b>Statutory Receivables arises from the following legislation:</b>		
Taxes	- Value Added Tax Act (No 89 of 1991)	
Rates	- Municipal Properties Rates Act (No 6 of 2004)	
Fines	- Criminal Procedures Act	
<b>(Rates): Ageing</b>		
Current (0 - 30 days)	2,714,395	2,565,035
31 - 60 Days	208,659	186,630
61 - 90 Days	169,085	157,899
+ 90 Days	9,634,407	7,894,314
<b>Total</b>	<b>12,726,548</b>	<b>10,803,878</b>
	<b>2019 R</b>	<b>2018 R</b>
<b>Interest Received from Statutory Receivables</b>		
Receivables from Non-Exchange Transactions	558,892	464,514
	558,892	464,514

**59. EVENTS AFTER THE REPORTING DATE**

**2019**

The municipality entered into a loan agreement with Standard bank during the financial year. The first draw-down on the loan facility of R7 912 430 was due to be received on 30 June 2019, should all conditions of the loan agreement be met. The conditions of the loan agreement were only met after 30 June 2019.

After year end the municipality received correspondence from the Director of the Department of Environmental Affairs and Development Planning regarding the licence for the operation and decommissioning of the Ashton waste disposal facility. No decisions have been made by the municipality as of yet with regard to the closure process of the waste disposal facility.

On the 12th of August 2019 the municipality became aware of possible fraudulent activities at one of its cashier points. The matter is currently under investigation and the matter has been reported to SAPS. The preliminary amount is estimated at R 35 724.62

On 04 November 2019 the Fidelity Cash Solutions vehicle transporting cash of the municipality, was engaged in a robbery at approximately 18h05 near Caledon. The amount of cash belonging to the municipality that was robbed was R 100,892.50

**2018**

The municipality suffered an impairment loss on the 4th of July 2018 due to vandalism at the Hediland Creche, the impairment loss will be recognised in the 2018/2019 financial year.

The Municipal Council on 31 July 2018 wrote unauthorised expenditure amounting to R15 250 off, incurred as part of the Christmas Light events hosted during the 2016/2017 financial year.

The Municipality submitted the Annual Financial Statements to the Office of the Auditor General on the 7th of September 2018.

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

		2019 R	2018 R
<b>60. PRIVATE PUBLIC PARTNERSHIPS</b>			
Council has not entered into any private public partnerships during the financial year.		-	-
		2019 R	2018 R
<b>61. CONTINGENT LIABILITY</b>			
Claims against Council		<u>1,400,385</u>	<u>1,486,646</u>
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:			
<i>Description of event</i>			
1	Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017. Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R269 912.	269,912	269,912
2	Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000.	400,000	400,000
3	Langeberg Municipality/ Rooiberg Winery (PTY) Ltd – No further legal action has been taken. Claim against the Municipality due to losses suffered as a result of breakdown in electricity supply amounting to R45 348 - Repudiated	-	45,348
		<u>669,912</u>	<u>715,260</u>
The following public liability claims were instituted against Langeberg Municipality during the current financial year, however no further legal action has been taken:			
<i>Description of event</i>			
1	M Selani Losses due to water pipe burst - repudiated	-	58,780
2	P Kleintjies Losses due to water pipe burst	518,689	518,689
3	Telkom Cable damage Losses due to damaged Telkom cables - settled	-	29,973
4	J Matthys Losses due to water pipe burst	23,945	23,945
5	L Vermeulen Third party injury claim	100,000	100,000
6	M Kotze Losses due to municipal motor vehicle accident - settled	-	40,000
7	J J Kruger - CCD 1718 - Pending Motor vehicle Third Party Claim	23,060	-
8	Alain Somerlink - Pending Motor vehicle Third Party Claim	64,780	-
		<u>730,473</u>	<u>771,386</u>
<b>62. CONTINGENT ASSET</b>			
Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies.		348,426	348,426
Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.		2,100,000	-
		<u>2,448,426</u>	<u>348,426</u>



**63. RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**63.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 8 to the Annual Financial Statements.

**63.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 35 to the Annual Financial Statements.

**63.3 Other related party transactions**

No purchases were made during the year where Councillors or staff have an interest.

**64. FINANCIAL SUSTAINABILITY**

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

**APPENDIX A - Unaudited  
LANGEBERG MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2019**

EXTERNAL LOANS	Rate	Account Number	Contract Number	Redeemable	Balance at 30 June 2018	Correction of Error	Interest Payable till 30/06/2018	Balance at 30 June 2018	Received during the period	Interest Paid during the period	Redeemed written off during the period	Interest Payable till 30/06/2019	Adjustments	Balance at 30 June 2019	Current Liability
<b>ANNUITY LOANS</b>															
DBSA	15.00%	10422/203	61001088	30/09/2018	36,673	-	(1,279)	35,394	-	2,528	(37,922)	-	(1,279)	(0)	-
DBSA	14.00%	11124/103	61001404	30/06/2019	273,854.96	-	-	273,854.96	-	33,521	(307,376)	-	-	(0)	-
DBSA	16.00%	11174/102	61001426	31/12/2018	50,216	-	-	50,216	-	4,226	(54,442)	-	-	0	-
DBSA	16.50%	11192/101	61001436	31/12/2018	417,531	-	-	417,531	-	33,540	(451,071)	-	-	0	-
DBSA	15.75%	13341/102	61003137	31/12/2019	920,549	-	-	920,549	-	129,122	(718,266)	-	-	331,405	331,405
DBSA	16.50%	13452/102	61003173	30/06/2020	230,124	-	-	230,124	-	17,978	(133,040)	-	-	115,062	115,062
DBSA	8.81%	13452/301	61003178	31/12/2019	232,253	-	-	232,253	-	17,290	(172,125)	-	-	77,418	77,418
DBSA	8.81%	13586/101	61003228	31/12/2020	116,274	-	-	116,274	-	10,798	(57,307)	-	-	69,764	46,510
DBSA	10.15%	13760/101	61003271	31/12/2020	529,150	-	-	529,150	-	46,894	(258,554)	-	-	317,490	211,660
DBSA	9.68%	99999/1	61004211	31/12/2024	415,887	-	-	415,887	-	39,366	(103,349)	-	-	351,904	63,983
DBSA	9.68%	102290/1	61000517	31/03/2027	14,142,566	-	(304,616)	13,837,949	-	1,192,983	(2,730,533)	277,101	(304,616)	12,577,501	1,537,550
<b>Total Annuity Loans</b>					<b>17,365,077</b>	-	<b>(305,895)</b>	<b>17,059,182</b>	-	<b>1,528,247</b>	<b>(5,023,985)</b>	<b>277,101</b>	<b>(305,895)</b>	<b>13,840,544</b>	<b>2,383,587</b>
<b>LEASE LIABILITY</b>															
Sasfin	16.50%	15267449	1	25/01/2019	5,062.46	-	-	5,062	-	271	(4,839)	-	(494)	(0)	-
Sasfin	16.50%	0834143742100001	2	25/01/2019	28,581.99	-	-	28,582	-	1,528	(27,320)	-	(2,790)	0	-
Sasfin	16.50%	K581144	3	25/02/2019	33,760.77	-	-	33,761	-	1,940	(32,800)	-	(2,901)	0	-
Sasfin	16.50%	B5706424/B5706437	4	25/01/2019	113,005.37	-	-	113,005	-	6,041	(108,016)	-	(11,031)	(0)	-
Sasfin	16.50%	B5706441/44702675	5	25/11/2018	44,264.82	-	-	44,265	-	1,991	(40,364)	-	(5,892)	(0)	-
Sasfin	16.50%	2B0385BK700065/A1023352100265	6	25/03/2019	86,308.57	-	-	86,309	-	5,579	(85,275)	-	(6,612)	0	-
Sasfin	16.50%	ITL5BE 1P 10 Units	7	25/05/2019	246,735.44	-	-	246,735	-	19,513	(250,767)	-	(15,481)	(0)	-
Sasfin	16.50%	V3L6606303/09/10	8	25/02/2020	42,618.78	-	-	42,619	-	5,083	(28,440)	-	253	19,515	17,839
Sasfin	16.50%	LW16220247/15Y05676	9	27/07/2019	18,736.57	-	-	18,737	-	1,734	(18,000)	-	177	2,647	1,480
Sasfin	16.50%	A44163500019	10	25/01/2020	56,841.36	-	-	56,841	-	6,629	(39,588)	-	358	24,240	21,874
Sasfin	16.50%	Radio Links 23 units	11	25/09/2019	500,481.84	-	-	500,482	-	51,358	(425,520)	-	4,060	130,380	103,520
Sasfin	16.25%	Z1149000GB	12	01/11/2020	88,633.29	-	-	88,633	-	11,673	(44,868)	-	355	55,794	39,009
Sasfin	16.00%	SQ966456ZA	13	25/06/2021	-	-	-	-	186,266	23,058	(79,657)	-	3,638	133,305	59,614
Sasfin	16.25%	VCG8164312	14	25/11/2021	-	-	-	-	20,750	1,534	(5,056)	-	386	17,614	6,325
Sasfin	16.25%	12 TaskAlfa 5052ci units	15	25/03/2022	-	-	-	-	1,392,269	35,929	(147,315)	-	24,503	1,305,386	401,561
Sasfin	16.25%	VCG8164308	16	25/03/2022	-	-	-	-	21,637	533	(3,180)	-	363	19,353	5,953
Konica Minolta	10.25%	B367 2 units A7series	17.1	25/03/2022	-	-	-	-	50,820	830	(4,896)	-	-	46,754	15,505
Konica Minolta	10.25%	B287 16units A7series	17.2	25/03/2022	-	-	-	-	375,031	6,125	(36,127)	-	-	345,028	114,420
Vodacom	10.50%	15 Tablets for the Councillors	18.1	01/10/2018	15,209.40	-	-	15,209	-	267	(15,476)	-	-	(0)	-
Vodacom	10.50%	8 Tablets for the Councillors	18.2	01/12/2018	13,403.04	-	-	13,403	-	354	(13,757)	-	-	0	-
Bytes Document Solutions	10.25%	Xerox Wc3345 4 Units	19.1	25/03/2022	-	-	-	-	35,385	578	(3,409)	-	-	32,555	10,796
Bytes Document Solutions	10.25%	Veralink B7025 5 Units	19.2	25/03/2022	-	-	-	-	57,681	942	(5,556)	-	-	53,066	17,598
<b>Total Lease Liabilities</b>					<b>1,293,644</b>	-	-	<b>1,293,644</b>	<b>2,139,840</b>	<b>183,490</b>	<b>(1,420,227)</b>	-	<b>(11,108)</b>	<b>2,185,638</b>	<b>815,494</b>
<b>TOTAL EXTERNAL LOANS</b>					<b>18,658,720</b>	-	<b>(305,895)</b>	<b>18,352,825</b>	<b>2,139,840</b>	<b>1,711,737</b>	<b>(6,444,213)</b>	<b>277,101</b>	<b>(317,003)</b>	<b>16,026,183</b>	<b>3,199,081</b>

