



Dr. Beyers Naudé

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DRAFT ANNUAL REPORT



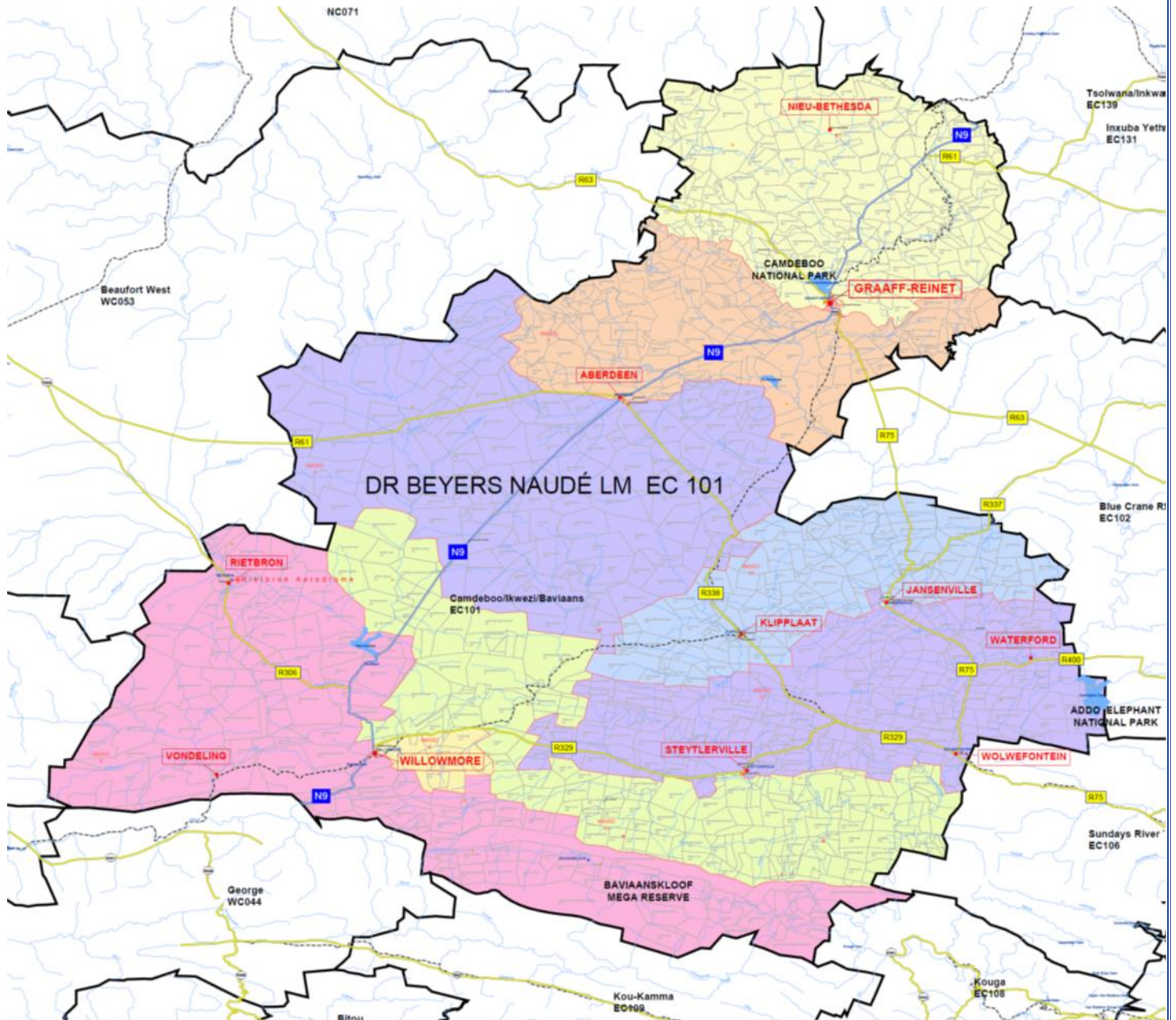


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ABBREVIATIONS & ACRONYMS

ADMD	-	After Diversity Maximum Demand
AFS	-	Annual Financial Statements
AG	-	Auditor-General
AGSA	-	Auditor-General South Africa
ANC	-	African National Congress
B&T	-	Budget and Treasury
CDW	-	Community Development Worker
CFO	-	Chief Financial Officer
COGTA	-	Cooperative Governance and Traditional Affairs
CPF	-	Community Police Forum
CPMD	-	Consolidated Program for Management Development
DA	-	Democratic Alliance
DBNLM	-	Dr Beyers Naudé Local Municipality
DCOMS	-	Department Community Services
DCSS	-	Department Corporate Services
EAP	-	Employee Assistance Program
EEP	-	Employment Equity Plan
ERM	-	Enterprise Risk Management
EXCO	-	Executive Committee
FBE	-	Free Basic Electricity
FBS	-	Free Basic Services
FBW	-	Free Basic Water
GRAP	-	General Recognized Accounting Practice
GRT	-	Graaff-Reinet
HH	-	Households
ICT	-	Information and Communication Technology
IDP	-	Integrated Development Plan
IGG	-	Intergovernmental Grant
IIA (SA)	-	Institute of Internal Auditors (SA)
INEP	-	Integrated National Electrification Program
IT	-	Information Technology
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Agency
LLF	-	Local Labour Forum
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant

MM	-	Municipal Manager
MPAC	-	Municipal Public Accounts Committee
MSA	-	Municipal Structures Act No.17 of 1998
MSA	-	Municipal Systems Act No.32 of 2000
NERSA	-	National Electricity Regulator South Africa
OHS	-	Occupational Health and Safety
ORA	-	Organizational Rights Agreement
OTP	-	Office of the Premier
PMS	-	Performance Management System
RDP	-	Reconstruction and Development Program
RRAMS	-	Rural Roads Asset Management System
SANS	-	South African National Standard
SAPS	-	South African Police Services
SCM	-	Supply Chain Management
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Skills Development Plan
SITA	-	State Information Technology Agency
SLA	-	Service Level Agreement
SMME	-	Small, Medium and Micro Enterprise
SPU	-	Special Programmes Unit
WSA	-	Water Services Authority
WSP	-	Water Services Provider
WPSP	-	Work Place Skills Plan



CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY





I have great pleasure in presenting the Draft 2019/20 Annual Report of Dr Beyers Naudé Local Municipality, which is both a legislative and an accountability requirement.

The Dr Beyers Naudé Local Municipality was established by merging the former Camdeboo, Ikwezi and Baviaans Local Municipalities. The Municipality incorporates the towns of Graaff-Reinet, Aberdeen, Nieu-Bethesda, Jansenville, Klipplaat, Rietbron, Steytlerville and Willowmore, with Graaff-Reinet as the seat. The Municipality was officially established on 8 August 2016, following the Local Government elections on 3 August 2016.

Dr Beyers Naudé Local Municipality covers a geographic area of $\pm 28,690 \text{ km}^2$, which stretches from the Sneeuberge in the north to the Baviaanskloof in the south. According to the 2011 Census by StatsSA, there was a combined population of 79,291 residents; their 2016 Community Survey provides an estimated number of 82,197 residents (also by combining the results of the 3 disestablished Municipalities). The Municipality makes up more than 49% of the landmass of the Sarah Baartman District Municipality, with a low population density of 2.8 persons per km^2 . It consists of 14 wards and has 27 Council members.

The Municipality comprises of the following Management/Service areas:

- Graaff-Reinet
- Aberdeen
- Nieu-Bethesda
- Jansenville, Klipplaat, Waterford
- Willowmore, Steytlerville, Baviaanskloof, Rietbron

The Annual Report offers the Municipality and stakeholders the opportunity to assess the effectiveness and impact made in changing the lives of its community/residents. It also gives them an opportunity to diagnose the state of financial affairs and administrative and governance maturity levels of the institution.

This annual report is a culmination of the implementation of the Council's Integrated Development Plan, Budget, and its Service Delivery and Budget Implementation Plan for the 2019/2020 financial year. The report is an

account of the achievements of the Dr Beyers Naudé Local Municipality in the year under review, and also assists in identifying our successes and failures. The report is therefore intended to attest to the collective efforts of the administrative and political arms of the Municipality to progressively address the expectations of our people.

We highlighted our challenges last year when presenting the previous annual report. The Municipality is still very much confronted by the same challenges, such as limited financial resources. The situation is being exacerbated by the continuous theft and vandalism of municipal assets and infrastructure. This is having a severe impact on service delivery. However, despite all of this, progress has been made, although not at the pace we would have liked. We remain resolute to succeed by serving our community, and in so doing, improving their lives.

The impact of the Covid-19 pandemic had severe consequences for the country, resulting in an economic, health and humanitarian crisis. The President announced the national lockdown on 23 March 2020 to be effective from 27 March 2020. The subsequent restrictions imposed by the lockdown regulations had a profound impact on the economy of our country with businesses closing resulting in a significant increase in unemployment. By the end of June 2020, the substantial reduction in economic activity negatively impacted the ability of consumers and businesses to honour their municipal accounts. The current economic climate for the country as a whole and more specifically the local municipal region makes it very difficult for the municipality to maintain a healthy financial position.

I would fail in my duty if I do not reflect on the prolonged drought affecting many parts of the country. The much lower than usual annual rainfall over the past few years has had a devastating effect on the whole Dr Beyers Naudé Municipal area, and the agricultural industry especially has suffered huge losses as a result. Surface water (small and large dams) has dried up and aquifers are taking an unprecedented amount of strain. Very stringent water restrictions have been imposed, and the situation is continuously monitored. Due to the demand versus supply, water interruptions are being experienced. Currently, the delivery of water from the boreholes has dropped and reservoir levels are affected. The Municipality has been looking at various ways and means to mitigate the impact of the drought, whilst also investigating more effective methods to harness scarce water resources and to reduce wastage.

Another challenge that is faced by the Municipality, is vandalism of its water and electrical infrastructure. The pump houses and power stations are vandalized on a regular basis for copper and light fittings, etc. The Municipality is investigating these cases and, if found, the perpetrators will be brought to book.

The Municipality acknowledges that communication to the community on water-related matters and device delivery in general needs to be strengthened and therefore alternative forms of communication has been implemented, such as social media, e-newsletters and weekly updates to the community from the Mayors desk.

The Municipal audit outcome improved from a disclaimer of opinion to a qualified audit outcome. A lot of work went into to ensure the audit opinion improves. The goal is clear, and the objective of the Municipality is to receive a clean audit opinion.

There are many small victories to celebrate. In this regard, I must mention the substantial amount of good work being carried out between our residents and business community, which is further encouragement for us not to fail them. We will therefore continue to work tirelessly to support an efficient, effective and highly skilled administration that delivers improved services and grows the Local Economy to create jobs.

HONOURABLE MAYOR, CLLR DEON DE VOS

DATE

1.1 MUNICIPAL MANAGER'S OVERVIEW

Dr Beyers Naudé Local Municipality's Annual Report for the 2019/2020 Financial year is published in terms of the Municipal Finance Management Act 56/2003 (MFMA). The MFMA requires high standards when it comes to the accounting on the use of public funds.

The 2019/20 financial year was another challenging year against the backdrop of continued difficult economic conditions and challenges present in both Local and National Environments. In addition, the impact of the COVID-19 pandemic has been severe for all sectors within the Country, resulting in an economic, health and humanitarian crisis. This ripple effect resulted in a loss of revenue, thus negatively impacting on cashflows of municipality. The Municipality received some relief from The Department of Cooperative Governance and Traditional Affairs to ensure the necessary precautionary measure are in place within our institution, to curb the spread of the virus. The Eastern Province and Karoo areas are also still faced with a drought, and water restrictions remain in place within our Municipal area.

The National Department of Human Settlements, Water and Sanitation has intervened by providing financial assistance to enable the Municipality to drill additional boreholes for the provision of water. This assistance was augmented by contributions from the Premier's Office as well as the Department of Cooperative Governance and Traditional Affairs (Eastern Cape). For this assistance, we are eternally grateful.

This Annual Report is an effort to reflect on progress made in delivering basic services and expanding services such as the provision of water, sanitation and electricity. The funding challenges indicated in the 2018/19 overview have become even greater and place tremendous burdens on our citizens who depend on effective public services. However, no effort is spared in attaining efficiency targets in our work and responding to the

performance framework.

Stakeholder forums have been established and as the Administration, we look forward to working with them to deliver even better public services. It has been a challenge to remain on track in meeting the growth and development targets of the Municipality, in the context of a developmental state. This Annual Report outlines details of the various programs managed by the Directorates and indicates how we have performed in our efforts to meet set targets.

On behalf of the Management of Dr Beyers Naudé Local Municipality, I express my profound appreciation to the political leadership and the opportunity they have given us to serve the people of our area. The staff of the Municipality continues to put in every effort to ensure that the organisation implements its mandate effectively, and that individually and collectively we can contribute to making a difference in quality of life in our communities.

MUNICIPAL MANAGER, DR E.M. RANKWANA

DATE

1.2 MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

The introductory information given below was sourced from the Municipality's 2017 – 2022 Integrated Development Plan, which is reviewed and updated annually.

POPULATION PROFILE AND ACCESS TO BASIC SERVICES

CENSUS 2011

The following statistical information has been calculated based on the combined figures of 2011 Census results released by StatsSA, for the former Municipalities of Camdeboo, Baviaans and Ikwezi which were amalgamated directly after the August 2016 Local Elections. Where only percentages were available, an average has been given.

According to the 2011 Census, Dr Beyers Naudé Municipality had a total population of 79,291 – made up as follows:

Coloured	67%
Black	24%
White & Other	9%

	100%

Male	49%
Female	51%

	100%

- The Youth (15 – 34 years) made up 34% of the total population.
- The Official Unemployment Rate recorded was 26%; however, it is suspected that it was in fact higher due to an understatement in the former Ikwezi Municipality's unemployment figure. The unemployment figure for Dr Beyers Naudé Municipality for 2020, is estimated at 33%.
- Of the 12,765 economically active Youth, 33% were unemployed in 2011. It is likely to be higher in 2020 – estimated at around 37%.
- The annual population growth rate was about 0.6% with an average of 3.9 persons per household, based on the calculation of 79,291 persons ÷ by 19,925 households.

2016 COMMUNITY SURVEY AND PROJECTED GROWTH ESTIMATES

Early in 2016, StatsSA, ahead of the Municipal Elections, conducted a Community Survey in the former Camdeboo, Baviaans and Ikwezi Municipal areas. Results, based on selected sampling, were indicative of a growth in population from 79,291 to 82,197 persons; which constitutes an estimated annual growth rate of 0.8% and a total growth of 3.6% since 2011, with an average of 4 persons per household, based on the calculation of 82,197 persons ÷ by 20,748 households. There was also an overall improvement in socio-economic conditions. See table T1.2.2 for projected growth estimates, which have been calculated using a conservative 0.6 – 0.7% annual growth rate. More accurate data can only be provided after the next full Census, which will be in 2021.

ACCESS TO BASIC SERVICES

There are an estimated 17,770 households in the urban areas and approximately 3,330 in the non-urban (farm) areas. Only urban households are serviced by Dr Beyers Naudé Municipality. High levels of accessibility to Basic Services are maintained in the Municipal area, with an estimated 17,595 households deriving direct or indirect benefit from services being rendered by the Municipality. Households that do not have direct access to these basic services are informal dwellings – mainly shacks situated in backyards or informal settlements, or those on farms or small holdings in the more remote areas.

- 98% of households have access to a minimum standard of piped potable water (within 200 metres), with a minimum service level in urban areas of 98%;
- 96% of households have access to a minimum standard of sanitation (flush, chemical & VIP pit latrines), with a minimum service level in urban areas of 84%;
- 95% of households have access to a minimum standard of electricity (energy for lighting), with a minimum service level in urban areas of 97%;
- 98% of households have access to a minimum standard of refuse removal & disposal facility (Municipal, communal or private), with a minimum service level in urban areas of 100%.

Unfortunately the severe and prolonged drought over the past few years has had a serious impact on water provision to some areas, but this was mitigated through the drilling of additional boreholes in the affected areas and some upgrading of infrastructure, as well as the installation of rainwater tanks at schools and other strategic points, as part of the COVID-19 Disaster Relief programme. Water has also been carted to areas affected by shortage in supply. The Municipality is actively addressing the problem to the best of its ability, with the assistance from the Department of Water and Sanitation, COGTA and Sarah Baartman District Municipality.

CHALLENGES IN POPULATION AND BASIC NEEDS

Some of the main challenges in terms of Dr Beyers Naudé Municipality's growing population and increasing demand for basic services are:

- High welfare dependency and serious social problems (e.g. unemployment and substance abuse);
- The provision of suitable skills development and training, as well as the creation of sufficient and sustainable employment opportunities, especially amongst the unemployed Youth;
- Addressing the current housing backlog adequately in order to reduce and eventually eradicate the number of unserviced informal households;
- A few areas are experiencing problems with electricity. Some towns required their maximum demand to be upgraded by Eskom and one or two very small and remote settlements do not have access to basic energy, or easy access to an electricity vendor. Informal settlements have grown and most dwellings do not comply with legal requirements for the provision of safe electrical installations. Some settlements are serviced by Eskom.
- There are water supply challenges in a few areas, which are being addressed through grant-funded capital infrastructure projects and operation and maintenance. Drought Relief funding received during 2018/19 was utilized for addressing these challenges, with a roll-over applied for, for the 2019/20 financial year. The Municipality has been exploring ways and means of finding solutions for managing its scarce water resources more effectively and economically. Stringent water restrictions are in place. Defective water meters have been replaced in residential areas and bulk meters were installed.
- Over the past few years there have been issues with sewage pump and reticulation systems – mainly as a result of having to carry higher volumes, large objects being disposed of in and blocking the system, vandalism and ageing infrastructure. These installations will be repaired or replaced during the 2020/2021

financial year. A MIG project has already been registered and the Municipality together with an appointed service provider has attended most of the spillages.

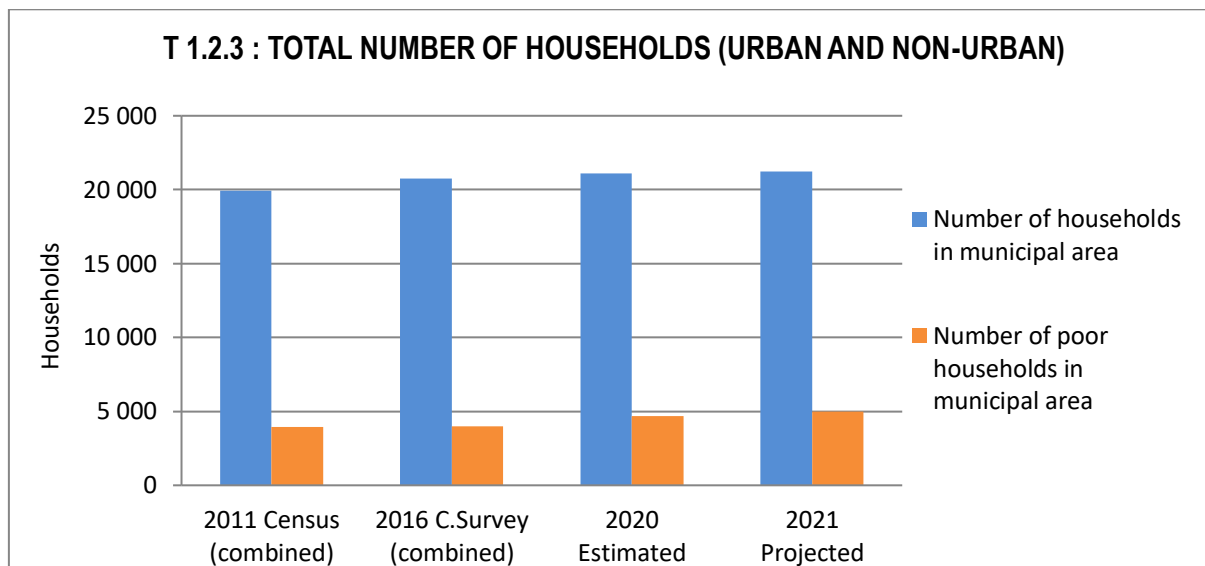
- An increase of vandalism has been observed in Municipal Infrastructure at a huge cost to the Municipality and its residents, as well as disruptions in service delivery. Mainly electricity, water and sanitation infrastructure were vandalised.
- Aging infrastructure also remains a challenge.

IMPACT OF MUNICIPAL AMALGAMATIONS

The amalgamation of Camdeboo, Baviaans and Ikwezi Local Municipalities has created a very extensive Municipal area (49% of the District surface), with vast distances between main and subsidiary places. 14 Wards were delimited, of which some are extremely large. This factor, and inner boundaries between towns and settlements, have created spatially divided communities. There is a proposal on the table that for the 2021 Local Government Elections, the number of Wards be reduced to 12. All three Municipalities were experiencing financial difficulties before the amalgamations. This situation has worsened after the amalgamations. Dr Beyers Naudé Municipality requires more focussed support to overcome these challenges.