**APPENDIX B - Unaudited  
LANGEBERG MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019  
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
10,533,475	22,684,922	(12,151,447)	Executive and council	5,200,584	24,497,600	(19,297,016)
119,855,681	76,235,490	43,620,191	Finance and administration	112,955,371	73,415,373	39,539,998
-	1,635,476	(1,635,476)	Internal audit	-	3,109,873	(3,109,873)
			<b>Community and Public Safety</b>			
11,462,088	22,025,126	(10,563,038)	Community and social services	10,797,996	22,714,841	(11,916,844)
752,211	18,895,041	(18,142,831)	Sport and recreation	1,567,888	20,820,372	(19,252,483)
-	91,570	(91,570)	Public safety	89,215	1,023,400	(934,185)
19,384,239	56,411,588	(37,027,349)	Housing	40,250,099	7,675,963	32,574,136
-	-	-	Health	-	-	-
			<b>Economic and Environmental Services</b>			
13,889,985	22,108,792	(8,218,807)	Planning and development	30,688,264	22,758,115	7,930,149
13,100,574	44,288,120	(31,187,546)	Road transport	11,121,526	45,510,980	(34,389,453)
-	-	-	Environmental protection	-	-	-
			<b>Trading Services</b>			
374,175,542	308,447,523	65,728,019	Energy sources	412,618,771	319,482,029	93,136,743
60,944,167	42,877,665	18,066,502	Water management	52,051,096	47,163,718	4,887,378
32,998,846	25,922,829	7,076,017	Waste water management	39,021,696	30,863,676	8,158,020
26,831,984	31,115,276	(4,283,292)	Waste management	32,263,548	29,802,435	2,461,113
3,063	1,153,788	(1,150,726)	<b>Other</b>	2,261	734,811	(732,550)
683,931,854	673,893,207	10,038,648	Sub Total	748,628,316	649,573,184	99,055,133
50,146,424	50,146,424	-	Less Inter-Departmental Charges	30,620,920	30,620,920	-
633,785,430	623,746,783	10,038,648	<b>Total</b>	718,007,397	618,952,264	99,055,133

**APPENDIX C - Unaudited  
LANGE BERG MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
<b>National Government Grants</b>											
Equitable Share	-	-	-	73,093,000	-	-	(73,093,000)	-	-	-	-
Finance Management Grant	-	-	-	1,550,000	-	-	(1,550,000)	-	-	-	-
Municipal Infrastructure Grant	4,981,146	-	4,981,146	21,612,000	-	-	(3,304,575)	(22,030,497)	1,258,075	1,258,075	-
Integrated National Electrification Grant	-	-	-	3,000,000	-	-	(2,034,546)	(965,454)	-	-	-
Expanded Public Works Programme	-	-	-	1,740,000	-	-	(1,740,000)	-	-	-	-
<b>Total National Government Grants</b>	<b>4,981,146</b>	<b>-</b>	<b>4,981,146</b>	<b>100,995,000</b>	<b>-</b>	<b>-</b>	<b>(81,722,121)</b>	<b>(22,995,951)</b>	<b>1,258,075</b>	<b>1,258,075</b>	<b>-</b>
<b>Provincial Government Grants</b>											
Community Library Services Grant	-	-	-	3,210,000	-	-	(3,210,000)	-	-	-	-
Community Library Services - MRF	-	-	-	5,700,000	-	-	(5,700,000)	-	-	-	-
Human Settlements Development Grant (Beneficiaries)	82,646	-	82,646	41,231,458	-	-	(11,645,238)	(28,228,863)	1,440,002	1,440,002	-
Title deed registration grant	2,967,784	-	2,967,784	801,284	-	-	(231,148)	-	3,537,919	3,537,919	-
Acceleration of Housing Delivery	273,700	-	273,700	-	-	-	-	-	273,700	273,700	-
Western Cape Financial Management Support Grant	-	-	-	330,000	-	-	(330,000)	-	-	-	-
Western Cape Financial Management Capacity Building Grant	240,000	-	240,000	360,000	-	-	(122,000)	-	478,000	478,000	-
Local Government Graduate Internship	60,000	-	60,000	-	-	(60,000)	-	-	-	-	-
Fire Services Capacity Building Grant	140,702	-	140,702	-	-	-	-	(121,672)	19,029	19,029	-
Emergency Drought Relief	-	-	-	-	-	-	-	-	-	-	-
Municipal Drought Relief Grant	4,200,000	-	4,200,000	-	-	-	-	(4,200,000)	-	-	-
Municipal Maintenance and construction of Transport Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Training	-	-	-	330,482	-	-	(330,482)	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>7,964,832</b>	<b>-</b>	<b>7,964,832</b>	<b>51,963,224</b>	<b>-</b>	<b>(60,000)</b>	<b>(21,568,869)</b>	<b>(32,550,536)</b>	<b>5,748,651</b>	<b>5,748,651</b>	<b>-</b>
<b>District Municipality</b>											
Bakery Project	168,875	-	168,875	-	-	-	-	-	168,875	168,875	-
CDWM Cultural Events	38,622	-	38,622	-	-	-	(38,622)	-	0	0	-
CWDM: King Edward Sport Grounds Upgrade	491,000	9,000	500,000	-	-	-	-	(292,312)	207,688	207,688	-
CWDM: Construction of Boundary Walls of Sportsfields	-	-	-	500,000	-	-	-	(467,801)	32,199	32,199	-
<b>Total District Municipality Grants</b>	<b>698,497</b>	<b>9,000</b>	<b>707,497</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>(38,622)</b>	<b>(760,113)</b>	<b>408,762</b>	<b>408,762</b>	<b>-</b>
<b>Other Grant Providers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Grant Providers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Grants</b>	<b>13,644,475</b>	<b>9,000</b>	<b>13,653,475</b>	<b>153,458,224</b>	<b>-</b>	<b>(60,000)</b>	<b>(103,329,611)</b>	<b>(56,306,600)</b>	<b>7,415,488</b>	<b>7,415,488</b>	<b>-</b>

**LANGEBERG MUNICIPALITY - Reconciliation of Table A1 Budget Summary - Unaudited**

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance (i.t.o. MFMA s28 )	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>R thousands</b>												
<b>Financial Performance</b>												
Property rates	52,863	–	52,863	52,679		(183)	99.7%	99.7%				46,521
Service charges	460,783	–	460,783	453,723		(7,060)	98.5%	98.5%				398,851
Investment revenue	7,712	–	7,712	13,101		5,389	169.9%	169.9%				10,777
Transfers recognised - operational	102,256	9,012	111,268	103,330		(7,938)	92.9%	101.0%				99,853
Other own revenue	39,752	(4,906)	34,846	53,348		18,502	153.1%	134.2%				49,683
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>663,365</b>	<b>4,106</b>	<b>667,471</b>	<b>676,181</b>		<b>8,710</b>	<b>101.3%</b>	<b>101.9%</b>				<b>605,685</b>
Employee costs	201,199	(12,172)	189,027	186,765	–	(2,262)	98.8%	92.8%	–	–	–	172,604
Remuneration of councillors	10,871	(300)	10,571	10,538	–	(33)	99.7%	96.9%	–	–	–	10,222
Debt impairment	–	–	–	–	–	–	100.0%	100.0%	–	–	–	–
Depreciation & asset impairment	29,194	(1,208)	27,987	25,054	–	(2,932)	89.5%	85.8%	–	–	–	25,486
Finance charges	13,228	(1,703)	11,525	11,296	–	(229)	98.0%	85.4%	–	–	–	11,624
Materials and bulk purchases	312,501	995	313,496	311,176	–	(2,320)	99.3%	99.6%	–	–	–	332,629
Transfers and grants	7,983	280	8,263	1,765	–	(6,498)	21.4%	22.1%	–	–	–	1,820
Other expenditure	105,047	20,309	125,356	86,838	–	(38,518)	69.3%	82.7%	–	–	–	65,446
<b>Total Expenditure</b>	<b>680,023</b>	<b>6,202</b>	<b>686,225</b>	<b>633,433</b>	<b>–</b>	<b>(52,792)</b>	<b>92.3%</b>	<b>93.1%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>619,831</b>
<b>Surplus/(Deficit)</b>	<b>(16,658)</b>	<b>(2,096)</b>	<b>(18,754)</b>	<b>42,749</b>		<b>61,502</b>	<b>-227.9%</b>	<b>-256.6%</b>				<b>(14,146)</b>
Transfers recognised - capital	29,743	–	57,933	56,307		(1,627)	97.2%	189.3%				24,145
Contributions recognised - capital & contributed assets	–	–	–	–		–	0.0%	0.0%				40
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>13,085</b>	<b>(2,096)</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>252.8%</b>	<b>757.0%</b>				<b>10,039</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
<b>Surplus/(Deficit) for the year</b>	<b>13,085</b>	<b>(2,096)</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>252.8%</b>	<b>757.0%</b>				<b>10,039</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	29,743	28,190	57,933	56,307		(1,627)	0.0%	0.0%				23,863
Public contributions & donations	–	–	–	–		–	0.0%	0.0%				40
Borrowing	20,124	(12,212)	7,912	5,961		(1,951)	0.0%	0.0%				–
Internally generated funds	38,244	(2,759)	35,485	31,023		(4,462)	0.0%	0.0%				20,122
<b>Total sources of capital funds</b>	<b>88,111</b>	<b>13,219</b>	<b>101,331</b>	<b>93,290</b>		<b>(8,040)</b>	<b>0.0%</b>	<b>0.0%</b>				<b>44,025</b>
<b>Cash flows</b>												
Net cash from (used) operating	47,478	15,916	63,394	101,316		37,922	0.0%	0.0%				75,853
Net cash from (used) investing	(87,297)	(13,553)	(100,850)	(92,103)		8,747	0.0%	0.0%				(37,816)
Net cash from (used) financing	16,401	(8,906)	7,495	(3,645)		(11,140)	0.0%	0.0%				(4,007)
<b>Cash/cash equivalents at the year end</b>	<b>81,469</b>	<b>37,705</b>	<b>119,174</b>	<b>154,704</b>		<b>35,530</b>	<b>0.0%</b>	<b>0.0%</b>				<b>149,135</b>