POPULATION DETAILS									
(Population '000)									
Age	Year -2 : 2011 StatsSA Census (Former LMs combined)			Year -1 : 2016 StatsSA Community Survey (CS) (Former LMs combined at 3.66%)			Year 0 : 2020 Estimated (at 0.6% p.a. growth estimate)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 – 4	4,218	4,185	8,403	4,370	4,470	8,840	4,490	4,590	9,080
Age: 5 – 9	3,969	4,027	7,996	4,110	4,160	8,270	4,220	4,270	8,490
Age: 10 – 19	7,619	7,429	15,048	7,885	7,685	15,570	8,100	7,890	15,990
Age: 20 – 29	6,420	6,284	12,704	6,647	6,502	13,149	6,820	6,675	13,495
Age: 30 – 39	4,924	5,211	10,135	5,100	5,400	10,500	5,240	5,540	10,780
Age: 40 – 49	4,582	4,946	9,528	4,740	5,120	9,860	4,865	5,260	10,125
Age: 50 – 59	3,453	3,964	7,417	3,570	4,100	7,670	3,670	4,210	7,880
Age: 60 – 69	2,106	2,567	4,673	2,180	2,658	4,838	2,240	2,730	4,970
Age: 70+	1,305	2,082	3,387	1,350	2,150	3,500	1,380	2,210	3,590
TOTAL	38,596	40,695	79,291	39,952	42,245	82,197	41,025	43,375	84,400
Source: Statistics SA & Municipal IDP growth estimates or projections									T 1.2.2

NB : Above Census and CS data was calculated by combining the figures of former Camdeboo, Ikwezi and Baviaans Municipalities, from results released by StatsSA and a calculated projection for 2020. The 2016 Community Survey did not provide the same comprehensive breakdown per category as the 2011 Census, so the figures pertaining to the 2016 Community Survey are based on an average growth estimate per category.



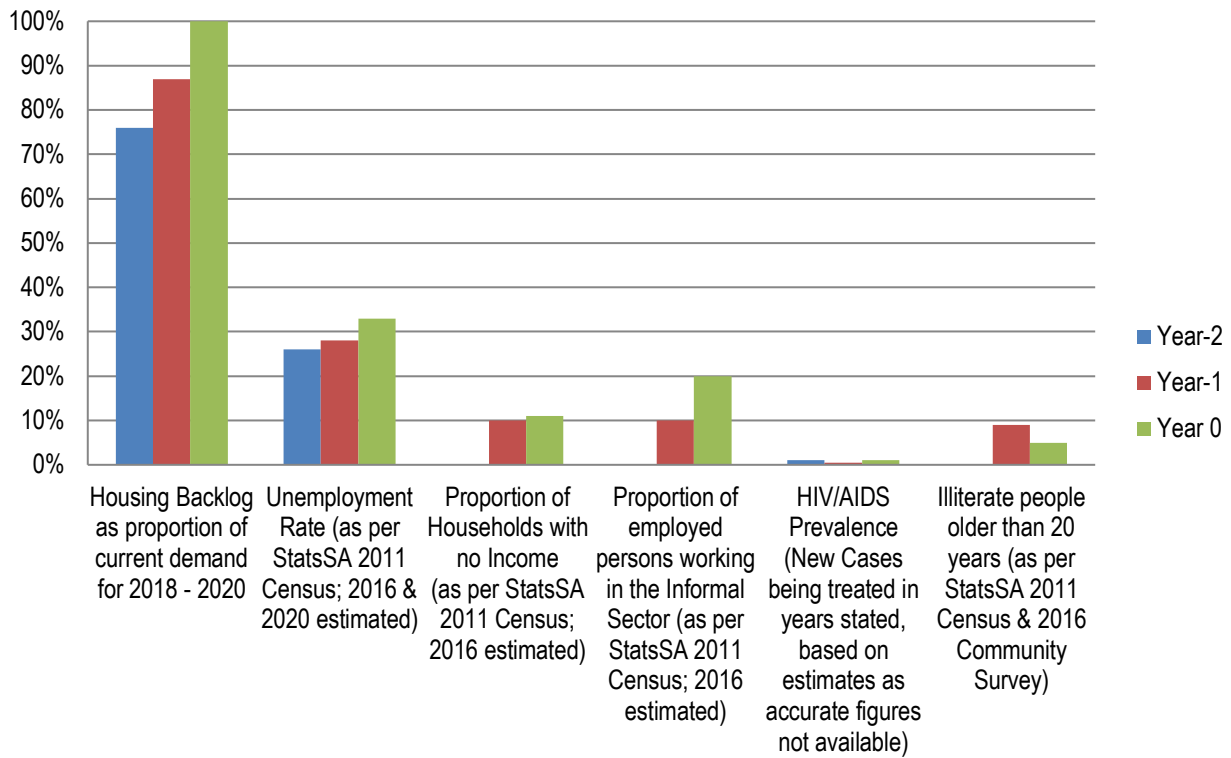
COMMENT ON POPULATION AND HOUSEHOLDS

More accurate figures in terms of population and household data will only become available after the next Census, scheduled to be held in the latter half of 2021. In the meantime, the Municipality is relying on estimates and projections that are being calculated with formulas made available by StatsSA, on their SuperCROSS system. It is estimated (and projected) that the number of poor households have increased quite drastically as a result of the severe impact that the COVID-19 Lockdown has had on the local economy, employment and household income. It is foreseen that this will continue well into 2021, before stabilizing and improving.

T 1.2.4 SOCIO-ECONOMIC STATUS

Year	Housing Backlog (as proportion of current demand for 2018 – 2020)	Unemployment Rate (as per StatsSA 2011 Census; 2016 & 2020 estimated)	Proportion of Households with no Income (as per StatsSA 2011 Census; 2016 estimated)	Proportion of employed persons working in the Informal Sector (as per StatsSA 2011 Census for Yr-1; 2016 estimated)	HIV/AIDS Prevalence (New Cases being treated in years stated, based on estimates as accurate figures not available)	Illiterate people older than 20 years (as per StatsSA 2011 Census and 2016 Community Survey)
Year -2	2018 : 8,793	2011 : 26%	N/A	N/A	2016 : 406	N/A
Year -1	2019 : 10,124	2016 : 28%	2011 : 10%	2011 : 10%	2017 : 393	2011 : 9%
Year 0	2020 : 11,600	2020: 33%	2016 : 11%	2016 : 20%	2019 : 421	2016 : 5%
T 1.2.4						

T 1.2.5 : SOCIO-ECONOMIC STATUS



COMMENT ON SOCIO-ECONOMIC STATUS

In general, the socio-economic conditions of residents in the Municipal area have improved over the years, with better access to basic services, educational and health care facilities. However, the demand for housing continues to grow, and unemployment is on the rise. COVID-19 has had a very negative impact on the local economy.

T 1.2.6 OVERVIEW OF NEIGHBOURHOODS

Overview of Neighbourhoods within Dr Beyers Naudé Municipality (as per StatsSA Census 2011 data combined)		
Settlement Type	Households	Population
TOWNS		
Graaff-Reinet (incl. Kroonvale)	5,932	26,585
Willowmore	1,938	7,673
Aberdeen	1,407	5,133
Klipplaat	618	2,214
Steytlerville	540	1,836
Nieu-Bethesda (incl. Pienaarsig)	318	1,540
Rietbron	378	1,184
Jansenville	347	1,134
Sub-Total	11,478	47,299
TOWNSHIPS		
Umasizakhe (Graaff-Reinet)	2,460	9,087
KwaZamukucinga (Jansenville)	1,172	4,479
Vuyolwethu (Willowmore)	656	2,184
Thembalesizwe (Aberdeen)	648	2,030
Wongaletu (Klipplaat)	256	750
Sub-Total	5,192	18,530
RURAL SETTLEMENTS		
Waterford	14	43
Non-urban settlements & farms	3,241	13,419
Sub-Total	3,255	13,462
INFORMAL SETTLEMENTS		
There are informal settlements in Graaff-Reinet (Umasizakhe and Asherville areas), Aberdeen, Nieu-Bethesda, Jansenville & Klipplaat. Their household and population figures were included in the listings above by StatsSA. In 2019, a total of 540 units were counted in the pockets of informal settlements situated within the Municipal area. Another audit is required.		
TOTAL	19,925	79,291

NB : Above figures were sourced from the Municipal Profiles on StatsSA's website, featuring the three former Municipalities of Camdeboo, Ikwezi & Baviaans. This detailed breakdown was not made available for the 2016 Community Survey, which consisted only of sampling in designated areas.

T 1.2.7 & T 1.2.8 NATURAL RESOURCES, CHALLENGES & OPPORTUNITIES

NATURAL RESOURCES	
Major Natural Resource	Relevance to Community
Sun	Can be utilized extensively for solar power (panels). Challenge : The systems are expensive to install and can be damaged easily, as well as be aesthetically unattractive in the case of large areas being utilized for purpose of feeding into the national grid.
Wind	Can be utilized extensively for wind power (turbines). Challenge : The systems are expensive to install and can be harmful to the environment (destroying bats and birds, cause noise pollution and have a detrimental impact on the area's pristine landscape, i.e. viewshed).
Water	Required for domestic, agricultural and industrial use. We have surface and underground water, but not in sustainable supply – heavily dependent on good annual rainfall, which in this semi-arid region of the Karoo is unreliable. Systems are systematically being upgraded for improved storage and reticulation capacity and new RDP houses will be fitted with gutters and rainwater tanks. Due to a prolonged drought the past few years, dam and underground water levels have dropped substantially and strict water restrictions were imposed during the year of reporting.
Land	The Dr Beyers Naudé Municipality Municipal area is about 28,690 km ² in extent and most of the land is utilized for agricultural purposes – one of our main economic drivers. Commonage land is quite extensive but is not being managed properly and serious land degradation is occurring. The Municipality has created a post on its Organizational Structure for an Officer to deal with this issue. Closer to the urban areas there is a big need for smaller tracts of land that can be utilized for agricultural purposes, and also a demand for sites that can be utilized for recreational, commercial and other purposes. The Town Planner has been investigating ways and means of addressing this need: it will receive more attention during the development of a new Spatial Development Framework.
Minerals (sand, clay, gravel and stone)	Sand, clay, gravel and stone is being mined for building new houses and road maintenance, but stricter monitoring is required to ensure that these resources are not being over-exploited. Critical problems are being experienced with one of the stone quarries being right on the northern boundary of the Camdeboo National Park and the threat of a proposed sand mine (large scale) on its eastern boundary, close to the mouth of the Sunday's River. There are serious concerns about the exploration and extraction of shale gas, as well as the mining of uranium within or close to the Municipal area.

T 1.2.8 COMMENT ON BACKGROUND

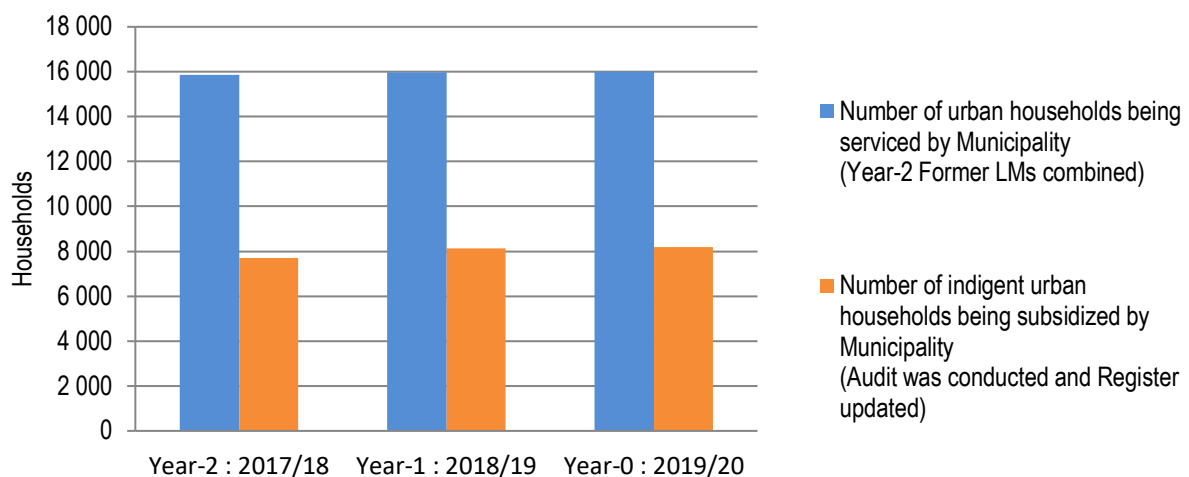
This narrative has been included under T 1.2.7 above.

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

T 1.3.1

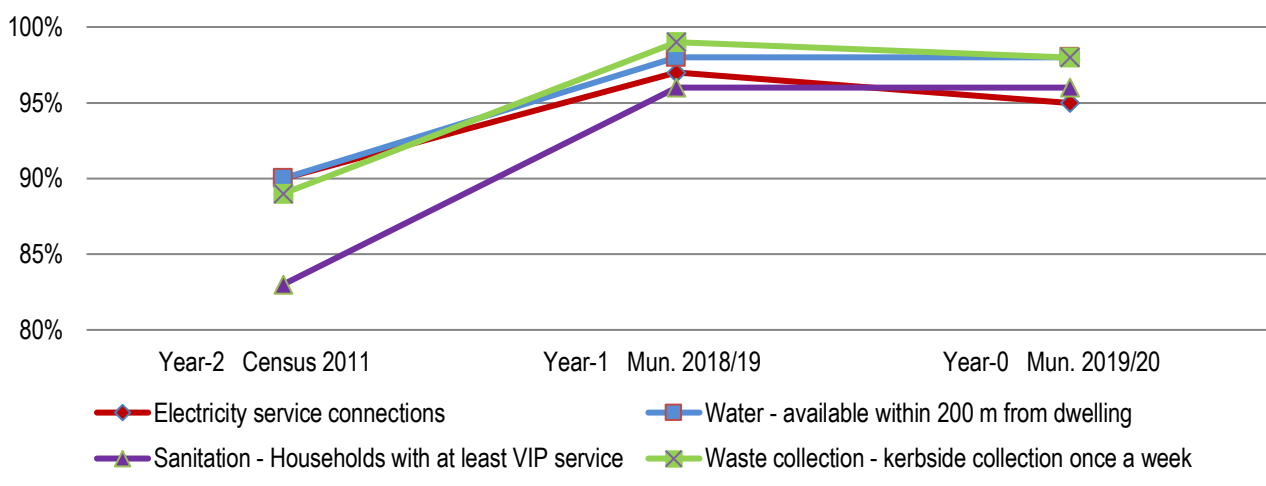
SUPPORT TO INDIGENT HOUSEHOLDS



COMMENT ON SUPPORT TO INDIGENT HOUSEHOLDS

During the year of reporting, the Municipality was servicing almost 16,000 Domestic Consumer points in its urban areas, of which 51% was classified as Indigent Households, who qualified for subsidization of services.

T 1.3.2 : HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



COMMENT ON ACCESS TO BASIC SERVICES

Dr Beyers Naudé Municipality maintains a high level of basic service delivery, with the majority of urban households having access to Electricity, potable Water, Sanitation (mostly water-borne flush toilets) and a minimum of once-a-week refuse collection.

Kindly note that further on in the document, where reporting is done on Basic Services, distinction is made between service delivery to points as per the Municipality's Debtors' database, and access to these services by the broader community, of which the number of households are calculated as estimates, based on the growth trends in the Municipal area. In those instances, we indicate how many households are estimated to receive direct and indirect benefit from the applicable service.

T 1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The impact of the Covid-19 pandemic had severe consequences for the country, resulting in an economic, health and humanitarian crisis. This ripple effect resulted in a loss of revenue, thus negatively impacting on cashflows of municipality. The President announced the national lockdown on 23 March 2020 to be effective from 27 March 2020. The subsequent restrictions imposed by the lockdown regulations had a profound impact on the economy of our country with business closing down resulting in a significant increase in unemployment. By the end of June 2020 the substantial reduction in economic activity negatively impacted the ability of consumers and businesses to honour their municipal accounts.

The current economic climate for the country as a whole and more specifically the local municipal region makes it very difficult for the municipality to maintain a healthy financial position. As with many entities in local government, the Dr Beyers Naudé LM is also experiencing financial distress..

Actual operating revenue amounted to R371 million, whilst actual operating expenditure amounted to R455 million, resulting in an operating loss of R84 million. The Adjustments Budget for operating revenue during the 2018/19 financial year amounted to R454 million, whilst Adjustment Budget for operating expenditure amounted to R402 million, with an anticipated budgeted surplus of R51 million. The effect resulting in an increased deficit of R135 million.

The unfavourable revenue variance of R83 million was attributable to the following factors:

- a) This knock-on effect of Covid-19 pandemic on the SA economy resulted in a significant loss of revenue.
- b) The continuing drought had left some areas within the municipality without water supply; thus, consumption and billing were negatively affected.
- c) Anticipated proceeds from sale of property not realised.

The major contributing factor towards the over-expenditure is related to the Municipal debt impairment provision, directly linked to the low collection of debt by consumers. The current financial position as reflected above can further be illustrated by way of the following operational ratios:

- a) Liquidity ratios: The current ratio is 0.13:1 (2019: 0.27:1) far below the National Treasury norm of 2:1. The result reveals a deterioration from the previous financial year and confirms the current liquidity challenges the municipality is experiencing.
- b) Employee cost as a percentage of total operating expenses is at 36% (2018/19: 37%) is within the National treasury norm of 25% - 40% and is reflecting an improvement of 1%.

A major challenge experienced during the past few years is related to the merger of the former three municipalities. The take-over of creditors' balance from the former municipalities placed significant strain on the financial position.

A contributing factor to the financial position is the low collection levels / poor payment patterns by debtors. The local economic activity places strain on consumers as the high unemployment specifically in our area does not seem to lower.

The drought mitigating factors implemented by the municipality should also be considered as stress on the financial position. The municipality has a direct mandate and responsibility towards each resident in the municipal area and, when faced with natural disasters such as the severe drought experienced over the past few years, causing surface water to dry up completely and also affecting our aquifers, no price can be put on humanity and the preserving the lives of everyone.

T 1.4.1

Financial Overview: Year 0			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	136 150	172 661	144 855
Taxes, Levies and tariffs	237 893	251 884	207 753
Other	19 269	29 717	18 607
Sub Total	393 312	454 262	371 215
Less: Expenditure	362 659	402 313	455 701
Net Total*	552	51 949	(84 485)
* Note: surplus/(defecit)			

Operating Ratios	
Detail	%
Employee Cost	36
Repairs & Maintenance	0,55
Finance Charges & Impairment	14

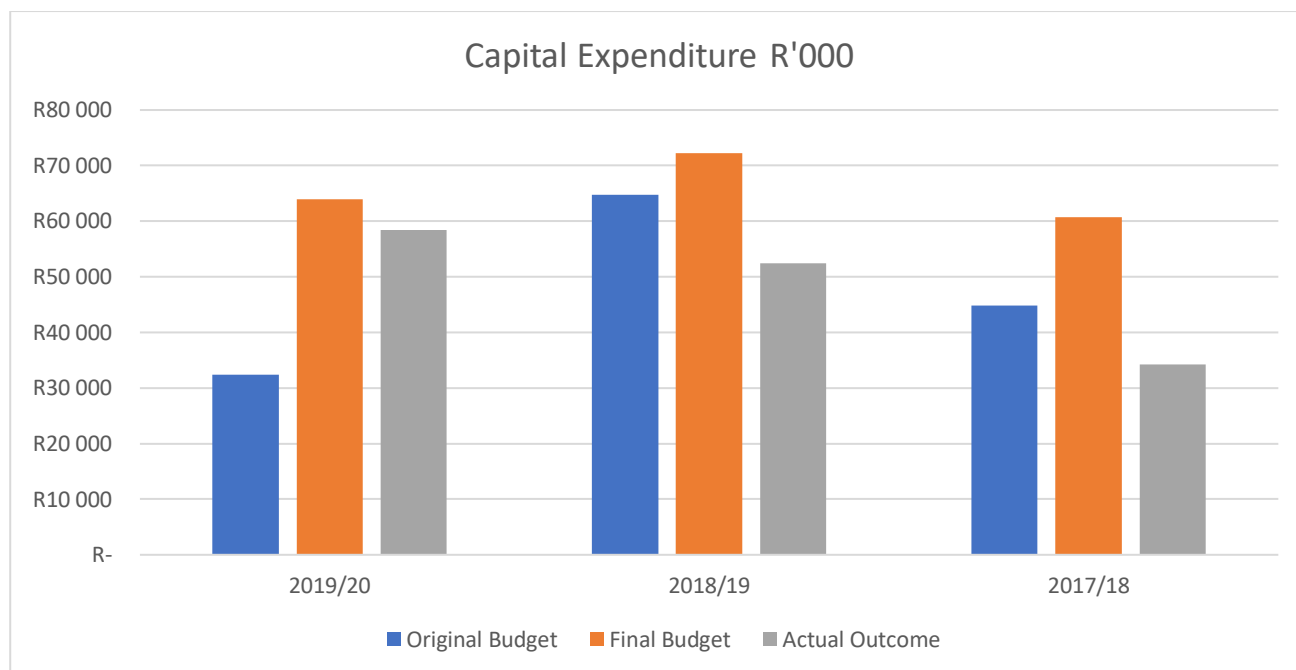
COMMENT ON OPERATING RATIOS

Employee cost as a percentage of total operating expenses is at 36% (2018/19: 37%) is within the National treasury norm of 25% - 40% and is reflecting an improvement of 1%.

Repairs and maintenance are 0,55% of the carrying value of property, plant and equipment (norm 8%). Repairs and maintenance were below the norm, as a result of cash flow challenges experienced by the municipality. The municipality is currently developing Repairs and Maintenance plans

Finance Charges and Impairment are 14% (norm 10%). Finance Charges and Impairment are above the norm, due to engagement with key creditors like Eskom and Auditor-General, where repayment agreements were entered into.

Total Capital Expenditure: 2019/20			
Detail	2019/20	2018/19	2017/18
Original Budget	32 447	64 760	44 881
Adjustment Budget	63 940	72 179	60 681
Actual	58 397	52 454	34 215
	T 1.4.3		



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE

The municipality spent 91% of the adjusted capital budget for 2019/20 financial year. Unspent funds have been rolled over to the 2020/21 financial year, to enable continuation of the projects. The slight underspending on capital projects was mainly due to unavoidable delays in construction on certain projects due to the COVID-19 lockdown period.

T 1.4.5.1

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

ORGANIZATIONAL DEVELOPMENT PERFORMANCE

Council adopted its organizational structure for the new entity, Dr Beyers Naudé Local Municipality, in September 2017. This was followed by a critical review during the year of reporting; the amended version was considered and approved by Council on 13/12/2018. Due process was followed in terms of extensive consultation with all stakeholders. The organogram consists of 1,052 positions of which 518 are filled, leaving 534 vacant positions.

The recruitment of staff to fill the vacant positions will be addressed by the Placement Process. The process unfolded in February 2019 – in line with the adopted Placement Policy. It was anticipated that placements would be finalised by April 2019, but unforeseen circumstances caused delays and the actual placing of staff was rescheduled to commence during the latter half of 2019. The vacancy rate on the organogram will then display a different picture, once the process is finalised.

The following should be noted:

- The positions of Director Corporate Services and Director Engineering and Planning became vacant during 2018/19 and the position for Director Community Services became vacant in 2019/2020 financial year.
- The recruitment process for these positions started September 2019.
- No new appointments were made for the year 2019/2020
- The process of Job Description writing and Job Evaluation of the positions on the organogram, will only commence once placement is finalised.
- The Human Resources division has 15 positions on the organogram with 8 permanent employees and 7 vacant positions.
- The employee turnover is mostly as a result of retirements and deaths.
- The Human Resources division had no capital expenditure for 2019/20.
- Ten HR policies were drafted, reviewed and adopted by Council in June 2019, of which the Leave Policy is one. The Leave Policy regulates the process of leave and sick leave, which is managed by all departments.
- There were six (6) suspensions for the year in question.
- Training and development of staff could not be implemented effectively for the year 2019/20, due to the financial constraints faced by the municipality. Training that was attended was funded by LGSETA.
- There were no employees whose salary levels exceeded the grades as determined by their Job Evaluation.

T 1.5.1

1.6 AUDITOR-GENERAL'S REPORT

AUDITOR-GENERAL REPORT: 2019/20

Audit Outcome

The audit outcome improved from a disclaimer of opinion to a qualified audit outcome. The basis for the qualified audit opinion relates to investment property, irregular expenditure, receivables from exchange transactions and the cash flow statement.

T 1.6.1

1.7 STATUTORY ANNUAL REPORT PROCESS

NO.	ACTIVITY	TIMEFRAME
1	Consideration of next financial year's IDP & Budget process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the IDP & Budget implementation period. <i>Copy of Draft 2021/22 IDP & Budget Process Plan included after T 1.7.1.1.</i>	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 0 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	
19	Commencement of draft IDP & Budget finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS

The Annual Report content will assist municipal councillors, municipalities, municipal entities, residents, oversight institutions and other users of Annual Reports with information and to assess progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will also assist with the annual audits. This report should be used as a decision-making tool by Municipalities.

Every Municipality and municipal entity must prepare an **Annual Performance Report**, which must form part of the Annual Report for each financial year – in accordance with Section 46 of the Municipal Systems Act 2000 (MSA) and the Municipal Finance Management Act 2003 (MFMA) section 121. The purpose of the Annual Report is:

- To provide a record of the activities of the Municipality or entity during the financial year to which the report relates;

- To provide a report on performance in service delivery and budget implementation for the financial year;
- To promote accountability to the local community for the decisions made throughout the year by the Municipality or municipal entity; and

To reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions

❖ **THE 2019/20 DRAFT ANNUAL PERFORMANCE REPORT IS ATTACHED AS ANNEXURE 4 IN VOLUME II OF THIS REPORT**

SECTION 1.7 (1) : ADOPTED 2021/21 IDP & BUDGET PROCESS PLAN (Res. SCOUN-070.1/20)

DR BEYERS NAUDÉ LOCAL MUNICIPALITY EC101



INTEGRATED ACTION PROGRAMME : ACTIVITIES & TIMELINES

2017 - 2022 IDP 4th REVIEW & 2021/22 BUDGET PROCESS

"IDP is an ethos; a spirit"

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Stakeholders & Relevant Structures	Date or Timeframe	Cost Estimate (ZAR)	STATUS	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
PLANNING : ORGANIZATION & PREPARATION																			
1	Management Meeting	Included discussions on preparation for IDP Review process and consultations with Ward Committees.	Dr Beyers Naudé LM	MM, Directors & all Functionaries	Monday 6th July 2020	-	✓												
2	2020/21 IDP ASSESSMENTS	Provisional Assessments done in-house at each Local, District and Metro Municipality IDP. Interviews were conducted with Stakeholders, as announced by COGTA.	Dr Beyers Naudé LM	Directorate Teams and IDP Manager	Interviews were held 20 - 23 July 2020.	500	✓												
3	MTRDP Budget Time Schedule	Discussion and consensus on 2021/22 Budget Process, Time Schedule of Key Activities, mSOGA compliance, IDP Process alignment.	Dr Beyers Naudé LM	Mayor, CFO & BDC	By 31 July 2020	-	✓												
4	DISTRICT-LEVEL MEETING & CONSULTATIONS	Virtual IDP Managers Meeting. Discussion and alignment of IDP Framework & Process Plans.	Sarah Baertman DM (meetings with LMs)	IDP Managers and IDP Co-ordinators	Friday 31 July 2020	500	✗												
5	A. IDP Process preparations B. Final Quarterly Report C. Prepare 1st Draft 2019/20 Annual Report	Co-ordination and alignment of dates and activities for IDP & Budget process. Consensus on various activities, roles and responsibilities. Prepare notice for launch of IDP's 4th review & Budget Process. Submit 4th Quarter/Annual Performance Reports. Confirm in-year and annual reporting procedures.	Dr Beyers Naudé LM	MM, Directors, Managers, IDP Manager & PMS Office (PMS)	By 31 July 2020	-	✓												
6	Performance Agreements	Agreements for Section 57 & 58 Managers to be in place within one month after start of new financial year - in accordance with 2020/21 SCBP approved by Mayor within 28 days after approval of 2020/21 Budget.	Dr Beyers Naudé LM	Mayor, MM, Directors and PMS	By 31 July 2020 (Submitted due to late approval of Budget on 13 July 2020)	-	✓												
7	Management Meeting (Inclusive of mSOGA SQ)	To include: A. Reporting on progress on implementation of mSOGA systems. B. Progress Report on IDP Review preparation, IDP & Budget Process Plan.	Dr Beyers Naudé LM	Top Management	Monday 3rd August 2020	-	Prepared as a result of COVID-19												
8	IGR FORUM MEETING A Forum promoting Inter-Governmental Relations	Mayor's IGR meeting with key roleplayers from other spheres of Government with the aim to improve service delivery through effective communication, consultation and engagement.	Dr Beyers Naudé LM, Sarah Baertman DM & Sector Departments	Mayor, Councilors, all relevant senior Officials from Government Departments & Mus.	TBC	-	✗												
9	PUBLIC PARTICIPATION PROGRAMME COMMENCES A. Public informed about the Launch of the 4th review of 2017 - 2022 IDP & 2021/22 Budget Process. B. Stakeholder database updated. C. Invitations to all registered parties.	A. Send notice to local newspapers on 09/08/2020. Ward Cms to sensitize their Wards, Ward Committees and Ward-based Stakeholder groups that the process is about to start. CDMs also involved in spreading the word. B. In same notice call for all interested parties to register as Stakeholders in the process in order to promote public participation (also to update details). C. Send out invitations to registered IDP Top Forum Stakeholders.	Dr Beyers Naudé LM	IDP Manager, Ward Councilors, Ward Committees, CDMs, all listed Stakeholders	Newspaper 09th August 2020; Invitations for IDP FF out during 3rd week.	4,000	✓												

All Councilors (especially Ward Councilors) and all senior Officials are encouraged to participate in the IDP planning meetings and any IDP meeting workshops or skills development programmes that are announced from time-to-time.

IMPORTANT
Well-functioning Ward Committees are essential for effective Ward-Based Planning and inclusive public participation.

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Roleplayers & Relevant Structures	Date or Timeframe	Cost Estimate (RPM)	STATUS	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21	
26	DEPARTMENTAL CONSULTATIONS (IDP Analysis, Priorities & Strategies)	Consolidate Status Reports and Needs Analysis Reports. All Municipal Depts to assess Objectives, are they realistic and achievable? Do our Strategies require revision, are they focused, specific, measurable, timebound and attainable, based on local potential and resources? Are they aligned with NDP, NSDP, IDP, IDSP, District plans, etc. and are they accommodating cross-cutting dimensions? Do they respond to Ward Development Priorities? Determine what must be done by the Municipality and what falls within the competency of Sector Departments. Establish Funding Streams and Resource Framework. Start working on 1st Draft Project Register. The IDP's Development Priorities and Objectives should be aligned with the following 5 Key Performance Areas : KPA 1: Organizational Transformation & Institutional Development KPA 2: Service Delivery & Infrastructure Planning (incl. FMS, Housing, IDP & Environment) KPA 3: Local Economic Development KPA 4: Financial Viability KPA 5: Good Governance & Public Participation	Dr Beyers Naude LM	MM, CFO, Directors, Managers and other functionaries, IDP Manager & PMO	By 3rd week of November 2020	-														
27	4-Day IDP Review Strategic Planning Session	To be facilitated by District Municipality. A. Assessing Implementation & results of Municipal/Township Strategy. B. Assessing Institutional Analysis. C. Identifying appropriate projects or programmes to address A & B.	Sarah Swartman DM Dr Beyers Naude LM	All Officials serving on the IDP Steering Committee	24 - 26 November 2020	12,000														
0	PHASE 3 : PROJECTS																			
28	A. DEPARTMENTAL PROJECT PLANS B. MTREF ALLOCATIONS	A. All Managers to complete a Project Planning Template for each Project. The Project Name must reflect its core function, its nature or intention and show linkages between Priorities, Objectives and Strategies and with Funding Streams. Directors and Managers to design KPIs that are based on SMART principles. This date to be transferred to SCOP (for funded projects). B. IDP to engage with PT & NT regarding MTREF allocations.	Dr Beyers Naude LM	MM, Directors, Managers, PMO	Project Plans completed by 30th November 2020	-														
29	Budget Steering Committee Meeting	Consider outcomes of Strategic Planning Sessions and align plans accordingly.	Dr Beyers Naude LM	Budget Steering Committee	Tuesday 1st December 2020	-														
30	IDP Steering Committee Meeting	CFO to provide guidance on Budget preparation process, project plans to be prioritized in accordance with available funding streams. IDP Project Register to be revised.	Dr Beyers Naude LM	Mayor & Ward Councilors, MM, Directors / Managers, IDP Manager and other relevant Officials	Wednesday 2nd December 2020 at 10:00	1,500														
31	Management Meeting (Inclusive of mSODAS SQ)	To include reportback by Budget Drivers on project plans and submit to which Reportback to Ward Development Priorities and budgets aligned accordingly.	Dr Beyers Naude LM	Top Management	Monday 7th December 2020	-														

4

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Roleplayers & Relevant Structures	Date or Timeframe	Cost Estimate (R)	STATUS	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21
32	DRAFT PROJECT REGISTER	Complete 1st Draft IDP Project Register and submit to Sarah Swartman DM.	Dr Beyers Naude LM	IDP Manager	By 18th December 2020	500													
33	COUNCIL IN RECESS, OFFICIALS ON LEAVE	Tie up loose ends and liaise with relevant parties to ensure all data has been received and is ready for processing.	Dr Beyers Naude LM	IDP Manager & PMO Officer	From mid Dec 2020 to mid Jan 2021	-													
34	Management Meeting (Inclusive of mSODAS SQ)	To include discussions on progress with IDP Review and preparation of Draft IDP & Budget.	Dr Beyers Naude LM	Top Management	Monday 11th January 2021 (TBC)	-													
35	A. 2nd Quarterly Report B. 2019/20 Annual Report C. MPAC Oversight Meeting D. 2020/21 Adjustment Budget E. Mid-year Performance Review	Complete 2019/20 Annual Report and 2020/21 Adjustment Budget, commence with 2020/21 Mid-Year Performance Review. MPAC Oversight Committee meeting (in-year reporting to be referred to Council).	Dr Beyers Naude LM	Mayor, MM, CFO & PMO	Completed by 17th January 2021	-													
36	2020/21 STATUS-GRAD ASSESSMENT 2nd Quarter / Mid-year Report	2020/21 SCOP - Update status of Projects, as at end of December 2020. Determine whether we are on track in terms of our 2017 - 2022 IDP's Strategic Implementation and will we meet our Objectives for 2020/21?	Dr Beyers Naude LM	MM, Directors, Managers, IDP Manager, PM Officer	Reports to be submitted by 17th January 2021	-													
37	1ST DRAFT DEPARTMENTAL PLANS, SCOP, CAPITAL & OPERATING BUDGETS	1st Draft of Departmental Plans, Scorecards and SCOP to be prepared, linking IDP, Budget & PMO for tracking progress & implementation of Projects and evaluating overall performance.	Dr Beyers Naude LM	MM, Directors, Managers & PM Officer	Prepared by 17th January & signed by end of January 2021	-													
38	2021/22 BUDGET ESTIMATES Operating & Capital Budget	Complete and submit to CFO in order to prepare detailed Budgets with 3 - 5 year Financial Plan.	Dr Beyers Naude LM	MM, CFO, Directors & Managers and other Budget Drivers	By end of January 2021	-													
39	ADOPTION OF ANNUAL & MID-YEAR REPORTS AND ADJUSTMENT BUDGET & ADJUSTED SCOP A. 2019/20 Annual Report B. Oversight Report C. 2020/21 Mid-year Report D. 2020/21 Adjustment Budget E. 2020/21 Adjusted SCOP	Table 2019/20 Annual Report & Oversight Report and submit 2020/21 Adjustment Budget and Mid-Year Performance Report at a Special Council Meeting (To be advertised). Submission of statutory Reports, etc.	Dr Beyers Naude LM	Mayor, MM, CFO, full Council, Directors, Managers, other relevant Officials and members of the public	MPAC Meeting (TBC) EXCO Meeting Thursday 21st January 2021, Special Council Meeting Thursday 28th January 2021.	-													
40	Management Meeting (Inclusive of mSODAS SQ)	Identify areas that are still lagging behind and require focused attention. Discuss final stages of preparing Draft IDP & Budget to ensure readiness for table in March.	Dr Beyers Naude LM	Top Management	Monday 1st February 2021 (TBC)	-													
41	A. FINANCIAL ALIGNMENT Budget Steering Committee Meeting B. PT PERFORMANCE ASSESSMENT	A. Consider 2020/21 Adjustment Budget as well as Draft 2021/22 Capex and MTREF. Identify and confirm funding streams. B. Mid-year Budget & Performance engagements with Provincial Treasury.	Dr Beyers Naude LM	A. Budget Steering Committee. B. MM, CFO & IDP Manager & PMO.	A. Tuesday 9th Feb. 2021 B. Thursday 18th Feb. 2021	-													
42	IGR FORUM MEETING A Forum promoting Inter-Governmental Relations	Mayor's IGR meeting with key roleplayers from other spheres of Government with the aim to improve service delivery through effective communication, consultation and engagement.	Dr Beyers Naude LM, Sarah Swartman DM & Sector Departments	Mayor, Councilors, all relevant senior Officials from Government Departments & Mus.	TBC	-													

5

Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Roleplayers & Relevant Structures	Date or Timeframe	Cost Estimate (Rm)	STATUS													Jul '21																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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43	<p>FULL INTEGRATION of all Developmental Priorities, Objectives, Strategies, Plans, Policies and Programmes. All data collected, consolidated within a logical and coherent framework.</p> <ul style="list-style-type: none">• Consultations• Ward and Public Meetings• Management Meetings• Budget & IDP Steering Committee Meetings• IDP Prep. Forum Meetings• Inter-governmental Forum & Sector Department Meetings <p>WARD PLANS COMPLETED. ALL SECTOR & STRATEGIC PLANS ARE IN PLACE AND 1ST DRAFT OF REVIEWED IDP IS AVAILABLE.</p>	Ensures that the following form core components of the IDP : SECTOR PLANS / PROGRAMMES Housing Sector Plan Water Services Development Plan Integrated Transport Plan Energy Waste Management Plan Disaster Management Plan MANAGEMENT PLANS / PROGRAMMES S-5 Yr Financial Plan (incl. 1 Yr SDRSP) S-5 Yr Capital Investment Framework S-5 Yr Action Plan Performance Management Syst. (PMS) Institutional Plan (Strategic) Comprehensive Infrastr. Plan (CIP) CROSS-CUTTING DIMENSIONS Spatial Dev. Framework (SDP) Environmental Management Local Economic Dev. (LED) Social Development (SPDs, HWANGS, Gender Equity, Poverty Alleviation, Skills Development)	Sarah Steinhilber DM Dr Breyers Naucki LM	MM, Directors, Managers, IDP Manager & other relevant Officials, Committees & Forum	February into March 2021 Management Meetings IDP SC & IDP FF Meetings Budget SC & mSCOA Meetings IDP Meeting Departmental Consultations	-																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								

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Line Item	Details / Outcomes / Key Milestones	Main Activities / Actions	Responsible Agent	Stakeholders & Relevant Structures	Date or Timeframe	Cost Estimate (ZAR)	STATUS													Jul '21
								Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21		
F	PHASE 5 : APPROVAL																			
51	DRAFT 2021/22 IDP & BUDGET Prepared for Tabling	Prepare draft IDP & Budget for tabling to Council, taking into consideration all inputs, promulgations, amendments and alignments. Corporate Services to advertise Council Meeting	Dr Breyers Naucki LM	MM, CFO & IDP Manager, with the assistance of relevant Officials	EXCO by 17th March 2021	1,000														
52	A. DRAFT 2021/22 IDP, BUDGET & SDRP ADOPTED (Special or Ordinary Council Meeting) B. FINAL 2019/20 ANNUAL REPORT & OVERSIGHT REPORT APPROVED	A. Draft IDP/Budget and IDP Manager to submit draft SDRP before Council for adoption to be advertised for public comment. After adoption prepare copies of Draft IDP for distribution and upload to website. Submit to District for comments & alignment. B. Submit final 2019/20 Annual Report & Oversight Report for approval	Dr Breyers Naucki LM	MM, CFO, Directors, IDP Manager, PMO, other relevant Officials, full Council, with interested members of the public & other Stakeholders	Thursday 25th March 2021 (TBC)	5,000														
53	A. 3rd Quarterly Report B. MFAC Oversight Meeting	Prepare Report. MFAC Oversight Committee to meet. Submit report to Council.	Dr Breyers Naucki LM	Mayor, MM, CFO & PMO	By 2nd week of April 2021	-														
54	DISTRICT-LEVEL MEETING Consultations & Alignment	IDP Representative Forum Meeting for Sector Alignment Consultation with IDP Managers and submission of Progress Reports.	Sarah Steinhilber DM (meetings with LMs)	MM, Mayor / IDP Portfolio Councillor & IDP Manager	Thursday 8th April 2021	2,500														
55	Management Meeting (Inclusive of mSCOA SC)	Confirm commencement of Mayoral Outreach starting on 06/04/2021 and that all logistics have been taken care of.	Dr Breyers Naucki LM	Top Management	Monday 12th April 2021 (TBC)	-														
56	A. Draft 2021/22 IDP & Budget advertised for Public comment. B. Schedule of Public Meetings and Media releases for Mayoral Outreach.	Placing of notices for public inspection & comments (21-day compliance period) in local newspapers, on notice boards, insert on monthly billing accounts, post on notice boards and on social media, announce at Ward meetings. (Notice to reach the newspaper by 29/03/2021. Print IDPs for public inspection.)	Dr Breyers Naucki LM	CFO & IDP Manager, with the assistance of Ward Councillors and relevant Officials	Ad to appear on Thursday 1st April 2021. Inspection & Comments period ends Thursday 29th April 2021.	5,000														
57	LAST ROUND OF PUBLIC ENGAGEMENTS Official Notice Ward & Public Meetings	Copies of Draft 2021/22 IDP & Budget distributed to strategic points in all 14 Wards for inspection and comments for 21 days, from 08 April until 26th April 2021. Posted on website. Mayor & Councillors to engage their constituencies in final consultations (Mayoral Outreach, schedule of meetings also to be advertised on 26th March). PMO to accompany and give presentation on KPIs & Targets.	Dr Breyers Naucki LM	CFO & IDP Manager, assisted by MM Councillors, Mayor, Ward Councillors, Directors, Managers, PMO and other relevant Officials	MAYORAL OUTREACH 08th April until 26th April 2021.	10,000														
58	A. DISTRICT STAKEHOLDER CONSULTATIONS B. PROVINCIAL TREASURY ENGAGEMENTS	A. 2021/22 IDP & Budget Roadshow at Local Municipalities (SDM Mayoral Outreach). B. Draft Budget Benchmarking session.	Sarah Steinhilber DM	A. BLM Cls, Officials & invited Stakeholders. B. MM, CFO, IDP Officials, Directors, IDP Manager & PMO.	A. April 2021 (TBC) B. Week 21st April 2021	-														
59	Management Meeting (Inclusive of mSCOA SC)	Discussions in preparation for the finalisation of IDP & Budget.	Dr Breyers Naucki LM	Top Management	Monday 3rd May 2021 (TBC)	-														
60	IDP - FINAL STEPS IDP Steering Committee Meeting	A. Attend to comments received, make final amendments to IDP and prepare report for IDP Steering Committee. B. Refer to IDP Steering Committee - final discussions, recommendations to Rep. Forum & Council.	Dr Breyers Naucki LM	Mayor & Ward Councillors, MM, Directors / Managers, IDP Manager and other relevant Officials	Wednesday 5th May 2021 at 10:00	1,500														

7



Dr. Beyers Naudé
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CHAPTER 2

GOVERNANCE



INTRODUCTION TO GOVERNANCE

The Constitution section 151 (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.