**LANGEBERG MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) - Unaudited**

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<b>Governance and administration</b>	126,090	(260)	125,830	118,156		(7,674)	93.9%	93.7%				117,528
Executive and council	4,949	–	4,949	5,201		252	105.1%	105.1%				4,878
Finance and administration	121,141	(260)	120,881	112,955		(7,925)	93.4%	93.2%				112,651
Internal audit	–	–	–	–		–	0.0%	0.0%				–
<b>Community and public safety</b>	24,051	28,557	52,608	52,705		98	100.2%	219.1%				31,599
Community and social services	11,479	122	11,600	10,798		(802)	93.1%	94.1%				11,462
Sport and recreation	1,821	1,200	3,021	1,568		(1,453)	51.9%	86.1%				752
Public safety	112	–	112	89		(23)	79.4%	79.4%				–
Housing	10,638	27,235	37,874	40,250		2,376	106.3%	378.3%				19,384
Health	–	–	–	–		–	0.0%	0.0%				–
<b>Economic and environmental services</b>	44,660	(669)	43,991	41,028		(2,963)	93.3%	91.9%				19,054
Planning and development	11,823	4,683	16,506	29,906		13,400	181.2%	253.0%				5,954
Road transport	32,837	(5,352)	27,485	11,122		(16,363)	40.5%	33.9%				13,101
Environmental protection	–	–	–	–		–	0.0%	0.0%				–
<b>Trading services</b>	498,308	4,668	502,976	506,118		3,142	100.6%	101.6%				465,605
Electricity	381,577	–	381,577	385,823		4,246	101.1%	101.1%				352,352
Water	49,524	4,568	54,092	49,254		(4,838)	91.1%	99.5%				53,693
Waste water management	36,182	–	36,182	38,894		2,713	107.5%	107.5%				32,898
Waste management	31,021	–	31,021	32,145		1,124	103.6%	103.6%				26,659
<b>Other</b>	4	100	104	2		(101)	2.2%	63.9%				3
<b>Total Revenue - Standard</b>	693,108	32,296	725,404	718,007		(7,397)	99.0%	103.6%				633,785

**LANGEBERG MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) - Unaudited**

Description  R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Expenditure - Standard</b>												
<b>Governance and administration</b>	122,820	(585)	122,235	98,276	45	(23,959)	80.4%	80.0%	-	-	-	98,443
Executive and council	38,782	(4,106)	34,675	24,498	-	(10,178)	70.6%	63.2%	-	-	-	22,682
Finance and administration	81,360	3,134	84,495	70,669	-	(13,826)	83.6%	86.9%	-	-	-	74,125
Internal audit	2,678	387	3,065	3,110	45	45	101.5%	116.1%	-	-	-	1,635
<b>Community and public safety</b>	64,011	7,908	71,919	49,980	2,069	(21,939)	69.5%	78.1%	-	-	-	96,041
Community and social services	21,444	(1,543)	19,900	21,970	2,069	2,069	110.4%	102.5%	-	-	-	21,487
Sport and recreation	22,492	(365)	22,127	19,145	-	(2,983)	86.5%	85.1%	-	-	-	18,135
Public safety	5,727	228	5,955	1,308	-	(4,647)	22.0%	22.8%	-	-	-	92
Housing	14,347	9,589	23,936	7,557	-	(16,379)	31.6%	52.7%	-	-	-	56,328
Health	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Economic and environmental services</b>	72,441	(6,252)	66,189	61,569	-	(4,620)	93.0%	85.0%	-	-	-	59,241
Planning and development	26,950	(1,332)	25,618	22,718	-	(2,900)	88.7%	84.3%	-	-	-	22,084
Road transport	45,491	(4,920)	40,571	38,851	-	(1,720)	95.8%	85.4%	-	-	-	37,157
Environmental protection	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
<b>Trading services</b>	420,752	5,131	425,883	409,127	-	(16,756)	96.1%	97.2%	-	-	-	370,022
Electricity	327,317	(3,390)	323,927	318,844	-	(5,082)	98.4%	97.4%	-	-	-	292,613
Water	36,319	2,802	39,121	35,291	-	(3,830)	90.2%	97.2%	-	-	-	27,612
Waste water management	23,429	2,690	26,119	24,877	-	(1,243)	95.2%	106.2%	-	-	-	18,600
Waste management	32,336	3,083	35,420	29,380	-	(6,040)	82.9%	90.9%	-	-	-	30,043
<b>Other</b>	1,350	(54)	1,297	735	-	(562)	56.7%	54.4%	-	-	-	1,154
<b>Total Expenditure - Standard</b>	680,023	6,202	686,225	618,952	2,114	(67,273)	90.2%	91.0%	-	-	-	623,747
<b>Surplus/(Deficit) for the year</b>	13,085	26,094	39,179	99,055	(2,114)	59,876	252.8%	757.0%	-	-	-	10,039

**LANGEBERG MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote) - Unaudited**

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - FINANCE	118,158	(500)	117,658	109,325		(8,333)	92.9%	92.9%				102,787
Vote 2 - EXECUTIVE & COUNCIL	4,949	–	4,949	5,201		252	105.1%	105.1%				4,878
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2,690	321	3,011	1,935		(1,076)	64.3%	64.3%				2,155
Vote 4 - CORPORATE SERVICES	19,991	(5,000)	14,991	15,078		87	100.6%	100.6%				23,188
Vote 5 - ENGINEERING SERVICES	523,962	8,899	532,861	564,912		32,051	106.0%	106.0%				469,716
Vote 6 - COMMUNITY SERVICES	23,358	28,576	51,934	52,177		243	100.5%	100.5%				31,062
<b>Total Revenue by Vote</b>	<b>693,108</b>	<b>32,296</b>	<b>725,404</b>	<b>748,628</b>		<b>23,224</b>	<b>0.0%</b>	<b>0.0%</b>				<b>633,785</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - FINANCE	38,402	1,296	39,698	30,923	–	(8,775)	77.9%	77.9%	–	–	–	32,330
Vote 2 - EXECUTIVE & COUNCIL	41,460	(3,449)	38,010	28,616	–	(9,395)	75.3%	75.3%	–	–	–	27,774
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	26,922	(1,064)	25,858	17,383	–	(8,475)	67.2%	67.2%	–	–	–	19,890
Vote 4 - CORPORATE SERVICES	47,622	(4,853)	42,769	51,215	8,445	8,445	119.7%	119.7%	–	–	–	43,809
Vote 5 - ENGINEERING SERVICES	460,680	7,455	468,135	469,745	1,610	1,610	100.3%	100.3%	–	–	–	404,322
Vote 6 - COMMUNITY SERVICES	64,938	6,817	71,755	51,692	–	(20,063)	72.0%	72.0%	6,447	(6,447)	–	95,621
<b>Total Expenditure by Vote</b>	<b>680,023</b>	<b>6,202</b>	<b>686,225</b>	<b>649,573</b>	<b>10,056</b>	<b>(36,652)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>623,747</b>
<b>Surplus/(Deficit) for the year</b>	<b>13,085</b>	<b>26,094</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>0.0%</b>	<b>0.0%</b>				<b>10,039</b>



**LANGEBERG MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - Unaudited**

Description  R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	52,863	–	52,863	52,679		(183)	99.7%	99.7%				46,521
Property rates - penalties & collection charges	–	–	–	–		–	0.0%	0.0%				–
Service charges - electricity revenue	371,654	–	371,654	371,968		314	100.1%	100.1%				339,699
Service charges - water revenue	45,612	–	45,612	39,576		(6,036)	86.8%	86.8%				27,205
Service charges - sanitation revenue	23,307	–	23,307	23,558		251	101.1%	101.1%				19,194
Service charges - refuse revenue	20,210	–	20,210	21,178		968	104.8%	104.8%				15,155
Service charges - other	–	–	–	–		–	0.0%	0.0%				–
Rental of facilities and equipment	4,748	–	4,748	3,163		(1,585)	66.6%	66.6%				2,888
Interest earned - external investments	7,712	–	7,712	13,099		5,386	169.8%	169.8%				10,773
Interest earned - outstanding debtors	2,668	13	2,682	2,736		55	102.0%	102.6%				2,608
Dividends received	–	–	–	3		3	0.0%	0.0%				3
Fines	10,317	(4,906)	5,411	5,477		65	101.2%	53.1%				4,529
Licences and permits	1,328	–	1,328	1,454		126	109.5%	109.5%				940
Agency services	5,680	–	5,680	4,145		(1,535)	73.0%	73.0%				3,930
Transfers recognised - operational	102,256	9,012	111,268	103,330		(7,938)	92.9%	101.0%				99,853
Other revenue	13,616	(13)	13,602	32,333		18,730	237.7%	237.5%				24,514
Gains on disposal of PPE	1,395	–	1,395	1,483		89	106.3%	106.3%				7,870
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>663,365</b>	<b>4,106</b>	<b>667,471</b>	<b>676,181</b>		<b>8,710</b>	<b>101.3%</b>	<b>0.0%</b>				<b>605,685</b>

**LANGEBERG MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - Unaudited**

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Expenditure By Type</b>												
Employee related costs	201,199	(12,172)	189,027	186,765	–	(2,262)	98.8%	92.8%	(2,134)	2,134	–	172,604
Remuneration of councillors	10,871	(300)	10,571	10,538	–	(33)	99.7%	96.9%	–	–	–	10,222
Debt impairment	14,426	(4,660)	9,766	–	–	(9,766)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	29,194	(1,208)	27,987	25,054	–	(2,932)	89.5%	85.8%	(1,288)	1,288	–	25,486
Finance charges	13,228	(1,703)	11,525	11,296	–	(229)	98.0%	85.4%	(1,033)	1,033	–	11,624
Bulk purchases	289,863	–	289,863	293,000	3,137	3,137	101.1%	101.1%	–	–	–	266,193
Other materials	22,639	995	23,634	18,177	–	(5,457)	76.9%	80.3%	48,189	(48,189)	–	66,436
Contracted services	41,861	10,934	52,795	23,462	–	(29,333)	44.4%	56.0%	(36,303)	36,303	–	21,483
Transfers and grants	7,983	280	8,263	1,765	–	(6,498)	21.4%	22.1%	(11)	11	–	1,820
Other expenditure	48,182	14,035	62,217	63,376	1,158	1,158	101.9%	131.5%	(954)	954	–	43,963
Loss on disposal of PPE	578	–	578	–	–	(578)	0.0%	0.0%	(20)	20	–	–
<b>Total Expenditure</b>	<b>680,023</b>	<b>6,202</b>	<b>686,225</b>	<b>633,433</b>	<b>4,295</b>	<b>(52,792)</b>	<b>92.3%</b>	<b>93.1%</b>	<b>6,447</b>	<b>(6,447)</b>	<b>–</b>	<b>619,831</b>
<b>Surplus/(Deficit)</b>	<b>(16,658)</b>	<b>(2,096)</b>	<b>(18,754)</b>	<b>42,749</b>	<b>(4,295)</b>	<b>61,502</b>	<b>-227.9%</b>	<b>-256.6%</b>				<b>(14,146)</b>
Transfers recognised - capital	29,743	28,190	57,933	56,307	–	(1,627)	97.2%	189.3%				24,145
Contributions recognised - capital	–	–	–	–	–	–	0.0%	0.0%				–
Contributed assets	–	–	–	–	–	–	0.0%	0.0%				40
	<b>13,085</b>	<b>26,094</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>252.8%</b>	<b>757.0%</b>				<b>10,039</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>												
Taxation	–	–	–	–	–	–	0.0%	0.0%				–
<b>Surplus/(Deficit) after taxation</b>	<b>13,085</b>	<b>26,094</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>252.8%</b>	<b>757.0%</b>				<b>10,039</b>
Attributable to minorities	–	–	–	–	–	–	0.0%	0.0%				–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>13,085</b>	<b>26,094</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>252.8%</b>	<b>757.0%</b>				<b>10,039</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	0.0%	0.0%				–
<b>Surplus/(Deficit) for the year</b>	<b>13,085</b>	<b>26,094</b>	<b>39,179</b>	<b>99,055</b>		<b>59,876</b>	<b>252.8%</b>	<b>757.0%</b>				<b>10,039</b>