Dr Beyers Naudé Local Municipality strives to achieve, within its financial and administrative capacity, the objectives set out in Section 1 of Chapter 7 of the Constitution. It is a Category B Municipality – as defined in the Municipal Structures Act (Act 117/98). The Council functions as a collective executive system, combined with a Ward participatory system. A collective executive system limits the exercise of executive authority to the Municipal Council itself and a Ward participatory system allows for matters of local concern to be dealt with by Ward Committees. Council takes its mandate from Section 152 of the Constitution, which is to achieve the objectives of a developmental Local Government.

Council approved an Administrative Structure through its staff establishment to ensure that all Council resolutions are implemented diligently. The staff establishment consists of an Institutional Structure (Organogram) with all posts included, to deliver on the mandate of Council, that includes the macro and micro structure (Senior Management, middle management and other staff) – in line with the human resources needs of Council to implement the IDP.

Council is also dependent on sound inter-governmental relations with the other spheres of government to ensure integrated planning and resource mobilization for significant impact on the community. All decision-making is reliant on the effective participation of the residents and the responsiveness of the Council and its Administration to ensure public accountability. Dr Beyers Naudé Local Municipality worked with the community during the 2019/20 financial year through Mayoral Outreach meetings, Ward Community meetings, Ward Committee meetings, as well as stakeholder meetings through the IDP process and IDP Representative forum meetings. Co-operation from CDWs is not good and has to improve.

T 2.0.1

COMPONENT A : POLITICAL AND ADMINISTRATIVE GOVERNANCE**INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

As a developmental Local Government, the Council and the Administration of the Municipality have a close and healthy working relationship, with the interests and needs of the Community central to all decisions and areas of service delivery. All business conducted is with the focus on achieving the ideal state as enshrined in Council's shared Vision statement, and giving effect to the undertakings in its Mission statement – as contained in the 2017- 2022 Integrated Development Plan. Very few service delivery protests are experienced as a result.

T 2.1.0

2.1 POLITICAL GOVERNANCE**INTRODUCTION TO POLITICAL GOVERNANCE**

MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

Council has an Executive Committee and four (4) Standing Committees, all of which meet as per the Year Planner. There are several sub-committees, but more training is needed to improve their functioning. Ordinary

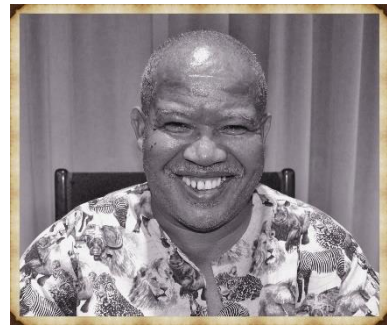
and Special Council meetings sit as scheduled – in accordance with the year planner. The Rules of Order, Delegations Register and the Code of Conduct are all in place.

An Internal Audit Committee and Oversight Committee are in place and functioning. A Municipal Public Accounts Committee (MPAC) has also been established, but has indicated that more training and administrative support is needed. Monthly, quarterly, mid-year and annual reporting is done in accordance with the applicable regulations.

Council has a sound and healthy relationship with its Administration and Organized Labour.

MAYOR
Councillor Deon de Vos

Political Head, Chairperson of EXCO and IDP
Representative Forum



SPEAKER
Councillor Thembisa Nonnies

Chairperson of Council Meetings



ANC CHIEF WHIP
Councillor Dudu Booysen



DA WHIP
Councillor Eldan Carolus



DR BEYERS NAUDÉ LOCAL MUNICIPALITY TROIKA

The Speaker, Cllr Nonnies

The Mayor, Cllr De Vos

Chief Whip, Cllr Booysen



EXECUTIVE COMMITTEE MEMBERS

- Cllr Deon De Vos : Mayor and Chairperson of EXCO
- Cllr Pieter (Penn) Koeberg : Chairperson of Engineering and Planning Standing Committee
- Cllr Eldridge Ruiters: Chairperson of Corporate Services Standing Committee
- Cllr Ewald Look : Chairperson of Budget and Treasury Standing Committee
- Cllr Notizi Vanda : Chairperson of Community Services Standing Committee

T 2.1.1

COUNCILLORS

Dr Beyers Naudé Local Municipality has a total of 27 Councillors, of which 14 are elected Ward Councillors and 13 PR Councillors, appointed on a proportional basis. Only two Councillors serve in a full-time capacity, namely the Mayor and the Speaker. **Appendices A and B** contain more detailed information about the Councillors and their attendance of meetings.

POLITICAL DECISION-TAKING

Council has four (4) Standing / Portfolio Committees that submit reports with their recommendations to the Executive Committee which, after considering the reports received from the Portfolio Committees, forward these reports to Council for a final decision. Council may delegate certain powers to any of its committees. These powers can also be withdrawn by Council at any time.

Committees therefore give assistance to Council, to ensure effective decision-making. Council's decision-making process is also influenced by inputs and advice received from the community through Ward Committees. There are fourteen (14) Ward Committees, chaired by their Ward Councillors and made up of elected community members, each filling a specific portfolio. CDWs serve on these structures in an *ex officio* capacity. To make them function most effectively, Ward Committees should ideally meet on a monthly basis, but due to various challenges and constraints, are not able to do so. Some matters are lifted from their meetings and referred to the Portfolio and Executive Committees, and ultimately to the Council Agenda, for consideration. The Municipality's Administration is tasked with the implementation of such Council decisions in the shortest period of time, after resolutions have been taken.

T 2.1.3

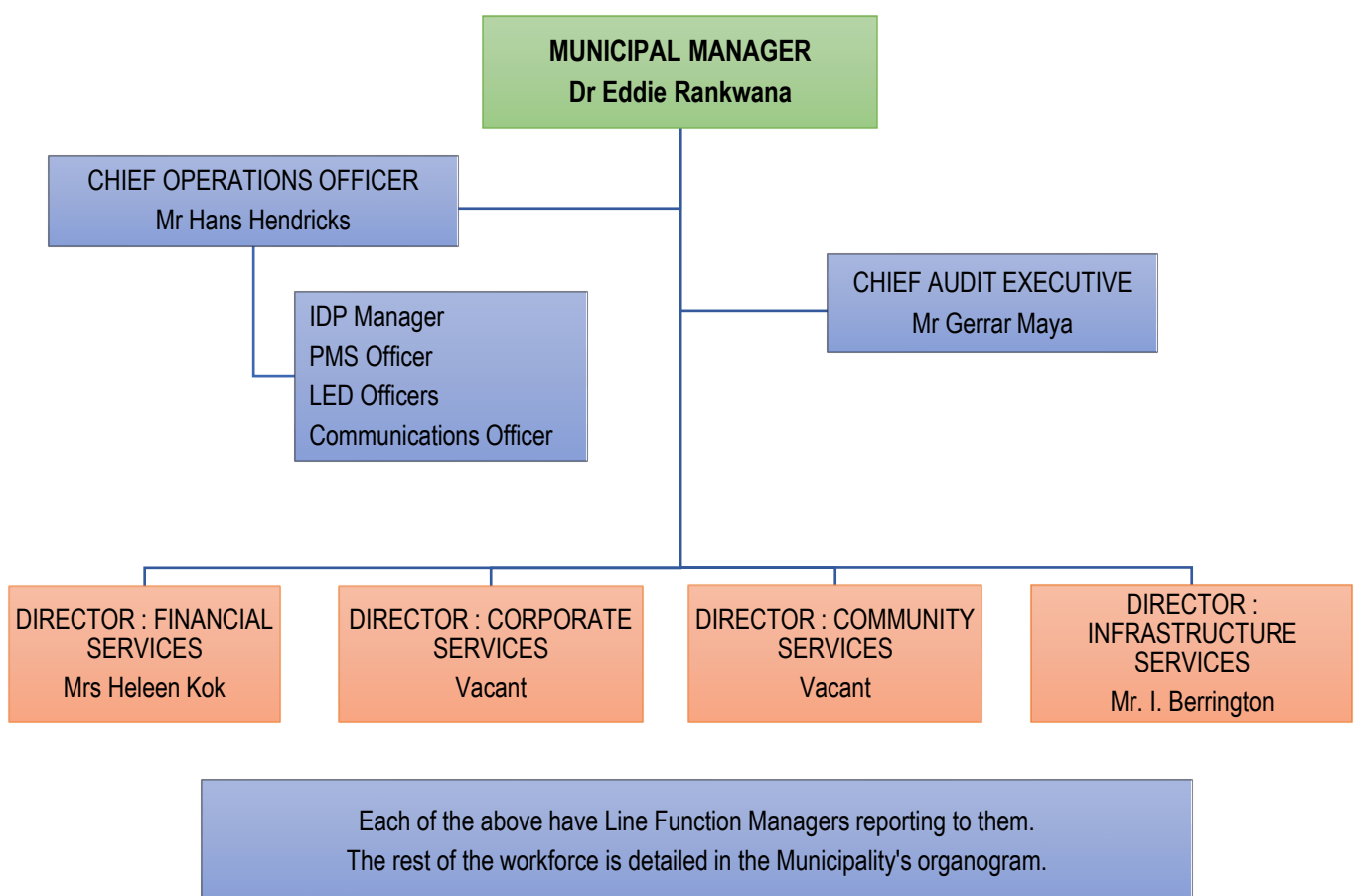
2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

Dr Beyers Naudé Municipality has a top structure consisting of a Municipal Manager (fixed term Section 57 appointee) and four (4) Directors (fixed term Section 56 appointees). Each Directorate has specific line functions attached to it, with Line Function (Departmental) Managers reporting to them. Area and Satellite Offices report to the Director of Corporate Services, but also liaise closely with the respective Directorates and their Departments.

T 2.2.1



Appendix C contains more details about the top Administrative structure.

COMPONENT B : INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations are of utmost importance to Dr Beyers Naudé Local Municipality. The Council operates within the confines of the Intergovernmental Framework Act and Chapter 3 of the Constitution of the Republic of South Africa to ensure good relations with all spheres of government in the interests of the community. There is a local IGR Forum in place, with the aim of bringing all sectors and departments of Provincial and National Government together to plan for development in the Dr Beyers Naudé Local Municipality's area of jurisdiction. The representatives of the IGR Forum provide information on programs and projects earmarked for the municipal area.

Dr Beyers Naudé Local Municipality is also represented on the Sarah Baartman District Municipal IGR Forum to meet with National and Provincial Governments Departments, where Senior Officials attend with the objective of the alignment of the National Development Plan, the Provincial Growth and Development Strategy and the District IDP and the Municipal IDPs.

The IGR Forums provide relevant information from the two other spheres of government to the Municipality to include the Municipal IDP and ensure a seamless integrated development process with significant impact for the local community.

The MEC for Co-operative Governance and Traditional Affairs in the Province of the Eastern Cape also convenes a MuniMec Meeting for Mayors and Municipal Managers to interact on the Key Performance Areas of government, as well as using this platform to address issues related to IGR.

The Municipal IGR Forum did not meet regularly in 2019/20 and this will receive attention, going forward.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Dr Beyers Naudé Local Municipality has a representative attending the IGR meetings conducted by SALGA.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Dr Beyers Naudé Local Municipality sometimes has quarterly IGR meetings with the different Sector Departments.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

A District Development Agency, namely Cacadu Development Agency, was established by Sarah Baartman District Municipality, to assist the Local Municipalities within the district with local economic development. Dr Beyers Naudé Local Municipality has no municipal entities.

T 2.3.3

DISTRICT INTERGOVERNMENTAL RELATIONS

District Intergovernmental Relations meetings are convened by the Sarah Baartman District Municipality. The local Intergovernmental Relations Forum has not been very effective and active during the financial year under review. There were no quarterly meetings held between the Municipality and Sector Departments.

The relationship between the Sector Departments and the Municipality is stable but needs to improve. The Municipality works with Provincial and district Departments, especially the Office of the Premier and Departments such as DSRAC, Rural Development, Social Development and Human Settlements.

T 2.3.4

COMPONENT C : PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

1. INTRODUCTION

The Speaker is responsible for managing and co-ordinating Ward Committees and public participation within Dr Beyers Naudé Local Municipality. The aim is to strengthen good governance, public participation and involve communities through public participation programmes.

2. CURRENT PUBLIC PARTICIPATION STRUCTURES

- Council Meetings
- Mayoral Road Shows
- Ward Committees
- SPU Forums
- IDP Representative Forum
- Specific Project Steering Committees

3. PUBLIC PARTICIPATION UNITS

- IDP Unit
- Ward Co-ordinator Unit
- Special Programmes Unit
- Communications Unit
- Customer Care Unit
- Free Basic Services Unit

4. STATUS AND FUNCTIONALITY OF WARD COMMITTEES AS WELL AS PROCESSING OF WARD COMMITTEE REPORTS

Dr Beyer's Naudé Local Municipality consists of 14 wards. Ward Committees have been established throughout Dr Beyers Naudé Local Municipality. All Ward Committees are functional as they send Ward Committee reports through their Ward Councillor to the Office of the Speaker. All issues raised by Ward Committees were included on a template which was then circulated to all Directorates to comment or give inputs on matters concerning their Directorate and Departments. All issues which relate to sector departments are raised in the IGR but sadly few states departments do attend this meetings.

Mr Mandla Mpempe from MML Consulting cc has submitted a proposal for Ward Committee training to LGSETA on behalf of the Municipality. The outcome of that request is awaited.

5. WARD COMMITTEE VACANCIES

The following wards have vacant positions on their Ward Committees:

WARD NUMBER	VACANCIES
2	1
3	2
5	3
6	6
8	1
12	3

6. REPORTING MANAGEMENT OF CDWs IN MUNICIPALITIES

CDWs are not reporting directly to the Ward Co –Ordinator who is part of the meetings when they report to COGTA officials or during quarterly assessments. CDWs are governed by the Public Service Act 1994. The Municipality assists from time to time by providing access to venues for their meetings as well as making other resources available to enable them to do their work. There are currently 9 CDWs deployed in the Municipality. They are not deployed according to the new Municipal Boundaries. CDWs assist in compiling ward profiles and also help in the verification of IGG applications. However, where there is no CDW, this becomes a challenge for the Municipality. CDW vacancies were advertised back in 2016 but were never filled.

CDWs are based as follows:

- 1 in Aberdeen
- in Graaff-Reinet
- in Klipplaat
- in Jansenville
- 1 in Willowmore

The table below illustrates current CDW's per ward

WARD NUMBER	TOWN	LOCATION	CDW – Y/N	NAME OF CDW
1	Aberdeen	Thembalesizwe & Lotusville	Y	Nontuthuzelo Poswa
2	Graaff-Reined & Nieu- Bethesda	Horseshoe& Nieu- Bethesda	N	
3	Graaff-Reinet	Asherville	Y	Amelia Booyesn
4	Graaff-Reinet	Part of Umasizakhe & Cycle Groove	N	
5	Graaff-Reinet	Kroonvale	Y	Sharon Jooste
6	Graaff-Reinet	Part of Umasizakhe	N	
7	Aberdeen & Adendorp	Aberdeen & Adendorp	N	
8	Willowmore	Willowmore, Rietbron & Baviaans Kloof	N	
9	Willowmore	Hillview	N	
10	Klipplaat	Klipplaat	Y (2)	Lindiswa Stokwe & Lusinda Yawa
11	Jansenville	Jansenville	Y (2), One has taken early retirement	Nolubabalo Ngqeza
12	Seytlerville	Steytlerville central, Wolwefontein & surrounding farms	N	
13	Willowmore & part of Steytlerville	Morningside, Humsville, Muller, Ramaphosa, Hillside, Spogerville, Cuba & 3 farms	Y	Abel Devos
14	Graaff-Reinet	Part of Kroonvale & Asherville	Y	Fred Finnis

7. STATE OF PUBLIC PARTICIPATION & PETITION MANAGEMENT PROCESS IN THE MUNICIPALITY

Petitions are normally received by the Mayor and then delivered to the Speaker, who refers them to the EXCO. After the necessary deliberations, the issues at hand are referred to the relevant Directorates for attention and response. A report is then submitted to EXCO, indicating how the matters have been dealt with and for the Speaker to provide feedback to the petitioners and the Community.

If a petition comes from within the Municipality, the Municipal Manager will arrange a Management meeting to discuss the matter(s) raised, as well as refer other relevant matters to the Local Labour Forum.

As there is no formal Petition Policy or Committee in place, a request was forwarded to COGTA to assist the Municipality in this regard.

A draft petition policy has been developed and will be sent to the relevant standing committee for consideration.

8. WARD OPERATIONAL PLANS

A draft ward operational plan has been developed, which will go to Council for approval. The idea is to give uniform guidance for all Ward Committees to develop a Ward Operational Plan.

9. WAR ROOMS

War Rooms are dysfunctional in all Wards.

10. CHALLENGES

- No fully functional Public Participation Unit,
- No ward operational plans or programme of action submitted in order to have all Ward Committees' activities incorporated on the Municipal Year Plan. This will assist the Speaker to hold Ward Councillors and Ward Committees accountable and responsive,
- Not all wards have appointed CDWs,
- Outstanding MOU between COGTA & Dr Beyer's Naudé LM in regard to CDWs.

11. WORKABLE SOLUTIONS

- The Speaker to take up the matter of the CDW vacancies and the MOU in relation to the CDWs with COGTA as a matter of urgency,
- To provide office space for CDW's,
- To have the draft Ward Operational Framework Plan approved by Council so that all Ward Committees can develop their ward operational plans by end of August 2019,
- Speaker to urgently organise a meeting between COGTA and the Municipality for assistance in drafting a Petition policy and establishing a Petitions Committee.
- To have the Petition Policy approved by Council.
- To have the draft Public Participation Strategy approved by Council.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The objective of communication is to use it as a tool to facilitate developmental roles by encouraging a culture of stakeholder participation for democratic governance, thus keeping stakeholders, both internal and external, abreast of any and all developments surrounding the Municipality. The ultimate aim is to build and strengthen the Municipality's reputation and stakeholder relationships.

The intent of the Communications Office is to reach internal stakeholders, i.e. employee's, Councillors, and labour unions, as well as external stakeholders that include communities within the municipal jurisdiction, organized stakeholder groups operating in the Municipality's area of jurisdiction and South African government departments.

The carriers of communication include the Mayor, Municipal Manager, Councillors, Communication staff and heads of departments.

The tools that are most appropriate for communicating with the target audience include electronic and digital channels (i.e. the municipal website); commercial media (i.e. national, provincial and local newspapers and television); social media (i.e. Facebook, Twitter and Instagram); advertising and advertorials; municipal publications (i.e. annual report, newsletter and notices); and events and platforms (i.e. council meetings, staff meetings, stakeholder meetings).

T 2.4.1

WARD COMMITTEES

The objective of a Ward Committee is to enhance participatory democracy in Local Government, as public participation is considered one of the key tenets of democratic governance in South Africa. A Ward Committee has the power to make recommendations on any matters affecting its Ward through the Ward Councillors to the Municipal Council.

In response to the constitutional directive to involve communities in decision-making and ensuring services are brought to the people, Ward Committees have been in the forefront in mobilizing communities for free basic services and in Community-Based Planning. Ward Committees, as the mouthpiece of the community, have been reporting service delivery issues, be it Local, Provincial or National Government matters.

14 Ward Committees were established by the Municipality, to serve as participatory structures and to be the formal, unbiased communication channels of the community, as well as to create co-operative partnerships between the community and the Council.

Ward Committees make recommendations through the Ward Councillor to Council to assist the Council in its work; express dissatisfaction of non-performance; advise and make recommendations on policy affecting residents and Wards; spread information concerning Municipal affairs such as the Budget, IDP, Service Delivery options and Municipal properties; receive queries and complaints; ensure participation of the community in service payment campaigns; inform communities about the IDP and Budget processes, decisions on Municipal service provision and by-laws, etc. The Ward Committees must act in the best interests of the community.

Appendix E of this Annual Report provides more information on Ward Committee Governance, while **Appendix F** provides more information on performance in terms of addressing the four most important Development Priorities per Ward.

T 2.4.2

WARD COMMITTEE & COMMUNITY PUBLIC PARTICIPATION MEETINGS

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
3rd REVIEW OF 2017 - 2022 IDP FOR DR BEYERS NAUDÉ LOCAL MUNICIPALITY : ANALYSIS PHASE ❖ WARD-BASED PUBLIC PARTICIPATION MEETINGS FOR REVIEW OF WARD DEVELOPMENT PRIORITIES						
WARD 1 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	12/08/2019	Ward Cllr, Committee members & CDW	IDP Manager	11	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 2 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	27/08/2019	Ward Cllr & Committee members	IDP Manager	4	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 3 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	13/08/2019	Ward Cllr & Committee members	IDP Manager	4	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 4 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	-	-	-	-	Ward Cllr submitted input obo Committee on 22/06/2020.	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 5 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	21/08/2019	Ward Cllr & Committee members	IDP Manager	6	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 6 CBP Meeting with Ward Committee	-	-	-	-	-	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input

(Review of Ward Dev. Priorities)						from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 7 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	07/08/2019	Ward Cllr & Committee members	IDP Manager	5	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 8 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	07/08/2019	Ward Cllr & Committee members	IDP Manager & HD/PM Officer (Willowmore)	13	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 9 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	06/08/2019	Ward Cllr & Committee members	IDP Manager & HD/PM Officer (Willowmore)	11	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 10 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	03/09/2019	Ward Cllr, Committee members & CDW	IDP Manager	7	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 11 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	03/09/2019	Ward Cllr & Committee members	IDP Manager	5	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 12 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	05/08/2019	Ward Cllr & Committee members	IDP Manager & HD/PM Officer (Willowmore)	9	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019

						for discussion with Committee & feedback to Community.
WARD 13 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	05/09/2019	Ward Cllr & Committee members	HD/PM Officer (Willowmore)	9	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.
WARD 14 CBP Meeting with Ward Committee (Review of Ward Dev. Priorities)	22/08/2019	Ward Cllr & Committee members	IDP Manager	9	Yes, interactive discussions & input received	Report was discussed at IDP SC meetings on 18/09/2019 & 04/12/2019. Updated version with input from Ward Committee and Mun. Officials sent to all Ward Cllrs on 25/10/2019 for discussion with Committee & feedback to Community.