**LANGEBERG MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding - Unaudited**

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - FINANCE	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1,000	(443)	557	457	-	(100)	0%	0%	-	-	-	-
Vote 4 - CORPORATE SERVICES	500	(150)	350	316	-	(34)	0%	0%	-	-	-	173
Vote 5 - ENGINEERING SERVICES	52,268	(7,430)	44,838	38,826	-	(6,012)	0%	0%	-	-	-	7,613
Vote 6 - COMMUNITY SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>53,768</b>	<b>(8,023)</b>	<b>45,745</b>	<b>39,599</b>	<b>-</b>	<b>(6,146)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,786</b>
<b>Single-year expenditure</b>												
Vote 1 - FINANCE	4,500	(4,316)	184	184	-	-	0%	0%	-	-	-	568
Vote 2 - EXECUTIVE & COUNCIL	-	154	154	115	-	(39)	0%	0%	-	-	-	546
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1,300	(338)	962	882	-	(80)	0%	0%	-	-	-	1,393
Vote 4 - CORPORATE SERVICES	1,070	312	1,382	1,302	-	(80)	0%	0%	-	-	-	2,171
Vote 5 - ENGINEERING SERVICES	7,963	1,180	9,143	8,090	-	(1,053)	0%	0%	-	-	-	29,028
Vote 6 - COMMUNITY SERVICES	19,510	24,250	43,761	43,119	-	(642)	0%	0%	-	-	-	2,533
<b>Capital single-year expenditure</b>	<b>34,344</b>	<b>21,242</b>	<b>55,586</b>	<b>53,692</b>	<b>-</b>	<b>(1,894)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,239</b>
<b>Total Capital Expenditure - Vote</b>	<b>88,111</b>	<b>13,219</b>	<b>101,331</b>	<b>93,290</b>	<b>-</b>	<b>(8,040)</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,025</b>

**LANGEBERG MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding - Unaudited**

Vote Description  R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	7,870	(5,024)	2,846	2,603	–	(242)	0%	0%	–	–	–	2,587
Executive and council	–	154	154	115	–	(39)	0%	0%	–	–	–	–
Finance and administration	7,870	(5,179)	2,691	2,488	–	(203)	0%	0%	–	–	–	2,080
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	507
<b>Community and public safety</b>	20,010	24,331	44,341	43,627	0	(714)	0%	0%	–	–	–	4,650
Community and social services	1,919	111	2,030	1,786	–	(244)	0%	0%	–	–	–	1,925
Sport and recreation	7,591	6,335	13,927	13,483	–	(444)	0%	0%	–	–	–	2,711
Public safety	–	156	156	129	–	(27)	0%	0%	–	–	–	–
Housing	10,500	17,729	28,229	28,229	0	0	0%	0%	–	–	–	15
Health	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Economic and environmental services</b>	17,247	4,110	21,356	18,755	–	(2,601)	0%	0%	–	–	–	3,803
Planning and development	1,115	(247)	868	868	–	(0)	0%	0%	–	–	–	137
Road transport	16,132	4,357	20,488	17,887	–	(2,601)	0%	0%	–	–	–	3,666
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Trading services</b>	42,984	(10,197)	32,787	28,305	–	(4,483)	0%	0%	–	–	–	32,985
Electricity	27,779	(12,642)	15,137	12,892	–	(2,245)	0%	0%	–	–	–	5,470
Water	10,150	2,565	12,715	11,225	–	(1,490)	0%	0%	–	–	–	27,163
Waste water management	–	302	302	297	–	(5)	0%	0%	–	–	–	352
Waste management	5,055	(422)	4,633	3,890	–	(743)	0%	0%	–	–	–	–
<b>Other</b>	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	<b>88,111</b>	<b>13,219</b>	<b>101,331</b>	<b>93,290,433.66</b>	<b>0</b>	<b>(8,040)</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>44,025</b>
<b>Funded by:</b>												
National Government	18,793	5,297	24,090	22,996	–	(1,094)	0%	0%	–	–	–	15,754
Provincial Government	10,500	22,343	32,843	32,551	–	(293)	0%	0%	–	–	–	8,108
District Municipality	450	550	1,000	760	–	(240)	0%	0%	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	0%	0%	–	–	–	–
<b>Transfers recognised - capital</b>	<b>29,743</b>	<b>28,190</b>	<b>57,933</b>	<b>56,307</b>	<b>–</b>	<b>(1,627)</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23,863</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>40</b>
<b>Borrowing</b>	<b>20,124</b>	<b>(12,212)</b>	<b>7,912</b>	<b>5,961</b>	<b>–</b>	<b>(1,951)</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>	<b>38,244</b>	<b>(2,759)</b>	<b>35,485</b>	<b>31,023</b>	<b>–</b>	<b>(4,462)</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,122</b>
<b>Total Capital Funding</b>	<b>88,111</b>	<b>13,219</b>	<b>101,331</b>	<b>93,290</b>	<b>–</b>	<b>(8,040)</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>44,025</b>

**LANGEBERG MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows - Unaudited**

Description  R thousand	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, peanalties and collection charges	51,805	–	51,805	46,891	(4,914)	90.5%	90.5%	39,358
Service charges	451,567	–	451,567	435,279	(16,288)	96.4%	96.4%	405,547
Other revenue	29,955	(3,569)	26,385	29,016	2,631	110.0%	96.9%	33,631
Government - operating	102,256	5,677	107,933	97,152	(10,781)	90.0%	95.0%	103,375
Government - capital	29,743	18,139	47,882	56,307	8,425	117.6%	189.3%	31,200
Interest	10,327	13	10,340	13,099	2,759	126.7%	126.8%	10,773
Dividends	–	–	–	3	3	100.0%	100.0%	3
<b>Payments</b>								
Suppliers and employees	(606,965)	(5,759)	(612,724)	(573,006)	39,718	93.5%	94.4%	(543,957)
Finance charges	(13,228)	1,703	(11,525)	(1,658)	9,867	14.4%	12.5%	(2,258)
Transfers and Grants	(7,983)	(287)	(8,270)	(1,765)	6,505	21.3%	22.1%	(1,820)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>47,478</b>	<b>15,916</b>	<b>63,394</b>	<b>101,316</b>	<b>37,922</b>	<b>159.8%</b>	<b>213.4%</b>	<b>75,853</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	817	–	817	2,133	1,317	261.2%	261.2%	8,392
Decrease (Increase) in non-current debtors	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	(3,500)	(3,500)	–	3,500	-100.0%	-100.0%	–
Decrease (increase) in non-current investments	(2)	2	–	–	–	0.0%	0.0%	–
<b>Payments</b>								
Capital assets	(88,111)	(10,055)	(98,167)	(94,236)	3,931	96.0%	107.0%	(46,207)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(87,297)</b>	<b>(13,553)</b>	<b>(100,850)</b>	<b>(92,103)</b>	<b>8,747</b>	<b>91.3%</b>	<b>0.0%</b>	<b>(37,816)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	20,537	(12,212)	8,325	–	(8,325)	-100.0%	-100.0%	–
Increase (decrease) in consumer deposits	628	37	665	1,128	462	169.5%	179.6%	1,119
<b>Payments</b>								
Repayment of borrowing	(4,764)	3,269	(1,496)	(4,772)	(3,277)	319.1%	100.2%	(5,126)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>16,401</b>	<b>(8,906)</b>	<b>7,495</b>	<b>(3,645)</b>	<b>(11,140)</b>	<b>-48.6%</b>	<b>-22.2%</b>	<b>(4,007)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(23,418)</b>	<b>(6,543)</b>	<b>(29,961)</b>	<b>5,569</b>				<b>34,030</b>
Cash/cash equivalents at the year begin:	104,887	44,248	149,135	149,135				115,105
Cash/cash equivalents at the year end:	81,469	37,705	119,174	154,704	35,530	129.8%	189.9%	149,135



## Chapter 6: Audit Findings



**LANGEBERG**  
MUNISIPALITEIT MUNICIPALITY MASIPALA



### **Report of the Audit & Performance Committee**

We are pleased to present our report for the financial year ended 30 June 2019.

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Langeberg Municipality



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### Audit & Performance Committee Members and Attendance:

The Audit & Performance Committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved charter. During the current year seven meetings were held and attendance was as tabled.

Name of member	Appointment date	Contract End Date	Number of meetings attended for 2018/19
Mr E Abrahams: Independent Chairperson – From March 2019	1 October 2016	30 September 2019	7
Mr W van Deventer: Independent	1 March 2016	30 February 2019	4
Mr R.G. Nicholls: Independent	1 October 2016	30 September 2019	6
Ms K Talmakkies Independent	01 March 2019	30 April 2022	1
Mr A Amod: Independent Chairperson – Until December 2018	1 July 2012	31 December 2018	3
Mr O Valley Independent	01 March 2019	28 February 2022	2
Mr A Njeza Independent	03 June 2019	31 May 2022	1

### Audit & Performance Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Sections 166 of the MFMA. We further report that we have conducted our affairs in compliance with this charter.

#### Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in its audits. Internal Audit completed their 2018/19 annual plan as approved by the Audit & Performance Committee.

We have met with the Internal Audit during the year to ensure that the function is executed effectively and objectively.

We are satisfied with the content and quality of quarterly Internal Audit reports prepared and issued by the internal auditors of the municipality during the year under review.

### The quality of in year management and quarterly reports submitted in terms of the MFMA

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon.

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We noted improvement in the content and quality of reports prepared and submitted by Management.

### **The effectiveness of internal control**

The system of internal control employed by the Municipality to financial and risk management is effective, efficient and transparent.

In line with the MFMA and the recommendations from King IV Report on Corporate Governance requirements, Internal Audit provides the Audit & Performance Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors and the Audit Report on the annual financial statements of the Auditor-General South Africa, it was noted that there were no indicated material deficiencies in the system of internal controls or deviations there from.

Accordingly, we can report that the system of internal control over the financial reporting period under review was efficient and effective.

### **Evaluation of Financial Statements**

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa; Internal Auditors and the Accounting Officer;
- Reviewed changes in accounting policies and practices;
- Reviewed the Municipality's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments and accepted the unadjusted audit differences as they were not material.

We concur with and accept the Auditor-General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

### **Auditor-General South Africa**

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.