AS A RESULT OF COVID-19 LOCKDOWN REGULATIONS, THE ANNUAL MAYORAL OUTREACH TO ALL 14 WARDS TO INTRODUCE DRAFT 2020/21 IDP, KPIS AND TARGETS, DRAFT 2020/21 BUDGET, RATES & TARIFFS – COULD NOT TAKE PLACE. REGULATED OPEN DAYS WERE HELD INSTEAD, CREATING A PLATFORM FOR ENGAGEMENT WITH MUNICIPAL OFFICIALS, IN ADDITION TO INFORMATION THAT WAS DISTRIBUTED VIA PRINTED AND DIGITAL MEDIA, AND RUNNING CONCURRENTLY WITH THE 21-DAY PUBLIC INSPECTION & COMMENTS PERIOD.

TOWN	DATE	TIME	VENUE
Nieu-Bethesda	Monday 08 June 2020	09:00 – 16:00	Library Room, next to Municipal Office
Graaff-Reinet	Tuesday 09 June 2020	09:00 – 16:00	Robert Sobukwe Municipal Building
Aberdeen	Wednesday 10 June 2020	09:00 – 16:00	Boardroom at Municipal Offices
Jansenville	Thursday 11 June 2020	09:00 – 16:00	Boardroom at Municipal Offices
For enquiries please contact Leonie Fouché on 082 7077 403			

TOWN	DATE	TIME	VENUE
Willowmore	Monday 08 June 2020	09:00 – 16:00	Boardroom at Tourism Office
Rietbron	Tuesday 09 June 2020	09:00 – 16:00	Boardroom at Municipal Office
Steytlerville	Wednesday 10 June 2020	09:00 – 16:00	Boardroom at Municipal Office
Klipplaat	Thursday 11 June 2020	09:00 – 16:00	Boardroom at Municipal Office
For enquiries please contact Conan Maart on 082 257 7442			

All of the above sessions were held as advertised and Attendance Registers are on File. Numerous written comments were received during the Public Inspection & Comments period, which ran from 2 until 22 June 2020. Photographic evidence appears in the 2020/21 IDP and comprehensive reporting was done to EXCO and Council, on 24 June 2020 and 29 June 2020 respectively. All comments received were acknowledged and reported on at afore-mentioned meetings. Where applicable, content of IDP and/or Ward-based Plans were updated with input made by members of the Public.

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Extensive consultations are held during the development and annual review of the Municipality's IDP. Public Participation meetings usually involve presentations on the process followed, legislative framework, explanations of how Ward Plans are developed, and to what extent there was community involvement in the identification, prioritization and review of Ward Development Priorities.

There are usually two rounds of IDP Public Participation engagements each year and all 14 Wards are visited and consulted. Ward Committees form part of the IDP consultations; they play an integral role in bringing forward the development aspirations of the Communities. These meetings assist in providing the Municipality

and the respective Ward Councillors with a better understanding of the needs of the people they serve, and what the critical issues are that must be addressed; either by way of making provision in the planning of Capital Projects, or absorbing operational issues into the Municipality's annual maintenance programmes.

As a result of the COVID-19 Lockdown and associated restrictions, the Mayoral Outreach to the 14 Wards of Dr Beyers Naudé Local Municipality could not take place in April 2020. Instead, a series of regulated Open Day sessions were held in all 8 towns, providing opportunity for individual members of the public to engage with Municipal Officials on the Draft 2020/21 IDP and Budget. The documents were available at various points for public inspection, including at Municipal Offices and on the Municipal website – for the full 21 days. Infographics were placed on notice boards and links to the documents were advertised widely in printed and digital media.

The communities in most areas are kept informed about Municipal issues and take part in decision-making on developmental matters, as the priorities they are raising are captured in the IDP and the Community-based Planning Report, both of which are reviewed and updated annually.

No political unrest occurred and the communities have a strong interest in the Municipal affairs.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP PARTICIPATION AND ALIGNMENT CRITERIA*	YES / NO
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 of the Municipal Systems Act 32/2000	T 2.5.1

COMPONENT D : CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is a set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among many stakeholders involved and the goals for which the institution is governed. It also includes ethical leadership and citizenship, compliance with laws, rules and regulations, codes and standards, governance of risk, governance of IT, integrated reporting and disclosures, audit committee, MPAC, internal audit, governance of IGR and anti-corruption strategy and plan.

Dr Beyers Naudé Local Municipality does have some of these corporate governance structures in place and has strived to instil ethical behaviour and moral conduct, being monitored through the Audit Committee.

T 2.6.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

Risk management is a vital component in any institution and no different in the Dr Beyers Naudé LM. Although not operating at the effectiveness desired, there has been some strides towards the operating effectiveness. The municipality appointed a risk management officer in April 2019 who hit the ground running. The strategic risk assessment was completed during May 2019, with the assistance of the Provincial Treasury. Updates are expected on a real time basis and the monitoring of implementation plans are done by the risk management officer.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

MFMA section 110 - 119; SCM 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 best value for money and minimize the opportunities for fraud and corruption.

Supply Chain Management (SCM) seeks to ensure proper flow of goods and services between the supplier/service provider and the municipality in the right quality and quantity whilst advancing the goals of the IDP, ensuring value for money, expeditious and appropriate service delivery.

As a financial management tool, it seeks to reform and regulate the manner in which public funds are utilized when procuring goods and services, whilst in pursuit of service delivery that is responsive to the needs of the society and to curtail any administrative and fraudulent practices on the procurement front.

LEGISLATIVE REQUIREMENTS

Dr Beyers Naudé Local Municipality is committed to apply and create prescribed legislative environment pertaining Supply Chain Management by way of:

- The Constitution
- The Municipal Finance Management Act
- Regulations in terms of section 168 of the Municipal Finance Management Act
- Local Government Municipal Systems Act
- The Preferential Procurement Policy Framework Act
- The Prevention and Combating of Corrupt Activities Act
- The Construction Industry Development Board Act
- Other applicable by-laws, and legislation

POLICY CHANGES AND AMENDMENTS DURING 2019/20 FINANCIAL YEAR

The Dr Beyers Naudé Municipality's Supply Chain Management Policy was reviewed and approved in July 2018.

The following changes were made:

- Standard for Infrastructure Procurement Delivery Management was adopted (SIPDM).
- The requirements for Bid Committee structures were amended to ensure alignment with SCM regulations. The committee must now consist of at least 4 senior managers.
- A seven (7) day grace period is given to suppliers and service providers, whose tax matters are not in order, to rectify with SARS.
- The requirements for variation orders were amended. Variation orders are first to be evaluated by the Adjudication Committee before the Accounting Officer may approve.

FUTURE DEVELOPMENTS

The organisational structure of the SCM Unit will be properly aligned to ensure better service delivery and distribution of functions, when placement gets finalised. The new organisational structure will ensure that all towns are serviced by SCM officials, located in the relevant towns.

MFMA COMPETENCY LEVELS

The Acting Manager SCM, Chief Clerk SCM and SCM Practitioners have all met the minimum competency levels, as prescribed by the National Treasury Regulations for Supply Chain Management officials.

SUPPLY CHAIN MANAGEMENT PROCUREMENT PLAN 2019/20

The Procurement Plan is derived from the Municipal Service Delivery and Budget Implementation Plan (SDBIP), which in turn directly relates to the Municipality's Integrated Development Plan (IDP) and MTREF Budget.

The plan indicates quarterly targets that must be met by each Department, with regards to the procurement of goods and services. The report must be analysed in conjunction with the SDBIP.

CHALLENGES FACED DURING THE 2019/20 YEAR

CHALLENGE		CORRECTIVE ACTION
1	The Standard for Infrastructure Procurement Delivery Management, has been replaced with the Framework for Infrastructure Delivery and Procurement. National issue amongst various municipalities.	Treasury to give more direct guidelines on how to implement the FIPDM, as current guidelines are too vague. This challenge is being experienced by numerous municipalities as guidelines is still not clear
2	Positions not filled.	Finalise Placement.
3	No clear job descriptions.	Ensure job evaluations gets done.
4	ICT infrastructure not accommodative for all towns.	Upgrade ICT System.
5	Not enough staff	Organogram to be reviewed

MAIN AUDIT FINDINGS DURING 2019/20

- Bid was adjudicated by the adjudication committee that was not in accordance with SCM regulations.
- Prices of goods or services procured deemed not to be economical.
- Goods with a transaction value of over R 200 000 were procured without inviting competitive bids.

MUNICIPALITY LONG-TERM CONTRACTS

The Municipality did not award any long-term contracts during 2019/20.

T 2.8.1

2.9 BY-LAWS

BY-LAWS IN PLACE / NEW ONES INTRODUCED DURING 2019/20				
Description	Public Participation conducted prior to adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
EXISTING BY-LAWS				
Street trading Water and Sanitation			Yes	2006
Liquor			Yes	2006
Commonage			Yes	2006
Impoundment of animals			Yes	2006
Prevention of Public Nuisance and keeping of animals			Yes	2006
Solid Waste Disposal			Yes	2006
Water Supply and Sanitation			Yes	2006
Roads Traffic			Yes	2006
Electricity by- laws			Yes	2006
Funeral parlours, cemeteries and crematoria			Yes	2006
Fences and Fencing			Yes	2006
Outdoor advertising and Signage			Yes	2006
Aerodrome			Yes	2006
Customer care and Revenue management			Yes	2006
Community fire services			Yes	2006
Facilities by-law			Yes	2006
Public Amenities			Yes	2006
Storm water Management by -law			Yes	2006
Property Rates			Yes	2006
SPLUMA	Yes		Yes	2018
NEW BY-LAWS				
SPAZA shop by law	Yes		Yes	23 March 2020
*Note: See MSA section 13.				T 2.9.1

COMMENT ON BY-LAWS

MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

In accordance with the Section 12 Notice issued for the amalgamation arrangements of former Camdeboo, Baviaans and Ikwezi LMs, the by-laws that were in place at afore-mentioned Municipalities are still being applied and enforced by Dr Beyers Naudé Local Municipality – until such time that a new, consolidated set has been developed and promulgated.

2.10 WEBSITES

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL					
Documents published on the Municipality's / Entity's Website				Yes / No	Date Published
Year -2 = 2016/17	Year -1 = 2017/18	Year 0 = 2018/19	Year 1 = 2019/20		
Integrated Development Plan (IDP) and related documents (Year 1)				Yes	07/06/2019
Integrated Development Plan (IDP) and related documents (Year 0, Year -1, Year -2)				Yes	Annually in June
Annual and adjustments budgets and all budget-related documents (Year 1)				Yes	Annually in June
Annual and adjustments budgets and all budget-related documents (Year 0)				Yes	Annually in June
All current budget-related policies				Yes	Annually when revised
Service Delivery and Budget Implementation Plan (SDBIP – Year 0)				Yes	
The previous annual report (Year -1)				-	(Draft) Feb. 2020
The annual report (Year 0) published / to be published (Draft)				Yes	Feb. 2020
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act) and resulting scorecards (Year 0)				Yes	
All service delivery agreements (Year 0)				-	-
All long-term borrowing contracts (Year 0)				-	-
All supply chain management contracts above a prescribed value (R10 million or 5 years)				Yes	Annually
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year -1.				-	(None disposed of in 2017/18)
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section				Yes	Annually
Public-private partnership agreements referred to in section 120 made in Year 0					
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0				Yes	Quarterly
<p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p>					

T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

T 2.10.1.1.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

T 2.11.1

SATISFACTION SURVEYS UNDERTAKEN DURING: 2018/19 & 2019/20				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2



CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT : PART 1)



INTRODUCTION

The key services provided by Dr Beyers Naudé Municipality are Water, Sanitation, Electricity, Solid Waste, Roads and Streets, Storm Water, Town Planning, Building Control and Traffic Services. The Municipality also owns and manages a surfaced airfield in Graaff-Reinet.

Fire services, Disaster Management and Environmental Health Services function are included in services provided locally and on an agency basis in some areas on behalf of the Sarah Baartman District Municipality.

Virtually all household structures have access to basic services (urban areas) and free basic services are provided to indigent households. Backlogs, such as they exist, are in the process of being addressed.

T 3.0.1

SERVICES	HOUSEHOLDS WITH ACCESS
Water	98%
Sanitation	96%
Electricity	98%
Solid Waste	100%
Roads & Stormwater	100%

COMPONENT A : BASIC SERVICES

This component includes Water, Waste Water (Sanitation), Electricity, Waste Management and Housing (Human Settlement) Services; as well as a summary of Free Basic Services.

INTRODUCTION TO BASIC SERVICES

The universal access targets set by the Government as well as Outcome 9 emphasized the fact that Municipalities must meet the set targets. The Dr Beyers Naudé Municipality is happy to report that it has achieved these targets in respect of all the basic services.

T 3.1.0

3.1 WATER PROVISION

INTRODUCTION

Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005.

Dr Beyers Naudé Municipality is a Water Services Provider (WSP) and Water Services Authority (WSA). 98% of households in the Dr Beyers Naudé Municipal area have access to piped water on their premises or within 200m from the dwellings.

The Municipality's strategy is to provide water services in an efficient, affordable, equitable, economical and sustainable manner – to all customers in the urban areas.

WATER SYSTEMS, DESIGN CAPACITY AND OPERATING CAPACITY

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Graaff-Reinet	16 ML/d	4,737 ML/d
Aberdeen	3,4 ML/d	2,208 ML/d
Nieu-Bethesda	0,83 ML/d	0,199 ML/d

The table above shows that all three towns have spare capacity, except Aberdeen where demand is almost at the design capacity. Provision was made in the 2016/17 MIG programme to increase the design capacity of Aberdeen. Phase 1 was completed during 2018/19, with Phase 2 to follow during 2019/20. A service provider was appointed by DWS to assist with Water Safety Plans. Graaff Reinet, Steytlerville and Jansenvilles water projects which was scheduled for 2019/2020 was also completed and in operation. More projects will commence during 2020/2021 to assist with additional water supply. Water tanks were installed in Graaff Reinet and Aberdeen to assist during supply interruptions. Carting of water is in place to assist with supply during temporary shortages as well. Nqweba Dam is on 0 % with no abstraction during this year.

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Willowmore	1,5 ML/d	0,807 ML/d
Steytlerville	2,0 ML/d	0,940 ML/d
Rietbron	0,27 ML/d	0,273 ML/d

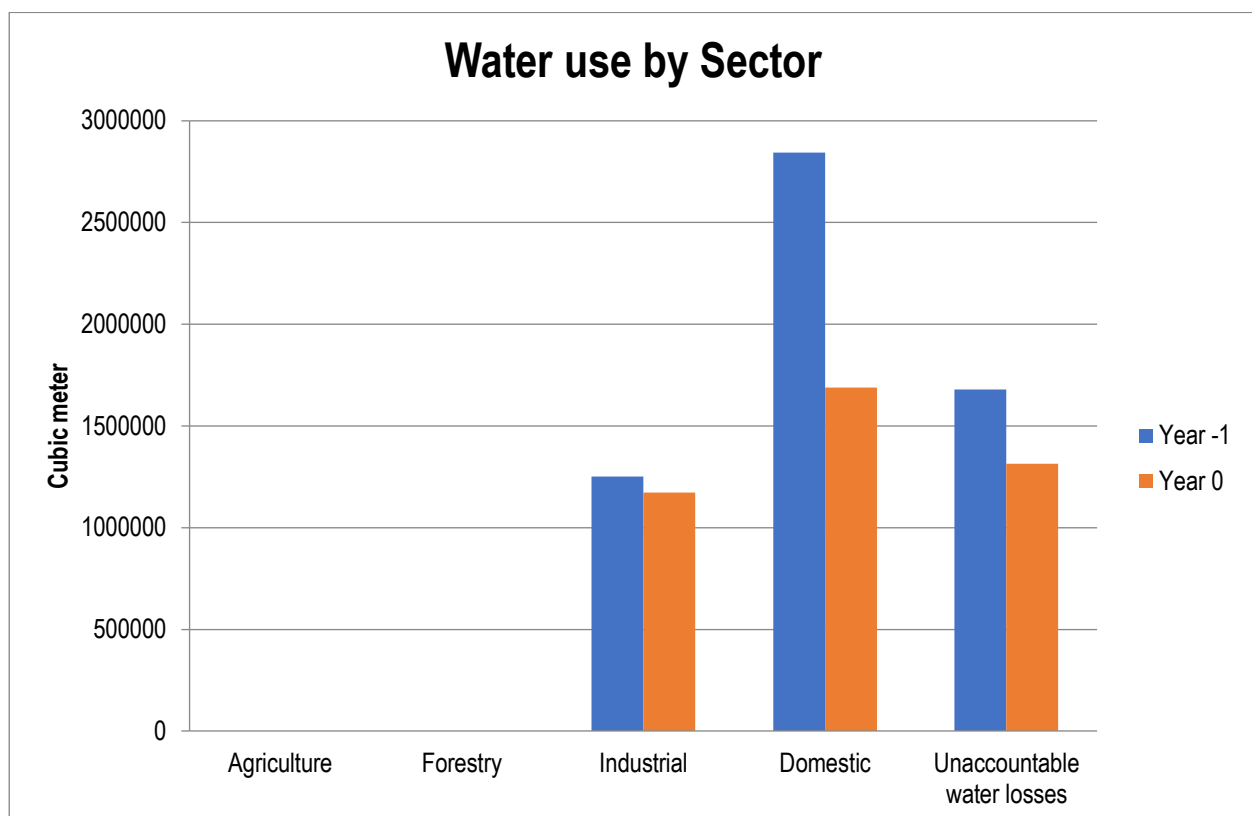
Willowmore's demand is almost at design capacity. Extra boreholes were drilled at Wanhoop to augment the water supply to Willowmore. The Department of Water and Sanitation has agreed to the purchase / expropriation of the farm. The main pumping line from Wanhoop is also in the process of being upgraded. Water tanks were installed in Willowmore and Steytlerville to assist during supply interruptions. Carting of water is in place to assist with supply during temporary shortages as well.

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Jansenville	2,5 ML/d	1,725 ML/d
Klipplaat	1,5 ML/d	0,475 ML/d

The devastating and prolonged drought has necessitated the implementation of strict water restrictions, as extraction does not adequately meet the demand. Water carting is being done in above areas, where water supply and quality have become problematic. Water tanks were installed if Jansenville and Klipplaat to assist during supply interruptions. Klipfontein Dam is on 0 % with minimum abstraction during this year.

TOTAL USE OF WATER BY SECTOR (CUBIC METERS)					
Year	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2018/19	0	0	1 251 291	2 843 874	1 678 665
2019/20	0	0	1 173 272	1 688 366	1 312 904
T 3.1.2					

- The Municipality does provide water to some agricultural smallholdings in its area, but this is unfortunately not listed as such on its database, hence those figures are not available as yet. Industrial figures are inclusive of usage by commercial and government consumers.