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**Mr E. Abrahams**

**Chairperson of the Audit & Performance Committee**

**25 November 2019**

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# Report of the auditor-general to the Western Cape Provincial Parliament and council on the Langeberg Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Langeberg Municipality set out on pages 5 to 154, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Langeberg Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act no. 1 of 2018) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Restatement of corresponding figures

7. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

### Material losses/impairments

8. As disclosed in note 11 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R21 million (2017-18: R17,7 million).
9. As disclosed in note 12 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R18,4 million (2017-18: R16,1 million).
10. As disclosed in note 37 to the financial statements, material losses of R18,7 million (2017-18: R9,1 million) were incurred as a result of a write-off of trade debtors.

### Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on note 55 to the financial statements.

### Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the Langeberg Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.



## **Auditor-general's responsibilities for the audit of the financial statements**

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

17. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected strategic objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance 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.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

<b>Strategic objective</b>	<b>Pages in the annual performance report</b>
Strategic objective 5 – adherence to all laws and regulations applicable to local government	82 – 85

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this strategic objective:
- Adherence to all laws and regulations applicable to local government

### **Other matter**

22. I draw attention to the matter below.

### **Achievement of planned targets**

23. Refer to the annual performance report on pages 70 to 85 for information on the achievement of planned targets for the year.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. 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 comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that 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 objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

29. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### Internal control deficiencies

30. 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. I did not identify any significant deficiencies in internal control.

#### Other reports

31. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
32. The Hawks are investigating allegations of fraud and corruption by employees of the Langeberg Municipality, as well as public persons, for the period 2005 to 2018. These proceedings were still in progress at the date of this auditor's report.

*Auditor-General*  
Cape Town

30 November 2019



*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 the selected objective and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Langeberg Municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
35	Non-compliance to MSA	During the audit of Strategic objective 5: Adherence to all laws and regulations applicable to local government, it was identified that for indicators where the municipality underperformed, management did not include measures taken to improve performance as required in terms of the above stated requirement.	It is recommended that management adjust the APR to ensure compliance with the above stated legislative requirements. Furthermore, management should enhance their review control processes to ensure that errors, misstatements and non-compliance with applicable legislation is prevented, detected and corrected by the systems of internal controls.	In agreement	Ms C Matthys  Mr D Lakey	Immediately  Monthly	Management will adjust the APR to ensure compliance with the above stated legislative requirements.  Management will enhance our review control processes to ensure that errors, misstatements and non-compliance with applicable legislation is prevented, detected and corrected by the systems of internal controls.
38	Inconsistency of mSCOA codes and SOP and POE	During the audit of Strategic objective 5: adherence to all laws and regulations applicable to local government, inconsistencies were identified between the mSCOA vote numbers to be used as per the standard operating procedure (SOP) and those used in the portfolio of evidence for indicators listed .	Management should regularly review and update standard operating procedures relating to the collection, collation and reporting of performance information to ensure the accuracy and relevance thereof.	a) Management disagrees with items 1 and 2 as the correct SOPs were provided to AG  b) management agrees that the incorrect vote number is used on item 3 but the correct vote number is 9/111-36-36 according to CAPEX and not 9/180-193-193 as referred to in the COMAF.	PMS officer	Immediately	Management will review and update standard operating procedures relating to the collection, collation and reporting of performance information to ensure the accuracy and relevance thereof



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
				c) Management agrees the correct MSCOA vote numbers for item 4 & 5 are referred to per POE but incorrectly reflected in SOPs			
41	Strategic objective 5 – actual performance vs source	During the audit of the performance information for Strategic objective 5: Adherence to all laws and regulations applicable to local government, it was identified that the reported actual performance in respect of the following indicators was not reliable when compared to the source information and resulted in audit differences.	Management should ensure that each the reported amount in the portfolio of evidence for each indicator is reconciled to the annual performance report (APR) submitted for audit to ensure that the APR is correct. Management should amend the APR to agree with the source documents.	In agreement	C.Matthys D.Lahey	Oct 2019  Ongoing monitoring	Management will amend the APR to agree with the source documents. Management will ensure that each of the reported amount in the portfolio of evidence for the indicator is reconciled to the annual performance report (APR) submitted for audit to ensure that the APR is correct



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
43	Non-compliance with Municipal Supply Chain Regulation 32	Non-compliance with Municipal Supply Chain Regulation 32	Management should review its interpretation and implementation of SCM regulation 32 and implement the principles as clarified by the courts in the matters of Blue Nightingale Trading 397 (Pty) Ltd t/a Siyenza Group v Amathole District Municipality and Kwadukuza Municipality v Skiful 1169 CC and Another as it has the force of law and must form the basis against which the application of regulation 32 is measured. The outcomes of the court judgement are to be applied retrospectively and applies to contracts where expenditure has been incurred in the 2018-19 financial year. Management should investigate all regulation 32 contracts on which expenditure was incurred in 2018-19 to identify any other instances where the prescribed requirements were not complied with, or alternatively, provide audit with evidence, obtained from the other organ of state, confirming that that expenditure was incurred on a forfeited portion of the original award. Evidence of any such	Management disagree with finding	Municipal ManagerCFO	Not provided	We will obtain further legal advice on the matter and if necessary we will amend our policy accordingly.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
			investigation, as well as the outcome thereof, should be provided for auditing. Management is advised to review their existing SCM policies and effect the necessary amendments where appropriate for approval by the municipal council.				



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
52	Procurement and contract management – Local content	During the review of compliance, specifically for local content requirements, it was identified that the invitation for tenders did not specify the minimum threshold for local content production.	On receipt of a requisition for goods and services, the procurement staff and/or specifications committee should consider whether the procurement needs are classified under “designated commodities”. It must be ensured that the bid specification documents specify the minimum local content and that it is also evaluated during the evaluation process where necessary.	We disagree with the finding due to the below reasons: 1. Our tender specifications indicated the non-designated product for local content because the product we require is an “anti-cut” steel fencing, Not the one designated under steel product, because under designated product there is no mention of an “Anti-Cut steel fencing, this is special type of fencing which is new in SA market and is not yet designated for local content. It is not the wire fencing as stipulated in the designated sectors.	N/A	N/A	N/A



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
				<p>2. For instance, under steel product the “steel gutters are designated for local product, but you also get other types of gutters like aluminium and plastic gutters which are not designated for local content although they are similar products. Therefore, it cannot be correct to include “Anti-Cut” steel fencing under steel fencing because their durability and capabilities are not the same.</p> <p>3. Furthermore, despite the above not being specified, the winning supplier did furnish the municipality with a declaration on</p>			



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
				local production and content and thus the winning bidder would not have failed to meet the minimum stipulated threshold even if this tender was a designated sector.			



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
54	Procurement and contract management – Contract extension	During the completion of risk assessment procedures on the municipality's procurement and contract management system description, specifically contract management requirements, it was identified that a request for an expansion of contract:40/2018 awarded to Amabamba was submitted to accommodate existing security fencing requirements at the following facilities. Although the rates offered by Aburec were lower than that of Amabamba, they did not submit a B-BBEE certificate with the original tender 40/2018, whilst Amabamba are level 1 contributor and therefore scored higher. At this stage the municipality did not decide to go out on tender, although it had been proven that there were no exceptional economic benefits for expansion. Upon inspection of the original tender submission by Aburec, it was confirmed that they had declared that they are a level 1 contributor. When a quote was sourced from them with respect to the above economic advantage of expansion, their B-BBEE was not requested. Although the rates offered by Aburec Fencing CC were lower than that of Amabamba Fencing, their quote was not accepted resulting in the process not being fair. Based on the above considerations, the extension of	(i) Management should implement adequate processes and controls to ensure that the prescripts of the SCM regulations are adhered to. The municipality should implement stringent review controls to ensure that when contract extensions are approved, the reasons are validated before approval. ii) The financial statements should be amended to include the amount of expenditure relating to the contract extension as irregular expenditure.	Management disagrees with the finding as follows: When extending an existing contract, we had performed a due diligence exercise accordingly because quotes were sourced from 3 suppliers to give a fair chance as well as ascertain if there are economic benefits to the process. However, the report described clearly that 2 out of the 3 quotes that we received were in the same range and therefore the expansion amount was acceptable. There were economic advantages as well because if we	N/A	N/A	N/A





## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
		contract of the above mentioned contract is not justifiable in that it was either impractical to procure a new contract or there were exceptional benefits/ discounts for extending the existing contract. Therefore, the above extension award did not comply with Regulation 36(1) of the Municipal Supply Chain Management Regulations and results in irregular expenditure		went out on tender steel rates would have increased 3 times by the time we complete a tender process as a tender process takes months to complete, also taking into account other expenditures such as advertisement expenditure and appointment of a neutral legal person for in case of disputes, etc. We further followed MFMA section 116, to notify the municipal council as well as allowing the public to comment on the intention to extend the existing contract.			



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
57	Procurement and contract management – SCM Policy	During the audit work performed to assess whether the SCM policy implemented by the municipality is in line with the MFMA and the SCM regulations it was identified that the requirements were not explicitly provided for in the municipality's SCM policy and that the municipality's SCM Policy refers to a 7 day period, whereas SCM reg 49 allows persons aggrieved by the decisions or actions taken by the municipality in the implementation of its SCM system, to lodge within 14 days of the decision or action a written objection or complaint to the municipality or municipal entity against the decision or action.	It is recommended that management update the SCM policy to include the above requirements to ensure compliance with the regulations.	Management agrees with the audit finding	Manager: SCM	30-May-20	Management will update its SCM policy so that it is aligned to the act and regulations.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

59	Incomplete recognition of investments and misstatement in dividends	<p>Finding 1: Recognition of Investment in Hosken Passenger Ltd. Dividends were received from Hosken Passengers Ltd. However, through further inquiry, it was identified that no investment was recognised for the shareholding in Hosken Passenger Ltd to the value of R5 694,15 at year-end. Finding 2: Misstatement of dividends income Sanlam Ltd declared and paid a dividend (dividend no. 21) of R3,13 per share during 2018-19. However, the dividend income was not recognised. The financial impact is understatement of dividend income of R676,08 net of dividend tax.</p>	It is recommended that management improve controls to ensure investments and dividend income received from the shareholding investments are recognised in a timely manner and at the correct amounts. In terms of the Income Tax Act 58 of 1962 section 64, Langeberg Municipality can apply to the companies invested in for a dividends tax exemption.	<p>Management notes the findings brought to our attention by the Auditor General. Finding 1: Recognition of Investment in Hosken Passenger Ltd. Langeberg Municipality holds an investment in LA Concorde, as disclosed in the Annual financial statements in note 6. LA Concorde in turn held an investment in the company named Hosken Passenger Logistics and Rail Limited (Referred to further as "HPLR"). In 2018 HPLR decided to list on the JSE, and at that time LA Concorde decided to allocate all of its shares in the company to its</p>	B Brown	05-Nov-19	Should the Auditor General allow us to amend our financial statements, we will disclose the Investment in Hosken Passenger Ltd, as well as the Sanlam dividend income as soon as a third-party confirmation is received.
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