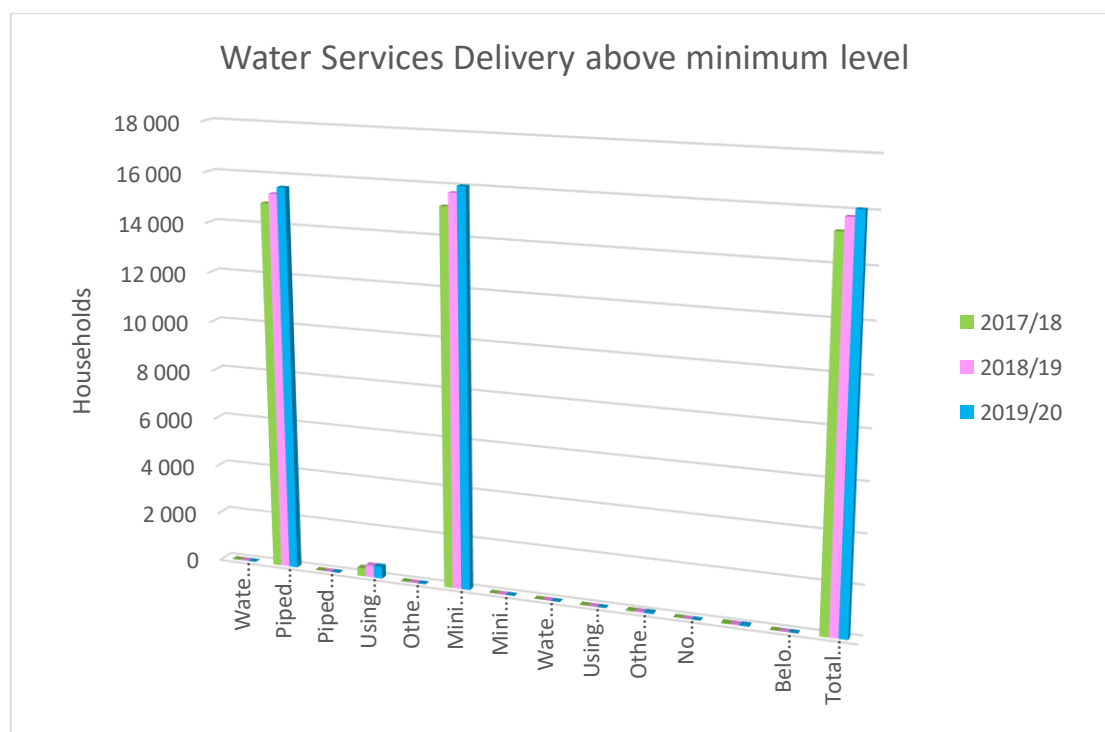


COMMENT ON WATER USE BY SECTOR

T 3.1.2.2

HOUSEHOLD WATER SERVICE DELIVERY LEVELS			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Water: (above min level)			
Piped water inside dwelling	15 276	15 550	15 862
Piped water inside yard (but not in dwelling)	0	0	0
Using public tap (within 200m from dwelling)	485	487	487
Other water supply (within 200m)			
<i>Minimum Service Level and Above sub-total</i>	15 761	16 037	16 349
<i>Minimum Service Level and Above Percentage</i>	99.7%	99.7%	98%
Water: (below min level)			
Using public tap (more than 200m from dwelling)	0	0	0
Other water supply (more than 200m from dwelling)	40	49	49
No water supply			
<i>Below Minimum Service Level sub-total</i>	40	49	49
<i>Below Minimum Service Level Percentage</i>	0.3 %	0.3 %	2 %
Total number of households *	15 801	16 086	16 683
* To include informal settlements			T 3.1.3

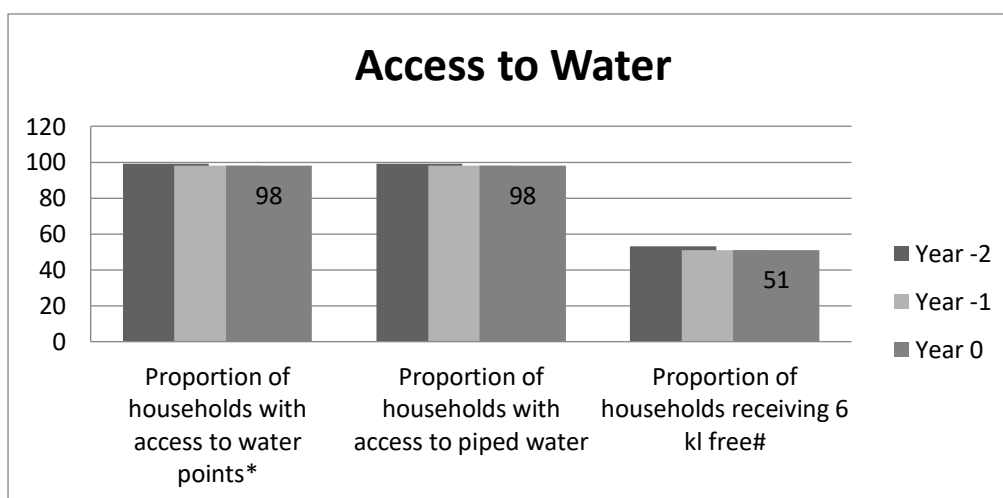
Data for household service targets is sourced from table A10



HOUSEHOLD WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
FORMAL SETTLEMENTS			
Total Households	15 276	15 550	15 862
Households below minimum service level	-	-	-
% Proportion of households below minimum service level	0%	0%	0%
INFORMAL SETTLEMENTS			
Total Households	525	536	536
Households below minimum service level	40	49	49
% Proportion of households below minimum service level	8%	9%	9%
T 3.1.4			

ACCESS TO WATER			
Year	Proportion of households with access to water points *	Proportion of households with access to piped water	Proportion of households receiving 6 kl free #
2017/18	98 %	99 %	53 %
2018/19	98 %	98 %	51 %
2019/20	98 %	98 %	51 %
* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute.			
# 6,000 liters of potable water supplied per formal connection per month.			
T 3.1.5			

- Dr Beyers Naudé Municipal area does not have high density, sprawling informal settlements. The largest ones are situated in Graaff-Reinet, and households have access to communal water standpipes that have been installed in close proximity to the informal dwellings.



WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/119		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Households Without Minimum water supply	Additional households provided with minimum water supply during the year	0	0	0	0	0	0	0	0
Service Objective No. 2									
Improve reliability of water supply	Reduce the number of interruptions in supply of one hour or more than one hour during the year	10%	10%	10%	10%	10%	10%	10%	10%
Service Objective No. 3									
Improve Water Conservation	Reduce unaccountable water levels compared to the baseline of Year -1 unaccounted for during year	35%	35%	34%	25%	25%	25%	25%	25%
Service Objective No. 4									
Integrated Regulatory System (Previous Blue Drop)	Compliance Monitoring and Drinking Water Quality as per SANS 241	80%	99%	80%	80%	99.9%	80%	99.9%	99.9%
T 3.1.6									

EMPLOYEES: WATER SERVICES					
Job Level (TG)	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	36	48	36	36	75%
4 – 6	0	3	0	0	0%
7 – 9	1	4	1	1	25%
10 – 12	18	21	18	18	86%
13 – 15	0	1	0	0	0%
16 – 18	2	4	2	2	50%
19 – 20	3	3	3	3	100%
Total	60	84	60	60	71%

T 3.1.7

FINANCIAL PERFORMANCE 2019/20 : WATER SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	46 899	70 223	108 473	110 171	2%
Expenditure:					
Employees	12 393	12 887	15 027	15 154	1%
Repairs and Maintenance	1 273	1 739	1 414	1 009	-29%
Other	77 190	38 130	31 859	69 679	119%
Total Operational Expenditure	90 856	52 756	48 300	85 842	78%
Net Operational Expenditure	43 957	-17 467	-60 173	-24 329	-60%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.1.8

CAPITAL EXPENDITURE 2019/20 : WATER SERVICES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	54,837,144	54,837,144	52,958,332	11,878,811	
Project A: Aberdeen Bulk Water Supply Phase 2	4,740,846	4,740,846	4,470,831	14.80	
Project B: Nqweba Dam Wall Refurbishment	2,418,366	2,418,366	2,418,366	0.00	
Project C: Graaff Reinet Bulk Water Supply Phase 1	6,000,000	6,000,000	4,133,146	1,866,853	
Project D: Graaff Reinet Bulk Water Supply Phase 2	7,000,000	7,000,000	7,000,000	0.00	
Project E: Willowmore Bulk Water Supply	4,210,000	4,210,000	4,209,676	324	
Project F: Drought Funding Dr. Beyers Naude	24,067,931	24,067,931	24,067,920	10	
Project G: Additional Boreholes Graaff Reinet	6,400,000	6,400,000	6,388,391	11,608	
Total All	54,837,144	54,837,144	52,958,332	11,878,811	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.1.9</i>

COMMENTS ON WATER SERVICES PERFORMANCE OVERALL

There has been a commendable improvement in the quality and quantity of potable water produced. This can mainly be attributed to better supervision and training offered. Challenges still remaining are the consolidation of the Water Service Delivery Plan and associated Risk Management Plan for the Water Treatment Plants and systems.

Other major challenges are: the expropriation of the farm Wanhoop from which Willowmore receives its potable water; Dr Beyers Naudé Municipality was appointed as the Implementing Agent by the Department of Water and Sanitation. There are also no domestic water meters in Klipplaat. All towns were facing drought challenges due to climate change, which contributed towards water shortages and resultant rationing, supply interruptions, low borehole yields and empty dam levels.

A Water and Wastewater Master Plan will have to be developed for Dr Beyers Naudé Municipality in order to plan and identify areas that require upgrading. Department of Water & Sanitation is to assist with this.

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION

The major strategy for sanitation is to ensure that all urban households have access to water borne sanitation by systematically upgrading existing infrastructure.

WASTE WATER SYSTEMS, DESIGN CAPACITY AND OPERATING CAPACITY

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Graaff-Reinet	4,5 ML/d	3,42 ML/d
Aberdeen	1,0 ML/d	0,61 ML/d
Nieu-Bethesda	0,05 ML/d	0,02 ML/d

All above plants are operating well within their design capacities.

TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Willowmore	1,0 ML/d	0,7 ML/d
Steytlerville	1,0 ML/d	0,6 ML/d
Rietbron	0,2 ML/d	0,16 ML/d

Rietbron is nearing its design capacity and will have to be upgraded in the near future. Grant funding is to be secured for the upgrading.

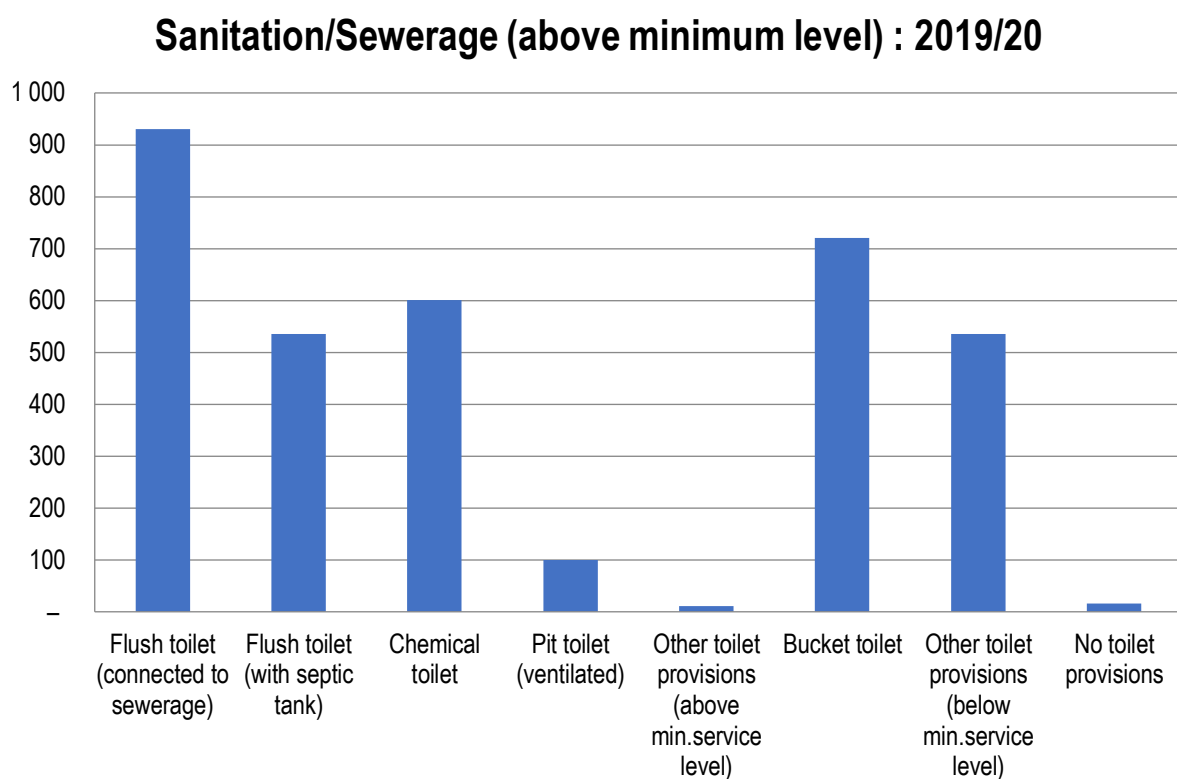
TOWN	DESIGN CAPACITY	OPERATING CAPACITY
Jansenville	1,0 ML/d	0,44 ML/d
Klipplaat	0,6 ML/d	0,13 ML/d

Although all plants are operating within their design capacities, funding for repair work will have to be secured in order to repair a breached wall of the irrigation pond at Jansenville Waste Water Treatment Works.

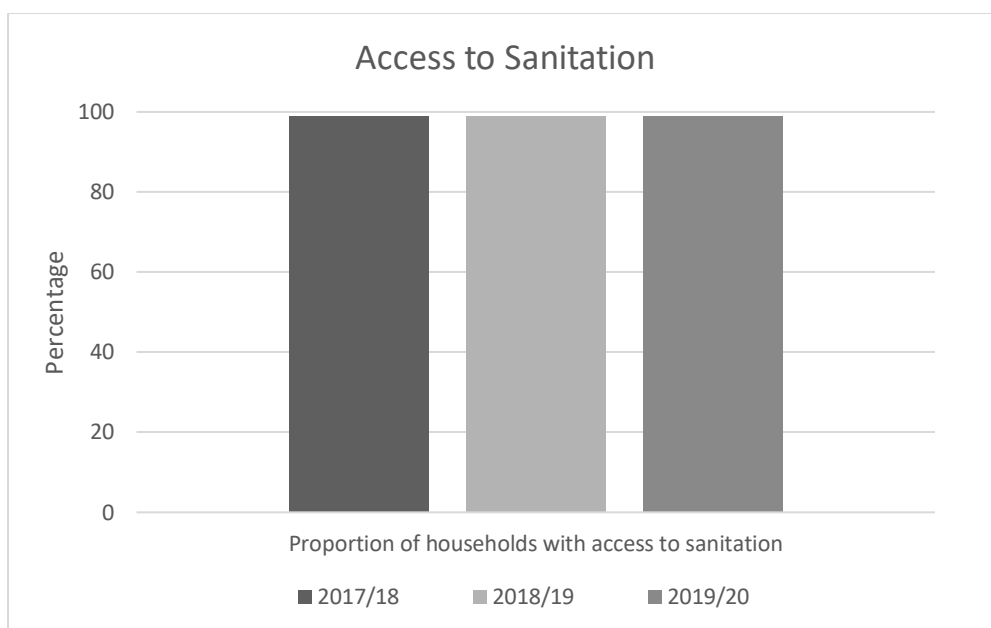
SANITATION SERVICE DELIVERY LEVELS			
Households			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)			
Flush toilet (connected to sewerage)	13 215	13 500	13 581
Flush toilet (with septic tank)	2 000	2 000	2 247
Chemical toilet	0	0	0
Pit toilet (ventilated)	60	50	50
Other (Communal) toilet provisions (above minimum service level)	485	487	487
<i>Minimum Service Level and Above sub-total</i>	15 760	15 443	16 365
<i>Minimum Service Level and Above Percentage</i>	99.7 %	99.7 %	99.7 %
Sanitation/sewerage: (below minimum level)			
Bucket toilet	10	10	6
Other toilet provisions (below minimum service level)	30	40	40
No toilet provisions	0	0	0
<i>Below Minimum Service Level sub-total</i>	40	50	50
<i>Below Minimum Service Level Percentage</i>	0.3 %	0.3 %	0.3 %
TOTAL HOUSEHOLDS	15 800	16 087	16 415

T 3.2.3

- The Municipality has in recent years systematically been replacing pit latrines and other non-waterborne systems with waterborne systems. The majority of households in the urban areas are connected to the Municipal sewer system, however, the increased number of flush toilets are placing a huge strain on the area's scarce water resources.



HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM			
Description	2017/18	2018/19	2019/2020
	Actual No.	Actual No.	Actual No.
FORMAL SETTLEMENTS			
Total households	13 215	13 500	13 581
Households below minimum service level	-	-	-
% Proportion of households below minimum service level	0 %	0 %	0 %
INFORMAL SETTLEMENTS			
Total households	425	537	533
Households is below minimum service level	40	50	50
% Proportion of households below minimum service level	8 %	9 %	9 %
T 3.2.4			



WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Upgrade 9 Sewage Pump Stations	To equip and refurbish 9 sewage pump stations which will decrease pollution and spillages	0	0	0	0	0	0	New motors / controls Standby Generator s Safety and Security 29 500 00 0	0
Service Objective No. 2									
Service Objective No. 3									
Service Objective No. 4									
T 3.2.6									

EMPLOYEES : SANITATION SERVICES					
Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	36	48	36	36	75%
4 – 6	0	3	0	0	0%
7 – 9	1	4	1	1	25%
10 – 12	18	21	18	18	86%
13 – 15	0	1	0	0	0%
16 – 18	2	4	2	2	50%
19 – 20	3	3	3	3	100%
Total	60	84	60	60	71%

T 3.2.7

FINANCIAL PERFORMANCE 2019/20 : SANITATION SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 603	34 225	49 176	4 209	-91%
Expenditure:					
Employees	9 314	8 611	8 450	8 362	-1%
Repairs and Maintenance	1 097	2 055	1 602	58	-96%
Other	2 312	17 528	14 078	9 530	-32%
Total Operational Expenditure	12 723	28 194	24 130	17 950	-26%
Net Operational Expenditure	-7 880	- 6 031	-25 046	13 741	-155%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

CAPITAL EXPENDITURE 2019/20 : SANITATION SERVICES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,757,633	1,757,633	1,749,900	7,733	
Project A: Desludging of Sewer Pump Stations	1,757,633	1,757,633	1,749,900	7,733	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					T 3.2.9

COMMENTS ON SANITATION SERVICES PERFORMANCE OVERALL

Overall the sanitation systems are operating well, although the municipality did experience sewage pump break downs and faults causing spillages. Vandalism, theft and breakages remains a huge concern. Graaff Reinet Waste Water Treatment Plant security fence needs to be replaced. Funding will have to be sourced for the development and publication of Waste Water Risk Abatement Plans for all plants. Water Use licenses have to be secured for all plants. Application has been submitted to the Department Water & Sanitation, however, there has been no feedback. Furthermore, an assessment and analysis were done on all of Graaff-Reinet's sewage pump stations and sewer lines. Sewage pump stations and sewer lines Projects will commence during 2020/2021.

A Water and Waste Water Master Plan has been developed for Dr Beyers Naudé Municipality in order plan and to supply areas that require upgrading. Department of Water & Sanitation assisted in this regard.

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

The objective is to adequately upgrade the electrical supply and install the necessary electrical infrastructure as well as maintain them to ensure a sufficient supply to all consumers in the Dr Beyers Naudé supply area. The following are the major strategies:

- Review the Electricity Master Plan for each supply area.
- Conduct a meter audit in the Dr Beyers Naudé Supply area (in process).
- Identify and implement suitable electrification projects.
- Upgrade old Infrastructure.
- Replace inefficient public street lighting with energy efficient streetlight technology. (In process)

Electrification needs are identified in the IDP, based on the Ward and Master Plans. The Municipality is supporting three renewable energy projects in the area namely:

- Solar PV Farm (Carbon Metrics)
- Giant Flag Solar PV Project, and
- Aberdeen Wind Farm (Eskom)

The identification and implementation of electrification projects are carried continuously and are identified in the IDP. For the 2019/2020 financial year, no electrical capital projects were allocated in the municipal budget.

Dr Beyers Naudé Supply Area

Graaff-Reinet, Jansenville, Willowmore, Steytlerville, Aberdeen and Rural Consumers.

uMasizakhe (Graaff-Reinet), Lotusville (Aberdeen) Nieu-Bethesda, Klipplaat, Rietbron and Baviaanskloof are being supplied by Eskom. This function includes the Bulk Purchase of electricity in which the main role player are Eskom and the Municipality.

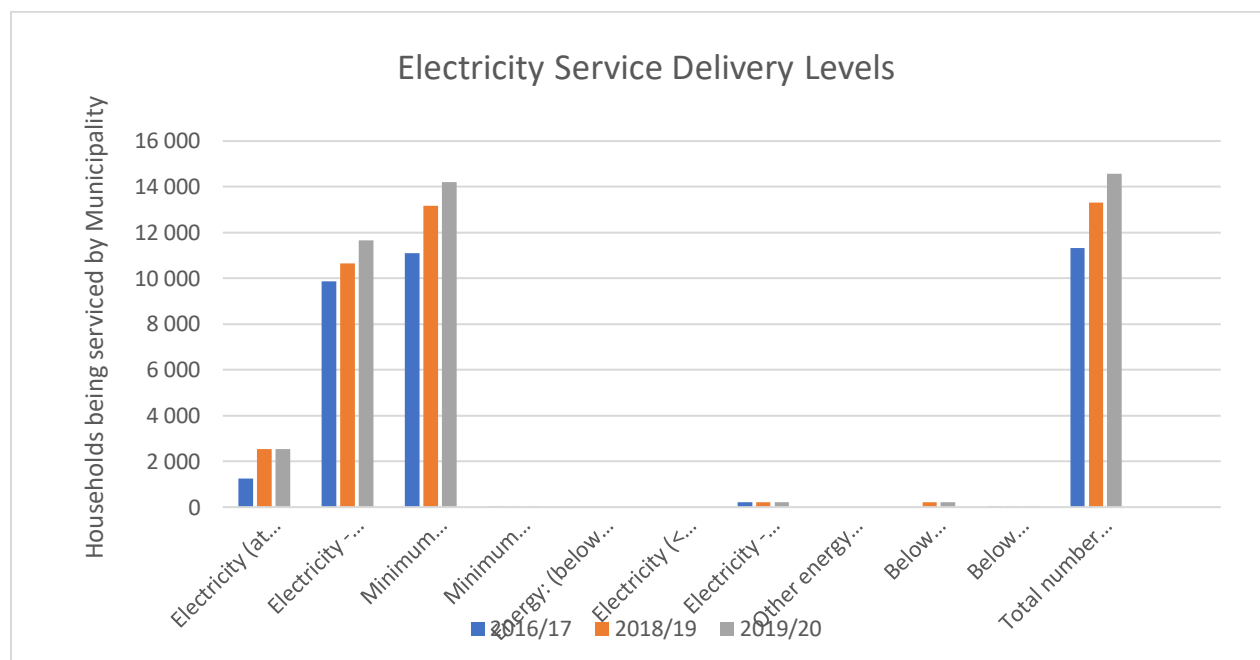
Basic Standards in Electricity Services

The Electricity Supply is according to the National Regulatory guidelines, policies and Act for both Low- and High- level Electricity Services to all the consumers in the Municipal Supply Area.

Service Delivery Priorities

- To maintain the infrastructure and to upgrade and replace old/or ageing infrastructure to ensure sufficient electricity supply in the Dr Beyers Naudé Area.
- To maintain normal streetlights and High mast Lights.
- Maintain pump stations.

INDICATORS FOR ELECTRICITY SERVICE DELIVERY



HOUSEHOLD ELECTRICITY SERVICE DELIVERY LEVELS			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)			
Electricity (at least minimum service level)	1,243	2,528	2,528
Electricity - prepaid (minimum service level)	9,864	10,639	11,671
<i>Minimum Service Level and Above sub-total</i>	11,107	13,167	14,199
<i>Minimum Service Level and Above Percentage</i>	98.1%	98.9%	97.4%
Energy: (below minimum level)			
Electricity (< minimum service level)	-	-	-
Electricity - prepaid (< minimum service level)	218	218	218
Other energy sources			
<i>Below Minimum Service Level sub-total</i>	0	218	218
<i>Below Minimum Service Level Percentage</i>	1.9%	1.6%	1.5%
Total number of households	11,325	13,317	14,574
T 3.3.3			

- It should be noted that electricity services are rendered by both the Municipality and Eskom within the Dr Beyers Naudé Municipal area. Service indicators and statistics provided for the purpose of the Annual Report relate to consumers being serviced by the Municipality.

HOUSEHOLD ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Formal Settlements			
Total households	11107	13167	14574
Households below minimum service level	0	0	0
% Proportion of households below minimum service level	0%	0%	0%
Informal Settlements			
Total households	150	230	375
Households below minimum service level	150	230	375
% Proportion of households below minimum service level	100%	100%	100%
T 3.3.4			

- All registered Indigent Households receive 50kWh free electricity on a monthly basis.

(Table 3.3.5 appears lower down.)

EMPLOYEES : ELECTRICITY SERVICES					
Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	15	15	15	3	20%
4 – 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10 – 12	10	10	10	1	10%
13 – 15	2	2	2	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	27	27	27	4	15%
T 3.3.6					

FINANCIAL PERFORMANCE YEAR 2019/20 : ELECTRICITY SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	107 880	145 976	141 592	122 480	-13%
Expenditure:					
Employees	13 240	13 263	12 281	12 240	-0%
Repairs and Maintenance	795	1 778	305	87	-71%
Other	96 470	99 494	111 155	103 286	-7%
Total Operational Expenditure	110 505	114 535	123 741	115 613	-7%
Net Operational Expenditure	2 625	-31 441	-17 851	-6 867	-62%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.3.7</i>

CAPITAL EXPENDITURE 2019/20 : ELECTRICITY SERVICES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A :	0	0	0	0	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.3.8</i>

ELECTRICITY SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
To adequately upgrade the electrical supply and install the necessary electrical infrastructure, as well as regular maintenance thereof.	Upgrading of MV Infrastructure / Switchgear upgraded to handle increasing demand.	11325	13317	13317	13317	13317	0	0	0
Service Objective No. 2									
To adequately upgrade the electrical supply and install the necessary electrical infrastructure, as well as regular maintenance thereof.	Upgrading and maintenance of electrical infrastructure.	0	0	0	0	0	0	0	0
Service Objective No. 3									
To adequately upgrade the electrical supply and install the necessary electrical infrastructure, as well as regular maintenance thereof.	To meter Eskom consumption on Municipal network.	11325	0	11325	13317	0	14574	0	11325
T 3.10.3									

COMMENTS ON ELECTRICITY SERVICES PERFORMANCE OVERALL

Existing infrastructure, especially that serviced by the Municipality in rural areas, is either old or near its full load capacity.

The Municipality has an agreement with Eskom for the provision of free basic electricity (FBE) to registered indigent households in the Eskom supply areas.

Credit control in the Eskom supply areas is problematic since Council's Credit Control Policies cannot be enforced.

The Municipality is challenged with constant vandalism and theft of electrical infrastructure, which has a huge financial implication. This is receiving the necessary attention.

3.4 WASTE MANAGEMENT (including Refuse Collections, Waste Disposal, Street Cleaning and Recycling)

INTRODUCTION

The Constitution of South Africa states that people have the right to an environment that is not detrimental to human health. Local Government is assigned the responsibility for refuse removal, landfill sites and solid waste disposal.

Dr Beyers Naudé Municipality has a fully integrated Waste Management Service, which includes refuse collection from households and businesses within its urban area at least once a week, to sorting and recycling at the Transfer Station and disposal at the landfill sites. All of the towns in the Municipal area have a waste management programme in place. A contingency plan is in place for any fire incidents at the landfill sites.

Non-urban refuse removal is currently done in the small settlements of Waterford and Wolwefontein, but no refuse removal service is provided to farms in the Municipal area, as their remote locality does not make such a service economically viable.

CHALLENGES

The Municipality inherited many challenges with regards to Waste Management, as a result of the amalgamation of former Camdeboo, Baviaans and Ikwezi LMs. The area is vast and the resources available must be shared between the 8 towns, which are situated far apart. This function is the responsibility of the Community Services Department, but due to the many challenges, the Infrastructure Services Department was requested to assist with maintaining landfill sites, none of which were compliant during the year of reporting. The Transfer facility situated just outside Graaff-Reinet had to be closed down, due to serious defects and challenges experienced with its design and operation.

The following challenges hampers service delivery in terms of Waste Management (but is not limited to):

- Absence of an Integrated Waste Management Plan;
- Limited number of awareness campaigns, specifically targeting businesses and the broader communities;
- Absence of regular review of waste collection route maps ;
 - This leads to certain areas not being attended to in terms of refuse collection especially in the Graaff-Reinet area;
- Inadequate monitoring of landfill sites including the control of scavengers at the sites;
- Poor access control at the landfill sites;
- Ageing fleet experiencing constant breakdown;
- To date, the landfill sites are maintained and cleaned occasionally with the assistance of the Infrastructure Services Department and Private Service Providers;
- Poor Law Enforcement due to staff shortages

Fleet challenges made it difficult to render the services without disruptions and clearing of illegal dumping sites was another major challenge. Whilst the Municipality has made concerted efforts in eradicating illegal dumping and littering, communities have not provided their co-operation and the illegal activities continue unabated. The need for education and awareness campaigns to be stepped up, was identified specifically targeting businesses and the broader communities.

INDICATORS FOR SOLID WASTE SERVICE DELIVERY

HOUSEHOLD SOLID WASTE (REFUSE REMOVAL) SERVICE DELIVERY LEVELS			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level)			
Removed at least once a week	15 872	15 872	15 872
<i>Minimum Service Level and Above sub-total</i>	15 872	15 872	15 872
<i>Minimum Service Level and Above percentage</i>			
Solid Waste Removal: (Below minimum level)			
Removed less frequently than once a week	128	128	128
Using communal refuse dump	18 319	18 319	18 319
Using own refuse dump	1 484	1 484	1 484
Other rubbish disposal	529	529	529
No rubbish disposal	127	127	127
<i>Below Minimum Service Level sub-total</i>			
<i>Below Minimum Service Level percentage</i>			
Total number of households	15 872	15 872	15 872
T 3.4.2			

HOUSEHOLD SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM			
Description	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Formal Settlements			
Total households	15 332	15 332	15 332
Households below minimum service level			
% Proportion of households below minimum service level	100%	100%	100%
Informal Settlements			
Total households	540	540	540
Households below minimum service level			
% Proportion of households below minimum service level	100%	100%	100%
T 3.4.3			

WASTE MANAGEMENT SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Solid waste Disposal sites (Landfills), that are compliant, have adequate capacity and are properly managed and maintained.	Systematically upgrade existing infrastructure, replace and rehabilitate where applicable.	-	Approval letter from DEDEAT to continue with upgrading of Landfill site in Steytleville	Tender process and Construction of 1 Cell		Application for licensing of Jansenville landfill site			
Service Objective No. 2									
Waste Transfer Station that has been redesigned and extended to properly fulfil its main function.	Develop a new Integrated Waste Management Plan for Dr Beyers Naudé Municipality and review it regularly.	-			Not on target		Not on target		
Service Objective No. 3									
Effective recycling programmes that will reduce waste volume at the landfill sites and create economic opportunities for the Community.	Step up educational campaigns to encourage citizen to take pride of their areas and keep them clean, to recycle at source.			3	Waste management campaign per quarter		Clean-up campaigns were conducted		
Service Objective No. 4									
The eradication of illegal dumping and lettering and creation of clean and healthy urban areas and surrounding environment	Provide adequate waste disposal facilities and containers, as well as regular waste removal service.	-		5	Refurbishment of 2 skips to deal with the clearing of illegal dumping sites.		Not on target		
T 3.4.4									

EMPLOYEES : SOLID WASTE MANAGEMENT, WASTE DISPOSAL & CLEANING SERVICES

Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	60	158	60	98	62
4 – 6	14	17	14	3	17.65
7 – 9	15	10	15	-5	0
10 – 12	0	6	0	6	100
13 – 15	0	1	1	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	89	192	90	96	50%

T 3.4.5 & T 3.4.6

FINANCIAL PERFORMANCE 2019/20 : SOLID WASTE MANAGEMENT SERVICES

R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-5%
Expenditure:					
Employees	125	244	250	248	-1%
Repairs and Maintenance	25	244	250	248	-1%
Other	45	244	250	248	-1%
Total Operational Expenditure	195	732	750	744	-1%
Net Operational Expenditure	75	607	650	649	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.4.7 & T 3.4.8

CAPITAL EXPENDITURE 2019/20 : WASTE MANAGEMENT SERVICES

R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2,896,465	2,896,465	2,072,830	823,634	
Project A: Steytleville: New Proposed Solid Waste Site	2,896,465	2,896,465	2,072,830	823,634	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					T 3.4.9

COMMENTS ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

Regular waste removal service is provided to most residents in both formal and informal settlements, businesses, schools and other institutions within the Municipal area.

Dr Beyers Naudé Local Municipality (DBNLM) has been battling with the issue of Waste Management and littering as it is one of the municipality's greatest challenges. The municipality is trying to service all areas, and some programmes such as the EPWP have been implemented to reduce the amount of litter in the environment. However, the problems still persist. The challenges experienced in terms of Waste Management has led to an increase in the number of illegal dumping sites within our various wards. To this end, the municipality commenced with clean-up campaigns within the various wards where illegal dumping sites were cleaned.

The fight against illegal dumping sites has taken a slight move as with the introduction of the Green Good Deeds programme where 22 participants comprising of 4 awareness campaigners and 18 general workers came into the municipal system on a 2 years contract to assist with the battle against illegal dumping and littering. Several environmental education campaigns were held in Luxolo Intermediate school in Aberdeen and Gcinibuzwe Combined and Jansenville High Schools, respectively. An additional of 30 participants were employed on a 4 months' contract to complement on the work already being carried by the current participants. The 30 was divided between Jansenville and Aberdeen.

This programme was launched in East London in March 2019 by the President, Mr Cyril Ramaphosa under the theme "Thuma Mina" and it aims to empower and nurture young people within municipalities to be the ambassadors in driving change and fighting the illegal dumping taking place in our respective municipalities.

The South African Environment Outlook Report indicates that environment continues to deteriorate and this phenomenon has a negative impact on the set goals of the National Development Plan and Sustainable Development. One of the major challenges is high levels of pollution emanating from littering and illegal dumping of waste and others. This affects the health of citizens and it contravenes provisions of the Constitution that are related to health issues. In response to the above mentioned challenges, the Department of Environmental Affairs has made a strategic decision to expand the existing environmental education and awareness initiatives to reach out at ward level and enhance youth participation, hence the establishment of Youth Community Outreach Programme (YCOP).

The YCOP is a ward based environmental education aimed at nurturing youth to be environment ambassadors that will educate communities and schools about environment management. It has two streams namely ward based environmental education and environment information dissemination through community libraries. The department has therefore contracted a Youth Municipal Coordinator to coordinate the programme in Dr Beyers Naudé Local Municipality and work together with the municipality and other stakeholders in achieving a clean environment.

The municipality is still experiencing challenges with the maintenance of landfill sites and to obtain compliance status. Under very difficult circumstances, the municipality occasionally clean and maintain the landfill sites with the assistance of the Infrastructure Department and the support of Private Service Providers.

In the previous year it was reported that the dumping of household refuse had reduced but due to the expansion of residential areas, it has been reported that illegal dumping of household refuse and organic waste has increased dramatically. This, despite the fact that all households are being serviced weekly as per scheduled times.

Law Enforcement is not effective and no fines were issued for illegal dumping during the year of reporting. The Community Works Programme (CWP) is assisting the Municipality with clearing of illegal dumping sites in Willowmore, Steytlerville and Jansenville. However, the current Covid-19 regulations is having a negative effect on this working relationship.

There is a great need for repairs or to invest in yellow plant, of which a severe shortage is being experienced as a result of regular breakage of major equipment and plant required at landfill sites and transfer station. The main landfill site for Graaff-Reinet is experiencing disruptions, due to fleet challenges and the Municipal bulldozer was vandalised. Bulldozers, Tipper Trucks and Front-end Loaders are urgently required to render a more effective waste management service.

In order to address all these challenges the following solutions/recommendations will have to be implemented:

- To finalise and implement an Integrated Waste Management Plan (IWMP);
- To make budgetary provision for new refuse collection trucks;

- To fix or procure yellow plant machines required at the landfill sites, such as Bulldozer, Front-end loader, etc.;
- To distribute more black bags to our communities;
- To attract private investments;
- Refuse collection routes should be reviewed regularly, etc.

In addition, there is a need for access control and weigh bridges at landfill sites. Unpermitted landfill sites are in the process of being registered; documents for the Jansenville and Klipplaat landfills have already been submitted to the DEDEAT. In the meantime, the Municipality is being assisted in clearing landfill sites in order to make them compliant in terms of environmental regulations.

3.5 HOUSING / HUMAN SETTLEMENTS

INTRODUCTION

Housing is a Provincial function and the Municipality does not have accreditation. All funding for housing is sourced from the Department of Human Settlements. The Municipality is responsible for beneficiary administration and the identification of suitable land parcels as per Spatial Development Framework.

Officials of the Municipality are constantly being trained on the National Housing Needs Register and are working together with the Department of Human Settlement.

Housing projects in the current financial year were progressing at a slow rate while some houses were vandalised due to contractual matters.

HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year 0	Total households (including in formal and informal settlements)	Households informal settlements	% of Households in formal settlements
2019/20	17861	197	98.9%
T 3.5.2			

HOUSING / HUMAN SETTLEMENT SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
New RDP houses in Nieu Bethesda					100	0	100	0	100
Service Objective No. 2									
Upgrading uMasizakhe				0	0	0	12	15	75
T 3.5.3									

EMPLOYEES : HOUSING / HUMAN SETTLEMENT SERVICES					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3					
4 – 6					
7 – 9					
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total					%

T 3.5.4

FINANCIAL PERFORMANCE 2019/20 : HOUSING SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3	12	12	3	-75%
Expenditure:					
Employees					
Repairs and Maintenance					
Other		9	9	0	
Total Operational Expenditure	0	9	9	0	
Net Operational Expenditure	-3	-3	-3	-3	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.5.5

CAPITAL EXPENDITURE 2019/20 : HOUSING / HUMAN SETTLEMENT SERVICES					
R'000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	% Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					T 3.5.6

- There were no Capital Projects or resultant Capital Expenditure for Housing / Human Settlement Services.

COMMENTS ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL

It must be noted that the percentage of households with access to basic housing does not include “backyard dwellings” on the waiting list.

A serious challenge to the delivery of housing is the fact that funding for electrification of the new RDP houses is only considered by the Department of Energy once 80% of the houses of that specific project are completed and occupied. This results in a situation where beneficiaries must live in the new houses without electricity for up to two years. This naturally has its own ramifications.

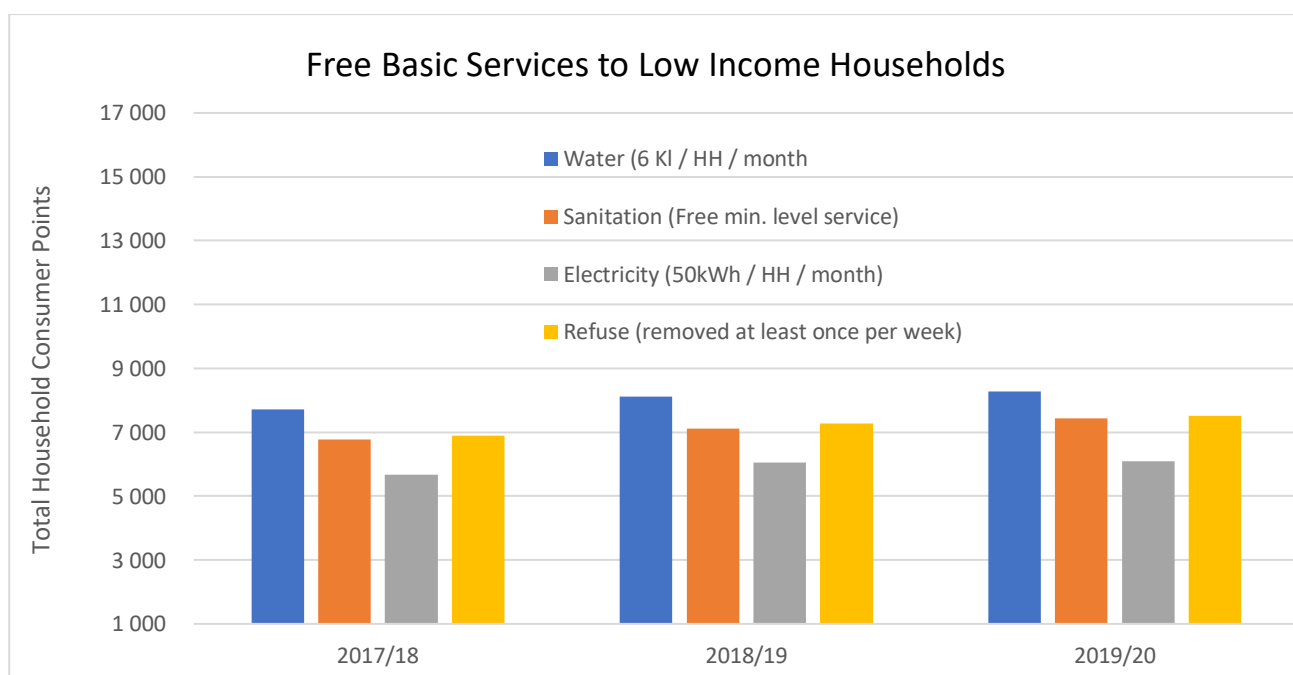
Construction of Communal Centre in Ward 3 delayed by funding.

3.6 FREE BASIC SERVICES (FBS) AND INDIGENT SUPPORT

INTRODUCTION

The Municipality strives to fulfil its constitutional objective which stipulates that poor households must have access to basic services. An indigent subsidy, in line with national government regulations and guidelines, is available to assist the poorest households in the community to receive a basket of basic municipal services for free, including up to 6 kl water, basic sanitation, refuse removal and 50 kWh electricity. To provide further relief, the Rates Policy makes provision for taxes payable by indigent property owners.

Indigent subsidies are available to domestic households where the total household income of all the residing occupants of legal age is less than two state pensions, among other criteria. A Free Basic Services awareness campaign was held from 27 May to 7 June 2019 in each of the wards to inform the community of the availability of the subsidy, the services subsidised, the eligibility criteria and the process to apply for subsidy. Residents had the opportunity to have any questions and uncertainties addressed. The same process was to be followed in May 2020, however due to the COVID-19 regulations preventing gathering of individuals, the awareness campaign could not commence.



- About half of the Municipality's Domestic Consumers are being subsidised on a monthly basis.

FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS									
Year	Number of households								
	Total HH / Consumer points	Households earning less than equivalent of 2 State Pensions per month*							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Subsidised	%	Subsidised	%	Subsidised	%	Subsidised	%
2017/18	15,872	7,723	49%	6,766	43%	5,674	36%	6,893	43%
2018/19	15,977	8,120	51%	7,121	45%	6,054	38%	7,273	46%
2019/20	15918	8277	52%	7435	47%	6084	38%	7507	47%
*As determined by BNLM Council Policy.									T 3.6.3

- Figures for subsidised electricity provision are lower due to Eskom providing the balance of the service.

FINANCIAL PERFORMANCE 2019/20 : COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED					
Services Delivered to Indigent Households	2018/19	2019/20			
	Actual	Budget	Adjustment Budget	Actual	% Variance to Budget
Water (6kl per HH per month)	5 699 417	5 968 112	2 984 056	5 699 417	-5%
Sanitation (free monthly service)	6169 479	6 032 376	6 032 376	6 169 478	2%
Electricity (50kWh per HH per month)	4 671 717	3 018 956	3 018 956	4 301 816	42%
Refuse Removal (free weekly service)	6 500 449	6 758 112	6 758 112	6 500 448	-4%
Rates (annual property tax)	1 909 327	1 310 161	1 310 161	1 055 768	20%
Total		18 793 500	23 087 717	23 726 929	26%
T 3.6.4					

FREE BASIC SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Providing Free Basic Services and Indigent Support	None	None	None	None	None	None	None	None	None
Service Objective No. 2									
T 3.6.5									

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The support provided to low earning households who qualify for the subsidy in terms of the approved council policy, is detailed above. The funding source forms part of the equitable share government grant (IGG).