				<p>shareholders, as a dividend in specie. Langeberg Municipality was not aware of this. A SENS release referenced as SENS_20180315_S397078 related to the impending listing on the JSE of Hosken Passenger Logistics and Rail limited including the impending unbundling of LA Concorde's interest in HPLR. The SENS_20180315_S397078 release stated the following: "La Concorde intends, prior to the Listing, to distribute all HPLR shares held by it to its shareholders by way of a dividend in specie pro rata to their respective shareholdings in La Concorde ("La</p>			
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## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

				<p>Concorde Unbundling"). "Separate circulars were dispatched by La Concorde and Niveus to their shareholders on 21 February 2018 detailing, respectively, the La Concorde Unbundling and the Niveus Unbundling. Subject to the approval of the La Concorde Unbundling by La Concorde shareholders and the Niveus Unbundling by Niveus shareholders, with the general meetings of these companies due to occur on 23 March 2018, it is expected that the La Concorde Unbundling will be implemented on 13 April 2018 and the Niveus Unbundling on 30 April 2018,</p>			
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

				<p>although Niveus shareholders will already be able to trade in their entitlement to HPLR shares on the Listing Date."To our knowledge, no Langeberg employees received this circular detailing this impending receipt of dividend in specie. Management concedes that when the dividend income was received from HPLR, that it should have been noted that the investment name did not look familiar. Internal controls will be put in place to prevent this from happening in the future. Finding 2: Misstatement of dividends income Management concedes that dividend income</p>			
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

				<p>relating to Sanlam Ltd shares was not recognised as dividend income. After investigation, it was noted that Sanlam Ltd did not have banking details on their system for Langeberg Municipality, and have not been paying any dividends to the municipality for multiple financial years. Thus, Langeberg Municipality did not receive any dividend income from Sanlam Ltd for the financial year 2018-2019. The amount that requires accrual is thus larger than mentioned in this communication, but we require a third-party confirmation of the amount in</p>			
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

				order to write a journal.			
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
63	Incorrect classification of work in progress (WIP)	During the audit of Property, Plant and Equipment it was identified that Note 2 to the financial statements list a class of asset named work in progress under Infrastructure, Community assets and Other assets. The work-in-progress was not disclosed to the line items in the asset class to which it belongs to for infrastructure, community assets and other assets.	Management should amend note 2 of the financial statements to correctly present the classes of asset according to GRAP 17. The review of the financial statements should be improved to ensure compliance with the requirements of GRAP.	There are elements of this finding that management disagrees with, and ones where management will concede. Firstly, referring to paragraph 42 of GRAP 17 that states: Property plant and equipment (PPE) requires that an entity groups assets of a similar nature or function together. GRAP 17 paragraph 42 refers to examples of separate asset classes. This list of examples is not exhaustive, it also does not refer to water, sanitation, refuse or several other classes of assets. Work in progress is referred to	G Fielies	29-Oct-19	The property, plant and equipment note will be amended as per note 2.3.



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
				<p>separately to inform the users of the AFS that these assets are not completed and therefore not in use.</p> <p>Furthermore, the work in progress was grouped within the main asset class of note 2.1, namely Infrastructure, Community Assets and Other Assets. Even though the work in progress was not split into the different classes, overall the main class is not under- or overstated. Property, plant and equipment's disclosure is encompassed by note 2 in the annual financial statements. This note consists of</p>			



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Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
				<p>various sub-notes all making up the disclosure requirements for the balance sheet line item of property, plant and equipment. Management does not feel that the users of the financial statements were in any way mislead as breakdowns of work in progress are disclosed in note 2.3. We do not agree that the different Work in Progress line items for the infrastructure, Community assets and other assets are overstated, as when the break down for each asset class from note 2.3 is taken into account in</p>			



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
				<p>conjunction with note 2.1 for Work in progress, the user will still be able to see the total Carrying value per asset class. Furthermore, work in progress is an element of the cost of the PPE and should be taken into account when calculating the book value of the PPE. Refer to GRAP 17 par. 22 Examples of directly attributable costs. Excluding the work in progress would result in the understatement of PPE We do however concede that we could disclose it differently in note 2.1, but work in progress is not overstated, and</p>			



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				the relevant classes of assets are not understated in totality when taking into account note 2.3. This is a disclosure disagreement; our figures are still accurate overall.			



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
67	Other assets – assets not impaired	During the audit of Property, Plant and Equipment, it was identified that a jackhammer, with asset code 9130, was broken and as a result was not being currently used by the auditee. However, no evidence was received to confirm that the asset was assessed for impairment nor was it considered for write off in the financial statements. Furthermore, the auditor could not obtain evidence that the jackhammer was in working order or in use at 30 June 2019, neither that it was scheduled for repairs. As a result, no documented evidence could be obtained for the calculation of recoverable amount or value in use thus the misstatement is based on the carrying amount.	It is recommended that management revisit and assess other assets for indicators of impairment and adjust the amounts of the assets accordingly.	Management agrees with the audit finding.	G Fielies B Brown	08-Nov-19	Asset register will be adjusted and AFS updated.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
70	Information technology governance	The following weaknesses were identified in the management of IT Governance:· The ICT Governance Framework Policy did not outline project management principles and processes for IT benefits realisation.· As stipulated in the IT Steering Committee terms of reference, meetings are to be held quarterly or as determined by the Municipal Manager. No IT Steering Committee meetings were held for the period under review.· The ICT Strategic Plan did not outline resource requirements and the services the IT department has to deliver. Without an adequately documented (IT) Governance Framework, the organisation might not understand and manage all significant IT risk types, may not be able to ensure that IT value is realised and may not be able to ensure that IT enables/improves service delivery. Lack of oversight over the IT environment could result in misalignment between IT and business. An inadequately documented IT Strategic Plan could result in IT goals and objectives not being aligned with the organisation's strategy. This could result in unnecessary IT expenditure and applications not meeting user needs.	Management should ensure that the ICT Governance Framework Policy is updated to include project management principles and processes for IT benefits realisation. The updated policy should be approved and communicated to all stakeholders to ensure compliance thereto. The IT Steering Committee terms of reference should be updated to stipulate that meetings should be held at least once a year. The updated terms of reference should be communicated to all stakeholders to ensure compliance thereto. Minutes of these meetings should be maintained for audit purposes. Management should ensure that the ICT Strategic Plan is updated to include the resource requirements and the services rendered by the IT department. The updated plan should be approved and communicated to all stakeholders to ensure compliance thereto.	Management is in agreement with finding.	Z Prins	01-May-20	Management will ensure that the Governance Framework Policy be updated to include project management principles and processes for IT benefits realisation. The updated policy will be approved and communicated to all stakeholders to ensure compliance thereto. The IT Steering Committee terms of reference will be updated to stipulate that meetings should be held at least once a year. The updated terms of reference should be communicated to all stakeholders to ensure compliance thereto. Management will ensure that the ICT Strategic Plan be updated to include resource requirements and the services the IT department has to deliver. The updated plan will be approved and communicated to all stakeholders to ensure compliance thereto.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
73	Information technology service continuity	<p>The following weaknesses were identified in the management of backups for S3:</p> <p>The backup and restore procedures did not include procedures for the frequency of backup restoration testing. Backups were not tested for restoration for the period under review. Without adequate backup processes in place the municipality may not be able to recover critical applications and data in the event of a disaster or disruption in service.</p> <p>If backups are not tested, in the event data is lost, the municipality may not be certain of its ability to reliably retrieve that data should the need arise.</p>	<p>Management should ensure that the backup and restore procedure for S3 is updated to include procedures for the frequency of backup restorations to be performed. In addition, the frequency and type of backups should be clearly defined and documented.</p> <p>Backups should be tested on a regular basis to ensure that data can be restored accurately, completely and in a timely manner. Evidence of this should be maintained for audit purposes.</p>	Management is in agreement with the finding.	B Brown Z Qhanqisa	As from Jan 2020	<p>Ensure that the backup and restore procedure for S3 be updated to include procedures for the frequency of backup restorations to be performed.</p> <ul style="list-style-type: none"> <li>· Service Provider will be requested to submit updated backup and restore procedure for S3.</li> <li>· In addition, the frequency and type of backups will be clearly defined and documented.</li> <li>· Ensure that evidence of successful backups performed is monitored and maintained for audit purposes.</li> <li>· Reasons for failed backups will be investigated and resolved.</li> <li>· Backups will be tested on a regular basis to ensure that data can be restored accurately, completely and in a timely manner.</li> <li>· Evidence of the above will be maintained for audit purposes.</li> </ul>





## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
75	Security management	The following weaknesses were identified in the management of IT Security:· No processes were in place for applying security patches to workstations on the network.· The Firewall Management Standard Operating Procedure did not outline procedures for firewall backups/ redundancy and recovery process.· There were no comments documented for the firewall rule base. An attacker could exploit vulnerabilities to gain access to the network/ applications and thus obtain access to sensitive information, cause malicious damage or take complete control of network devices/ applications. This could also impact the integrity of the business data. An inadequately developed Firewall procedure may result in the lack of a basis on how to manage firewalls and this may affect the confidentiality, integrity and availability of financial applications and subsequent business activities.	Management should investigate the feasibility of implementing a patch management application which could centrally distribute and monitor the patch levels on workstations throughout the organisation. Where this is not feasible and a decision is taken to accept the risk, management should update the Information Security Policy accordingly and include this in the municipality's risk acceptance register.· The Firewall Management Standard Operating Procedure should be updated to include procedures for the firewall backup/ redundancy and recovery process. The updated procedure should be communicated to all relevant stakeholders to ensure compliance thereto.· Furthermore, management should ensure that there is clear, consistent and detailed commenting of firewall access rules.	Management is in agreement with the finding.	Z Prins	01-May-20	Management will investigate the feasibility of implementing a patch management system which could centrally distribute and monitor the patch levels on workstations throughout the organisation.· Where this is not feasible and a decision is taken to accept the risk management will update the Information Security Policy accordingly and will include the risk in the risk register.· The Firewall Management Standard Operating Procedure will be updated to include procedures for the firewall backup/ redundancy and recovery process.· The updated procedure will be communicated to all relevant stakeholders to ensure compliance thereto.· Furthermore, management will ensure that there is clear, consistent and detailed commenting of firewall access rules.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
77	Programme change management	An Information Security Policy had been designed and implemented which included procedures to be followed when making changes to Promun. As previously reported it was found that these procedures have not been adhered to since user acceptance testing of changes was not performed and signed off prior to the change being migrated to the production environment. Without performing user acceptance testing a consistent approach might not be followed when operational changes are made, which could lead to unauthorised changes being promoted to production.	Management should implement monitoring and tracking controls to ensure that prior year findings have been addressed. Finance management should comply with the Information Security Policy and ensure that all changes made to the production environment go through the necessary user acceptance testing. Evidence of this should be in the form of a signoff of these changes. In addition, management should implement controls to ensure compliance to approved policies and hold users accountable for all instances of non-compliance.	Management is in agreement with the finding.	Z Prins	01-Jan-20	Management will implement monitoring and tracking controls to ensure that prior year findings have been addressed. · Finance management will ensure that they comply with the Information Security Policy and ensure that all changes made to the production environment go through the necessary user acceptance testing. · Evidence of this will be in the form of a signoff of these changes. · In addition, management will implement controls to ensure compliance to approved policies and hold users accountable for all instances of noncompliance



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

79	Deficiencies in program change management for S3	As previously reported, the following weaknesses were identified in the management of program changes for S3: The vendor SYNTELL is responsible for hosting and supporting the S3 application. It was found that SYNTELL has unrestricted access to the production environment. In addition, it was found that the vendor had nine administrator accounts on the S3 application to perform user ID maintenance. The activities of these administrator accounts were logged but not monitored. A complete list of changes made to the S3 application during the 2018/2019 financial year could not be obtained. Therefore, no testing of program changes could be performed on the S3 application. Without monitoring the application activities of the service provider, the municipality is at risk of unauthorised changes being made to master data or fraudulent activity by the service provider not being detected. Without a comprehensive change control log, unauthorised changes might be made. This could result in the integrity and availability of data on the application being compromised.	Management should ensure that: Monitoring and tracking controls to ensure that prior year findings have been addressed are implemented. Where developer access to the production environment is required, adequate monitoring controls have been implemented to ensure that only authorised changes are made. Provision for the monitoring of vendor access to the production environment is included in the SYNTELL service level agreement. Evidence of vendor activity monitoring should be maintained for audit purposes. They investigate whether the vendor is able to address the system limitation through the development and implementation of additional application functionality. Alternatively, where this is not feasible a manual log of all the changes that are requested, approved, tested and migrated to the production environment should be maintained by the municipality.	Management is in agreement with the finding.	B Brown Z Qhanqisa Z Prins B Brown Z Qhanqisa B Brown Z Qhanqisa	Nov 2019 Nov 2019 May 2020 Feb 2020 June 2020	Management will implement monitoring and tracking controls to ensure that prior year findings have been addressed. Z Prins will share the current procedure with Z Qhanqisa to review the nine administrators. Management will ensure that where developer access to the production environment is required, adequate monitoring controls have been implemented to ensure that only authorised changes are made. In addition, management will ensure that provision for the monitoring of vendor access to the production environment is included in the SYNTELL service level agreement. Evidence of vendor activity monitoring should be maintained for audit purposes. Management will investigate whether the vendor is able to address the system limitation through the development and implementation of additional system functionality. If this is not feasible a manual log of all the changes that are requested, approved, tested and migrated to the production environment should be maintained by the municipality.
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## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

81	User access control	<p>1. Inconsistent user access reviews for IGNITE Employee functions may change with time and new skill sets acquired. Newly acquired functions may result in current access no longer being required and/or additional application access being needed. An adequate process for reviewing the current user base assists management in obtaining an up-to-date picture of the validity of the current user base, and the appropriateness of individual and collective users' access footprints. User access reviews were not performed as required by the Information Security Policy. During the review it was noted that although the application controller sent user access lists to all directorates no responses were received by line managers to confirm that access was valid and appropriate for one user from each of the directorates below:</p> <ul style="list-style-type: none"> <li>Community Services Directorate (Personal Assistant)</li> <li>Strategy and Social Development Directorate (IDP Co-ordinator)</li> </ul> <p>2. Lack of evidence of system administrator activity reviews for IGNITE and Active Directory (AD) During the review, it was found that while the audit trails of system administrator activities were reviewed for both IGNITE and AD, no evidence could be obtained to verify this for the period under review.</p>	<p>1. Line managers should ensure that all users' access and privileges on the IGNITE application is reviewed as per the requirement of the Information Security Policy to confirm that users' access and privileges are valid and appropriate. Evidence of these reviews should be maintained for audit purposes. Line managers should be held accountable for all instances of non-compliance.</p> <p>2. Management should ensure that the application generated audit trails of application administrator activities (new user creation, password resets, amendment of access and deletion of accounts) are reviewed and matched back to the relevant access requests and approvals. Evidence of this review should be maintained for audit purposes.</p>	Management is in agreement with the findings.	D Lakey C Matthys	Nov 2019 Oct 2019	<p>Line managers will ensure that users' access and privileges on the IGNITE application is reviewed as per the requirement of the Information Security Policy to confirm that users' access and privileges are valid and appropriate.</p> <ul style="list-style-type: none"> <li>Evidence of these reviews will be maintained for audit purposes.</li> <li>Line managers will be held accountable for all instances of non-compliance.</li> </ul> <p>Management will ensure that the system generated audit trails of system administrator activities (new user creation, password resets, amendment of access and deletion of accounts) are reviewed and matched back to the relevant access requests and approvals.</p> <ul style="list-style-type: none"> <li>Evidence of this review should be maintained for audit purposes.</li> <li>Monthly reports to be reviewed and signed off.</li> </ul>
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
85	Application controls review	During the audit the following user was found to have conflicting access to certain Promun menus which allowed the user access to add/amend and authorise creditor banking details (refer to the table below). In addition, it was found that Promun audit trails drawn at the time of the audit could not be drawn due to incomplete database audit files. Therefore, it could not be determined whether both transactions were executed by the user.	Finance Management should ensure that adequate segregation of duties is implemented between adding/amending creditor banking details and the authorisation thereof. The Creditor Bank Details Maintenance menu access should be removed from user 119. In addition, the Creditor Bank Details Maintenance menu should be assigned to an additional clerk in the event that the clerk who is responsible for this function is unavailable. · IT Management should ensure that the application generated audit trails of service provider's activities (new user creation, password resets, amendment of access and deletion of accounts) are reviewed and matched back to the relevant access requests and approvals. Evidence of this review should be maintained for audit purposes. · Mechanisms should also be implemented to hold the service provider accountable for noncompliance to the Municipality's policies and procedures.	Management is in agreement with the finding.	B Brown Z Prins B Brown	Oct 2019 Oct 2019 Nov 2019	The Creditor Bank Details Maintenance menu access will be removed from user 119. · In addition, the Creditor Bank Details Maintenance menu will be assigned to an additional clerk in the event that the clerk who is responsible for this function is unavailable. · IT Management will ensure that the system generated audit trails of service provider's activities (new user creation, password resets, amendment of access and deletion of accounts) are reviewed and matched back to the relevant access requests and approvals. · Evidence of this review will be maintained for audit purposes. · Mechanisms will also be implemented to hold the service provider accountable for non-compliance to the Municipality's policies and procedures.



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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89	Traffic fines – completeness	During the audit of Traffic Fines, it was identified that the following provincial and municipal traffic fines selected from the duplicate fine books were not recorded in the fine listing for theyear.	Management should perform a review on all fines issued during the financial year paying attention to the dates as when the fines were issued to ensure that all the fines that were issued within the financial year are recorded.Management should furthermore, ensure that all the fine books (Provincial and Municipal) that were used in the financial year are reviewed before the financial statements are authorised for issue to ensure that all the fines that should be accounted for has been accounted for.	Management is in agreement with the finding.	B Brown	06-Nov-19	Management will correct the misstatements agreed andprovide supporting documentation for the corrections made.
93	Revenue and Receivables not complete (Indigents)	Information was requested and submitted for CAATs for the validity of indigents and the results received identified exceptions.	Management should perform a review on all the CAATs files provided to assess the validity of the indigents to ensure that all revenue and receivables are for the financial year are recorded.	Management disagrees with the audit finding based on the following: 1. It cannot be determined in this short space of time if all the exceptions raised by the CAATS are really valid exceptions and whether the database	Z Qhanqisa	31-Mar-20	All the exceptions listed by the AGSA will be investigated



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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				<p>consulted by the AGSA is a reliable source and the municipality picked up the following discrepancies in this short space of time:</p> <ul style="list-style-type: none"> <li>· On CAATS 3 out of the 668 exceptions raised only 154 have invalid ID numbers hence 514 must be removed.</li> <li>2. Revenue and Receivables from Non-Exchange Transactions are understated by R1 626 684,70</li> </ul>			



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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97	Internal audit quality control assessment not conducted	<p>During the audit in testing the municipality's compliance with this requirement, we identified that the internal audit function performed a MGRO maturity assessment via provincial treasury.</p> <p>This is done through completing the questionnaire on the system and uploading a portfolio of evidence. The results were obtained for 2017/18 financial year and those results only commented on the assurance level of internal audit function and Audit Committee.</p> <p>The maturity assessment performed, does not provide us with sufficient and appropriate audit evidence that confirms that it constitutes an external quality assurance assessment by a qualified reviewer as required above.</p> <p>Furthermore, based on inquiries held with the Chief Audit Executive, we could not establish that an independent qualified reviewer performed such an assessment in the last five years.</p> <p>In addition, a request for information was issued to management to provide evidence regarding the person who performed the MGRO assessment. At the time of issuing this</p>	Management should ensure that an external assessment of the internal audit function is performed at least once in five years	<p>Management disagrees with the audit finding based on the following reasons:</p> <ul style="list-style-type: none"> <li>- Section 1312 requires that an external assessment of the internal audit department be conducted at least once every five years by a qualified, independent assessor from outside the organization. This external assessment evaluates the internal audit department's conformance with the Standards and assesses the efficiency and effectiveness of the internal audit department.</li> <li>- The assessment can take on two</li> </ul>	N/A	N/A	N/A





## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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		<p>finding no response has been received in this regard.</p> <p>This assessment is imperative to ensure compliance with laws and regulations as well as giving the accounting officer assurance on the level of effectiveness and efficiency of the municipality's internal audit function.</p>		<p>forms. The first is a self-assessment conducted by the internal audit department and then validated by an external party, defined by the IIA as a Self-Assessment with Independent Validation. The second is a fully outsourced external assessment. Each has advantages and disadvantages as compared to each other, however both require the independent reviewer to be qualified. A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal</p>			



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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				auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when			



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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				<p>assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.</p> <p>As per International Standards for the Professional Practice of Internal Auditing 1312, Langeberg Municipality conducted a self-assessment and submitted it for external validation on the 05 November 2018 but had not received the results of the assessment yet (Find submission attached). As per the ISPPIA 1312 this qualifies as an external assessment.</p>			



## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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				Over and above the submission mentioned above the Municipality also completed assessments done by the treasury. This was further illustrated to the AGSA and the results were provided to the AGSA.			



## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

100	Nkqubela sports facility in Robertson	<p>1.1 Delays of more than six months were experienced in the completion of the Nkqubela Sports Facility. The delay was due to financial constraints and poor progress by the contractor, hard rock encountered and unforeseen weather conditions.</p> <p>1.2 The project commenced on 5 February 2018. However, as early as 27 March 2018 concerns were noted in progress meeting minute no. 2 regarding slow progress by the contractor.</p> <p>1.3 The consulting engineers (Element Consulting Engineers) issued poor progress notices on 9 May 2018, 28 June 2018 and 6 March 2019 in terms of clause 9.2.1.3 of GCC 2010 and 9.2.1.3.3. which states that: "After giving effect to clause 3.1.2 the Engineer certifies, in writing, to the Employer and to the Contractor, with specific reference to this Clause, that the Contractor has failed to proceed with the works in accordance with the approved programme or in the absence of an approved programme, in the Engineer's opinion" respectively, "then the Employer may, after giving fourteen (14) days written notice to the Contractor, (with specific reference to this Clause) to remedy the default, terminate the Contract and order the contractor to vacate the site and hand it over to the employer".</p> <p>1.4 The contract was only terminated on 21 May 2019, more than five months after the due completion date of 14 December 2018. It was noted</p>	<p>The municipality should ensure that the following is implemented with regards to infrastructure risk management: (a) potential inherent risks are identified and response plans are developed during the project planning to mitigate such risks during the execution phase of the project, and (b) potential deviation analysis is conducted to develop effective, efficient and economical contingency plans to address any material risks which might arise.</p> <p>2. The municipality should ensure that they manage projects according to contractual clauses.</p> <p>3. The municipality must ensure that where practical completion is not reached and extension of time claims were not approved, penalties be imposed for the late completion of works.</p>	Management agrees with the findings	Bid Specifications Committee and the User Department. Sabelo Ngcongolo	Ongoing when a tender is compiled.	We will review our procurement processes to ensure that the specifications of the tender clearly spelt out that contractors who do not meet certain financial requirements are disqualified.
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

		<p>in the termination letter that numerous attempts were made by the municipality to assist the contractor to complete the works by paying suppliers directly for the supply of materials. However, no meaningful progress was maintained on site and, therefore, the decision was made to terminate the contract. The Municipality subsequently took over the project and completed the outstanding works on 28 June 2019 by using the contractors' subcontractors.</p> <p>2.1 Penalties were not imposed against the contractor for the late completion of Nkqubela Sports Facility. Poor progress was documented in the minutes of progress meetings and letters on poor progress were issued to the contractor. No extension of time was approved on the project, thus the required date for practical completion remained 14 December 2018.</p> <p>2.2 The contract made provision for a penalty of R5 000 per day. However, a letter dated 4 February 2019, by the consulting engineer indicated that practical completion has been achieved for the soccer field and associated works. Therefore, the penalty amount as stated in the contract document was reduced to R2 500 per day.</p> <p>2.3 However, a decision was taken during a council meeting on 27 August 2019 that penalties will not be imposed against the contractor for the late completion of contract T49/2016, as it will be a fruitless exercise due to the financial state of the contractor.</p>					
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## LANGE BERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

103	In-Quest – performance of a supplier not effective	<p>1.1 The municipality did not adequately manage and monitor the contract with the service provider to ensure that all deliverables/services as specified in the tender and the Service Level Agreement (SLA) were provided with regards to the collection of debt. 1.2 The municipality did not on a regular basis instruct the service provider to collect debt. The municipality provided the service provider with only one debtors listing on 11 June 2018 amounting to R8 248 882. 1.3 Paragraph 4.1.1 of the SLA states that the Client (municipality) shall from time to time and at its discretion instruct the service provider to collect any debt by delivering to the service provider, electronically or any other form reasonably acceptable details of debt and debtor details as reflected on the clients' financial system to enable the service provider to collect such debt. 1.4 It was noted from information provided by the municipality that the service provider only collected an amount of R353 619.61 of the R8 248 882 debt handed over from June 2018 to July 2019. From this it was evident that the service provider was not effective in collecting outstanding debt. The SLA did not include any target collection rate for debt collection for the service provider to achieve or penalties if the target collection rate was not achieved. As a result, there was no incentives for the</p>	<p>The municipality must ensure that when SLA's are concluded with service providers that the SLA are comprehensive and specific with regards to the deliverables and have sufficient measures to monitor performance. The municipality should ensure that appropriate monitoring and control is exercised throughout the contract period to ensure that the conditions of the SLA are complied with. The municipality must ensure that penalties are included in the SLA and where the service provider does not comply with the requirements of the SLA, penalties should be imposed. Monitoring guidelines and training on contract management should be developed for officials responsible to manage and monitor service providers. This will enable proper monitoring of the work of service providers to verify their performance. The municipality must ensure that all deliverables/services as specified in the tender/ contract is met/provided. The municipality should ensure that proper communication channels are developed/implemented to ensure open communication</p>	Management agrees with the findings	Z Qhanqisa	30 January 2020 11 November 2019	<p>Review the SLA as per recommendations Investigates all the payments that was made to In-Quest Develop a reconciliation between In-Quest and the Financial System A letter with intention to terminate the contract will be sent to In-Quest</p>
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

Management report ref:	Audit Finding Title	Audit Finding	AG Recommendation	Management Response	Responsible Person	Proposed date when COMAF will be addressed	Action taken/ Progress to Date/ Additional Comments, if any
		service provider to perform better. Furthermore, the municipality did not from their side ensure that the service provider performed better in the collection of debts as limited communication occurred between the municipality and the service provider. 1.5	between the municipality and the service providersThe municipality should ensure that when they enter into an agreement that the contract period is for a specific contract period which is not open to different interpretations.				





## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

		<p>The municipality did not perform any reconciliations between the outstanding debt handed over to the service provider, deposits/payments received from the service provider and the outstanding debt balance reflected in the municipality's financial system. It was indicated that the municipality relied on the information provided by the service provider and did not perform any further verifications. Furthermore, the municipality did not always update the individual debtors account with the money received. The municipality was also not in a position to provide accurate detail of the amount of debt recovered by the service provider since the debt was handed over. The Manager:Revenue Services indicated that just over R1 million was collected over the period from June 2018 to June 2019. Debt to the value of R8 248 882.24 was handed over in June 2018 and the debtors listing in June 2019 was R7 095 325.98. However, the debtors listing provided by the service provider for debt collected in the same period only amounted to R353 619,61. The variance of R799 936.65 could not be explained by the municipality.1.6 The audit team was not able to verify whether all amounts listed in the deposit listings were paid over to the municipality as only two proof of payments to the value of R91 473 were</p>	<p>Action should be taken against service providers that under performs and/or who do not comply with contract conditions. This includes termination of the contract in the event of material breach of the SLA.The municipality should investigate and report on whether the service provider paid all monies received from debtors to the municipality.The municipality should ensure that when new debt collecting contracts are awarded, that debtors should not make payments into the bank account of the service provider, but directly into a bank account in the name of the municipality.</p>				
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## LANGEBERG MUNICIPALITY AUDIT ACTION PLAN ON 2018/2019 EXTERNAL AUDIT FINDINGS

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		<p>sent in support of debtors' listings.1.7 The audit team selected 16 debtor payments from the deposit listings provided by the service provider and traced it to the debtors account to verify whether accounts were credited with the payments received. In only two cases was it possible to verify and trace the deposits to the debtors account and cash book.1.8 The Manager: Revenue Services indicated that if the payments could not be traced to the cashbook, the service provider may not have made the payment as per the deposit listing. Due to the municipality not performing a monthly reconciliation, it was not easy to determine what was received from the service provider as the service provider did not always attach a proof of payment to the deposit listing. The municipality also did not have any insight into the service providers trust account, that should have been opened for all the debt collected.1.9 A payment of R74 113,22 that was made to the service provider by a debtor (a deceased estate) was not paid over to the municipality and did not reflect in the debtors account. This was only identified when the lawyers of the deceased estate queried the matter. Without proper controls in place, the municipality will not be in a position to ensure that all debt</p>					



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		<p>recovered by the service provider are paid over to the municipality. Depending on debtor queries to ensure that all payments were paid over to the municipality is not regarded as a sufficient control measure.1.10 The municipality did not ensure that the service provider adhered to all the conditions as stipulated in the SLA as the service provider did not:</p> <ul style="list-style-type: none"> <li>· always pay over the monies received on a weekly basis</li> <li>· account on a monthly basis on all successful collections of the debt, including monthly status reports.</li> <li>· submission of detailed monthly progress reports in respect of individual matters.</li> <li>· liaise and communicate with the Client's representative to the extent that the performance of the services may reasonably require.</li> </ul> <p>1.11 The municipality also did not monitor the performance of the service provider in collecting of debts handed over. The Manager: Revenue Services did not inform the Accounting Officer that the service provider was delivering poor services. Paragraph 35(7) - Contractor's not performing of the municipality's Supply Chain Management Policy stipulates that: In the case where contractors are not performing in terms of the tender conditions or contract or are delivering a poor service, the relevant Manager must</p>					



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		<p>provide the Accounting Officer with a written report, together with a letter that informed the contractor as well as the response of the contractor.2.1The SLA contained conflicting contract period and termination date. Tender 06/2017 stipulated that the appointment of a service provider was required from the date of signing the contract from 1 July 2017 until 30 June 2019. The SLA was signed on 15 April 2018. Therefore, the contract with the service provider should have ended on 30 June 2019.2.2 The Chief Financial Officer (CFO) indicated that the contract is valid from the last signature date (15 April 2018) and for a period of two financial years. The contract will, therefore, remain in force until 15 April 2020 as there was a delay in signing the SLA.2.3 On recommendation from the municipality, the audit team conversed with the municipality's lawyer on 26 September 2019 to clarify the correctness of the contract period as indicated in the SLA with the service provider. The lawyer indicated that he gave input to the municipality on 23 January 2018 on the SLA concluded with the service provider. With respect to clause 2.1 of the SLA it was advised that themunicipality should not enter into an agreement with an indefinite term, but to stipulate a fixed</p>					



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		<p>term.2.4 In an email to the municipality on 17 September 2019, the lawyer indicated that the contract was not referred back to him after it was amended. He also indicated that he cannot find any correspondence regarding the termination of the contract in April 2020. He further indicated the following: The contract was only entered into in April 2018 and was supposed to be in operation for 2 years, but the termination date of 30 June 2019 was not deleted or amended when the final contract was drafted. The definitions show the inception date of the contract was the date it was signed by the last party, so the 30 June 2019 date was supposed to be 30 June 2020 to cover 2 financial years 2018/19 and 2019/20. The contract, as it stands, is conflicted as it reads that it will be in operation for two financial years, but it states a termination date of 30 June 2019. This is an obvious mistake and should be rectified by either the deleting of the date of 30 June 2019, or amending it to 30 June 2020.</p> <p>2.5 The lawyer indicated in our telephonic conversation on 26 September 2019, that he advised the municipality to change/amend the SLA by deleting "ending June 2019" in clause 2 of the SLA and have all relevant parties sign</p>					



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		the change/amendment of the SLA.2.6 No evidence was provided by the municipality that changes were made to the SLA and signed by all relevant parties.					





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