A FBS roadshow is undertaken annually, to inform communities about the benefits and qualifying criteria, however during the 2019/2020 financial year, no roadshow could commence due to COVID-19 regulations.

COMPONENT B : ROAD TRANSPORT

This component includes roads, transport and stormwater drainage.

INTRODUCTION TO MUNICIPAL ROADS INFRASTRUCTURE

Road infrastructure affects development in all economic sectors within the municipal area. Tourism is one of Dr Beyers Naudé LM's main economic drivers and it is therefore crucial that roads be of a good standard and are properly maintained. The road network within previously advantaged areas has deteriorated drastically over the past few years, which is why a concerted effort was put in place to address such.

The municipality upgraded a number of streets in Jansenville, Klipplaat, Willowmore and Steytlerville from gravel to surfaced (using block paving). By applying labour-intensive methods in the implementation of these projects, valuable jobs were created within these communities. All households have access to a minimum level of service.

Because of its vast geographic spread, and huge distances between some of the towns and smaller settlements, it is important that the roads networks in the Dr Beyers Naudé Municipal area be maintained regularly and the work be of a high standard. The region is heavily dependent on agriculture and tourism to sustain its economy, and therefore requires primary and secondary routes to be in a good condition at all times.

THE MAJOR STRATEGIES ARE:

- The Roads and Stormwater department undertakes routine inspection of the roads and stormwater network; repairs to potholes, sinkholes and road subsidence; repair / reinstatement of excavations, trenches and localized failures on roads and sidewalks; repair / replacement of traffic lines and signs; blading, re-gravelling and associated maintenance works on gravel roads; stream cleaning and maintenance; crack sealing and slurry sealing of roads; removal of rubble and sand from the road and road reserve areas and upgrading of low volume gravel roads.
- Conduct an audit of all areas to determine the extent and nature of the need. Utilize RRAMS for this purpose.
- Develop a roads management system (Master Plan) of all roads and register projects identified in it. Funding is required.
- Make adequate provision for street maintenance in the operational budget. Currently this is done annually based on ward-based planning undertaken during the IDP process.
- The systematic upgrading of gravel roads by means of labour-intensive methodologies as implemented under the EPWP has created much needed job opportunities e.g. concrete paving bricks were utilized instead of conventional methods of pavement surfacing.

CHALLENGES

- Surfaced roads require urgent resealing. Many are of the old Macadam surfacing technique and are badly cracked as the binder has dried; resulting in potholes forming every time it rains.
- Many roads have reached the end of their useful life and extensive reconstruction thereof is required.
- The identification and implementation of a dedicated truck route through Graaff-Reinet is required as well as a weighbridge.
- Maintenance on district gravel roads needs to be undertaken on a continual basis.

- Funding for the development of a Roads Management System as well as an Integrated Transport Plan is required.

INTRODUCTION TO MUNICIPAL STORMWATER DRAINAGE INFRASTRUCTURE

Stormwater drainage, minor and major systems, is a critical problem in the Dr Beyers Naudé area and was highlighted as concern of residents at Ward Committee meetings.

THE MAJOR STRATEGIES ARE:

- The routine maintenance and unblocking of stormwater drainage systems; replacement of missing covers and access lids.
- Budgeting for new stormwater systems, using external funds.
- Develop a Stormwater Master Plan for the whole Dr Beyers Naudé Municipal area. Funding is required.

CHALLENGES

- Policies and bylaws need to be formulated e.g Roads and stormwater Master Plan, Stormwater by-law
- Old and under capacity stormwater infrastructure needs to be upgraded or replaced.
- Regular flash floods cause damage to properties and road infrastructure.
- All areas in Dr Beyers Naudé Local Municipality experience flooding where roads are unsurfaced, with no formal drainage structures.

3.7 ROADS & STORMWATER DRAINAGE

This section is inclusive of reporting on Section 3.9 : Stormwater Drainage.

ROAD INFRASTRUCTURE IN KILOMETRES				
2019/20	Total unsurfaced roads	New unsurfaced roads constructed	Unsurfaced roads upgraded to surfaced	Unsurfaced roads graded/maintained
	198	0	0	176
T 3.7.2				

SURFACED ROAD INFRASTRUCTURE IN KILOMETRES				
2019/20	Total surfaced roads	New surfaced roads	Existing surfaced roads re-surfaced	Surfaced roads maintained
	131	1.9	0	131
T 3.7.3				

STORMWATER INFRASTRUCTURE IN KILOMETRES						
2019/20	Total Stormwater measures		New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained	
	(not available)		4.6	4.6		
T 3.9.2						
COST OF ROAD & STORMWATER CONSTRUCTION / MAINTENANCE						
R'000						
Year	Unsurfaced (incl. S/W measures)			Surfaced (incl. S/W measures)		
	New	Unsurfaced to Surfaced	Maintained	New	Re-worked	Maintained
2017/18		8,280,359				
2018/19		9,151,187				
2019/20						
T 3.7.4 & T 3.9.3						

ROADS & STORMWATER SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Surface roads Jansenville and Klipplaat	8080	2419		2000	3106			
Service Objective No. 2									
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Graaff-Reinet Upgrading of streets	3000	2419		2500				
T 3.7.6 & T 3.9.5									

EMPLOYEES : ROADS & STORMWATER SERVICES					
Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	18	48	18	30	63%
4 – 6	0	0	0	0	0%
7 – 9	9	12	9	3	25%
10 – 12	3	9	2	7	78%
13 – 15	0	5	0	5	100%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	30	74	29	45	61%

T 3.7.7

FINANCIAL PERFORMANCE 2019/20 : ROADS & STORMWATER SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8058	11934	11934	11713	-2%
Expenditure:					
Employees	19062	20417	18667	18387	-1%
Repairs and Maintenance	799	1108	474	556	17%
Other	4830	12539	9614	2891	-70%
Total Operational Expenditure	24691	34064	28755	21834	-24%
Net Operational Expenditure	16633	22130	16821	10121	-40%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.7.8

CAPITAL EXPENDITURE 2019/20 : ROADS & STORMWATER SERVICES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10,257,669	7,381,669	7,381,669	0.00	
Project A: Jansenville & Klipplaat Upgrading of Streets	2,146,400	2,146,400	2,146,400	0.00	
Project B: Graaff Reinet upgrading of Streets	5,797,069	2,921,069	2,921,069	0.00	
Project C: Willowmore upgrading of Streets	2,314,200	2,314,200	2,314,200	0.00	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL

More funding will be required in the future years to address the maintenance of municipal roads and surfacing of gravel roads. Roads and stormwater were identified in all wards as being a priority for maintenance and upgrading.

The District roads are maintained by the Department of Roads & Public Works and SANRAL maintains all National Roads within the Dr Beyers Naudé Municipal area.

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The current stormwater system is a major concern in all wards, especially where gravel roads and steep slopes are involved. The Dr Beyers Naudé area is prone to thunderstorms resulting in flash floods. Funding for this function, especially maintenance, is limited and should receive a higher priority.

A Stormwater Master and Maintenance Plan is urgently required to assist in addressing the problem. The Municipality has budgeted about R16 million until 2019/20 for Capital projects aimed at addressing the roads and stormwater challenges within its jurisdiction. This will go a long way in addressing some of the challenges.

3.8 TRANSPORT (including Vehicle Licensing and Public Bus Operation)

INTRODUCTION

Dr Beyers Naudé Local Municipality does not operate a Public Bus Transport System.

The main objective is to promote voluntary compliance with traffic legislation, to reduce traffic contraventions and road carnage and to improve safe road user behaviour.

The goals, objectives and main themes will be the basis of ongoing, day-to-day road traffic law-enforcement and communication programmes as agreed for National, Provincial, Metropolitan and Local traffic authorities.

The Municipality holds an Incident Management Committee meeting every two months with different role players such as Kwezi V3, the contractor appointed by SANRAL for maintenance of the N9 route, SAPS, Emergency and Rescue Services, Department of Roads and Transport (Graaff-Reinet), Municipal Traffic and Fire Services. The above meetings mainly focus on upgrading of the road network critical areas in the region where accidents could happen and how to improve the road network infrastructure in the area.

With regard to vehicle licensing, a Service Level Agreement was entered into by the Eastern Cape Department of Transport, acting for and on behalf of the Eastern Cape Provincial Government, Dr Beyers Naudé Local Municipality and subsidiary Registering Authorities Graaff Reinet (User Group No. 1035A), Aberdeen (User Group No. 1006A), Jansenville (User Group No. 1045A), Steytleville (User Group No. 1073A), Willowmore (User Group No. 1090A).

The Service Level Agreement was signed on 03 April 2017 for a duration of (3) three years.

3.9 STORMWATER DRAINAGE

Please refer Section 3.7 : Roads – for reporting and general information on Stormwater Drainage.

COMPONENT C : PLANNING AND DEVELOPMENT

This component includes planning and local economic development.

INTRODUCTION

Planning is generally considered to be part of a comprehensive process when a public sector institution (Municipality) intervenes in a problem solution that affects human society.

The major Strategies are:

- Develop a Spatial Development Framework Plan (SDF).
- To consolidate and update the land use management system to a fully integrated Geographical Information System (GIS).
- Systematically release suitable land for housing and commercial development.
- Develop a Zoning Scheme.

The Town Planner and Building Control Officer perform the function of land use management and building control. The administration Department provides the administrative assistance and Protection Services assists with law enforcement of by-laws and contravention of land use management and building regulations.

(Economic Development is dealt with under Section 3.11)

3.10 PLANNING (Town and Spatial)

The top five (5) Service Delivery priorities are:

- Formulation of the Dr Beyers Naudé Integrated Scheme Regulations which includes public participation in the formulation of the policy, updating of land use register, and zoning maps;
- Crafting of SPLUMA By-laws for the adoption by Council, which also includes public participation;
- Aligning the Zoning Scheme Regulations with the Spatial Planning and Land Use Management Act 16 of 2013;
- Investigation of non-conforming and illegal land uses; and
- Implementation of the Spatial Development Framework (SDF) to eradicate spatial distortions and advancing Social Justice.

APPLICATIONS FOR LAND USE DEVELOPMENT						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Planning application received	0	0	9	3	139	115
Determination made in year of receipt			5	6		
Determination made in following year			6	0		
Applications withdrawn	0	0	0	0		
Applications outstanding at year end			0	1		
T 3.10.2						

(Policy Objectives for T 3.10.3 are displayed on the next page.)

EMPLOYEES : PLANNING SERVICES					
Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3					
4 – 6					
7 – 9					
10 – 12	2	1	2	4	
13 – 15	1	1	1		
16 – 18		1	1	1	
19 – 20					
Total					%
T 3.10.4					

FINANCIAL PERFORMANCE 2019/20 : PLANNING SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	
Expenditure:					
Employees	675	717	710	234	-67%
Repairs and Maintenance					0%
Other	28	67	45	506	1024%
Total Operational Expenditure	703	1364	755	740	-2%
Net Operational Expenditure	703	1364	755	740	-2%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.10.5

PLANNING SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
SDF, Town Planning and Land Audits	Integrated Spatial Development Framework;	SDF	None	None	None	None	None	Adoption of the draft SDF	
LUMS, SPLUMA & GIS systems and By Laws in place	Integrated Land Use Scheme (Zoning Scheme)	Zoning Scheme	None	None	None	None	None	None	
Sector Plans, O & M Plans, Service Delivery Master Plans	Human Settlements Sector Plan (HSSP)	Human Settlements Sector Plan (HSSP)I	None	None	None	None	None	None	
Land Release; Commercial & Industrial Infrastructure	• Industrial Site	None	None	None	None	None	None	None	
T 3.10.3									

CAPITAL EXPENDITURE 2019/20 : PLANNING SERVICES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.10.6</i>

- There were no Capital Projects or resultant Capital Expenditure for Planning Services.

COMMENTS ON THE PERFORMANCE OF PHYSICAL PLANNING

The Municipality continues to comply with the provisions of the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) through the establishment of a Municipal Planning Tribunal (MPT), and the adoption and implementation of the SPUMA by-laws.

In the year 2020, the municipality commenced with the process of developing an Integrated Spatial Development Plan in partnership with listed stakeholders below:

- Department of Cooperative Governance and Traditional Affairs;
- Municipal Infrastructure Support Agent (MISA);
- Sarah Baartman District Municipality (SBDM);
- The Office of the Premier (OTP); and
- The Department of Rural Development and Land Reform.

Like the Municipality, all the mentioned stakeholders are committed to ensuring that the physical planning function within the LM is adequately regulated by proper Land Use Management Systems for harmonious land development. A draft SDF is now available for comments and will be tabled before council in the month of May 2021 for adoption.

Currently only three (3) out of eight (8) towns have a land use scheme (Camdeboo Integrated Zoning Scheme). All other towns are administered in terms of section 8 regulations of the Land Use Planning Ordinance 15 of 1985 (LUPO). This poses a challenge because the Land Use Planning Ordinance 15 of 1985 was repealed in December 2020. There is an urgent need to develop a new scheme that is aligned with the Spatial Planning and Land Use Management Act 16 of 2013.

The Municipality has recently seen the growth of informal settlements due to the slow RDP Housing delivery. As a result of this slow delivery, some areas, particularly in Graaff-Reinet and Jansenville, have resorted to occupy land illegally. This is currently being addressed through legal processes. However, a long-term solution will be to explore informal settlement upgrading through identification of vacant land, relocation of the new informal houses and upgrading the site through the connection of bulk services (water, electricity and sewer) and registration of the sites.

3.11 LOCAL ECONOMIC DEVELOPMENT (including Tourism & Markets)

INTRODUCTION

The LED and Tourism unit is tasked with the obligation of growing the Beyers Naudé Local Municipality's economy by enabling small, medium and micro sized enterprises (SMME), creating an environment in which the business society can optimally operate and ensuring that sustained increases in growth is maintained.

Other critical key success areas are agriculture, manufacturing, Trade and construction. Tourism is also key to the success of the economy and is seen as a primary source for revenue enhancement and creating job opportunities.

The process of developing the Local Economic Development Strategy revealed some critical elements of LED that needs special attention. This financial year was rather cut short due to the National State of Disaster of the Covid 19 pandemic that was declared towards the end of March 2020. The LED strategy process had to be altered to a virtual process that has proven to be rather difficult to complete. There has been a further decline in job opportunities presented by the Agricultural sector, being one of the main economic drivers of our Municipality. The shortage of land has been said to be the main contributing factor to the decline. However, during the lockdown period the Presidency through the Department of Rural Development and Agrarian Reform offered relief and support to most small farmers which provided the much more needed boost for the sector. A plan of action will be developed and will form part of the final document. The plan of action will be in line with the Spatial Development Framework that is also underway.

For the 2019/2020 financial year, Local Economic Development continued on strengthening capacity for small, medium and micro enterprises across all sectors. We are pleased to announce that more jobs were created for small enterprises through the partnership with the Municipal Project Management Unit and other state institutions such as Sanral, Department of Public Works and Coega.

In partnership with COGTA and FNB we have secured a six month incubator for small businesses across all sectors.

T 3.11.1

ECONOMIC ACTIVITY BY SECTOR				
R '000				
Sector	2016/17	2017/18	2018/19	2019/20
Agriculture, forestry and fishing	116.3	117.9	119.8	131.8
Mining and quarrying	161.5	162.1	164.5	181.0
Manufacturing	285.5	290.2	295.1	313.2
Wholesale and retail trade	561.8	570.7	581.4	639.5
Finance, property, etc.	571.2	590.9	610.9	672.0
Govt, community and social services	1004.5	1013.4	1030.9	1134.0
Infrastructure services	217.1	221.8	226.6	249.26
Total	2 917.9	2967.0	3029.2	3320.76
T 3.11.2				

Gross Value Added (GVA) for Dr Beyers Naude LM (R1 million constant 2010 prices). Information extracted from the Socio- Economic Profile review under the process of the development of LED Strategy for the Municipality.

ECONOMIC EMPLOYMENT BY SECTOR				
Sector	Number of Jobs			
	2016/17	2017/18	2018/19	2019/20
Agriculture, forestry and fishing	1890	2495	3293	4347
Mining and quarrying	4	5	7	9
Manufacturing	4210	5557	7336	9684
Wholesale and retail trade	6240	8237	10873	14352
Finance, property, etc.	2330	3076	4060	5359
Govt, community and social services	4530	5980	7894	10420
Infrastructure services	2630	3472	4583	6050
Total	21834	28 822	38046	50221
T 3.11.3				

Baseline year used for T.3.11.3 is 2016 with a growth rate of 1.32% annually.

COMMENT ON LOCAL JOB OPPORTUNITIES

The Municipality, through the EPWP and CWP programs continue to create a number of jobs in an effort not only to bring relief to the unemployed, but also to stimulate the economy. The aquaculture industry is growing at a very fast pace and to date have employed over 20 employees as part of their agro processing plant. Their internal skills development programme has advanced many of their employees.

OFFICE ACTIVITIES ON SMME SUPPORT AND DEVELOPMENT

Facilitating registration of Cooperative with Companies and Intellectual Property Commission (CIPC) - Through the facilitation of the LED Office over 40 companies were registered and captured in municipal data base in the 2019/20 financial year. The number keeps rising on a daily basis.

- ii. Continuous provision of the business development advice and services.
- iii. As a Small Town with limited resources, the aim to convert the office into a one stop shop to access most government services and programmes relating to enterprise development.
- iv. Market linkages for emerging enterprises.
- v. Accommodate other related service offerings by other spheres of government and development agencies such as DEDEAT, DTI, NYDA, SEDA etc. SEDA has trained the LED officials on some of their programmes. A Memorandum of Agreement has been entered into between
- vi. Facilitation of SME capacity building and beneficiation – 30 companies have been selected to take part in the incubator program.

JOBS CREATED DURING 2019/20 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)				
Total Jobs created / Top 3 initiatives	Number of Jobs created	Number of Jobs lost / displaced by other initiatives	Net total number of jobs created in 2019/20	Method of validating jobs created / lost
Total (all initiatives)				
2017/18	-	-		-
2018/19	3	0	33	Contracts entered into with the companies
2019/20	3	0	33	Contracts entered into with the companies
Initiative A : 2017/18	2	0	18 (inclusive of the appointment of local labourers by the contractors)	Appointment letters of the contractors and contract agreements entered into with the main contractor.
Initiative B : 2018/19	2	0	10 (inclusive of 8 local labourers)	Appointment letters of the sub-contractors and contracts entered into with the main contractor
Initiative C : 2019/20	2	0	18 (inclusive of the appointment of local labourers)	Appointment letters of the sub-contractor and contract agreements entered into with the main contractor.
				<i>T 3.11.5</i>

JOBS CREATED BY INITIATIVES

Initiative A – Paving of Streets in Graaff-Reinet (Emerging enterprises only)

Two local companies have been employed. Twelve additional jobs have been created through the appointment of these companies

Initiative B – Erection of Security Fence in Spandau Secondary School (CDC in partnership with DBNLM)

Two local companies are employed as sub-contractors. Sixteen other SMMEs are currently receiving training.

Initiative C – Erection of fencing of the Fred Hufkie Cricket stadium.

One local Company was appointed – 4 local labourers were employed by the sub contracted company.

JOB CREATION THROUGH EPWP* PROJECTS		
Year	Number of EPWP Projects	Number of Jobs created through EPWP projects
2017/18	-	-
2018/19	4	421
2019/20		541
<i>* Expanded Public Works Programme</i>		<i>T 3.11.6</i>

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
SMME Development and Support	15 SMMEs capacitated in the Arts and Craft sector, as well as through the Incubator Program (a partnership between FNB, COGTA and Dr BNLM).	-	-	15	15	30	-	-	-
Service Objective No. 2									
Job Creation	A number of people were employed through the Community Works Programme, EPWP and other internal Municipal programmes.	Specific details on the number of jobs created are outlined in tables T 3.11.5, T 3.11.6.	-	-	-	-	-	-	-
Service Objective No. 3									
Black Economic Empowerment & Partnerships	Entered into a Service Level Agreement with SEDA to better empower our emerging entrepreneurs.	1	1	1	1	1	-	-	-
Service Objective No. 4									
Skills Development - To create opportunities for the workforce or emerging entrepreneurs to develop skills and qualifications on a higher level, with focus on Youth, Disabled & Women.	Facilitated & co-ordinated various trainings in the Arts and Craft as well as the construction sectors, in partnership with the various government departments. (Department of Rural Development and Land Reform, SANRAL and Department of Public Works.	-	11	5	-	20	-	-	-
T 3.11.7									

EMPLOYEES : LOCAL ECONOMIC DEVELOPMENT SERVICES

Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3		1		1	
4 – 6	4	3 (as reviewed in the current organogram)	4	2	90%.
7 – 9		1		1	
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total	4	5	4	4	90%

T 3.11.8

FINANCIAL PERFORMANCE 2019/20 : LOCAL ECONOMIC DEVELOPMENT SERVICES

R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7	20	20	0	-100%
Expenditure:					
Employees	1508	1423	1403	1632	16%
Repairs and Maintenance	6	20	0	0	0%
Other	-121	126	142	80	-44%
Total Operational Expenditure	1392	1569	1545	1712	11%
Net Operational Expenditure	1386	1549	1525	1712	12%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.11.9

CAPITAL EXPENDITURE 2019/20 : ECONOMIC DEVELOPMENT SERVICES

R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A	0	0	0	0	0
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					T 3.11.10

- There were no capital projects budgeted for and implemented during the 2019/2020 financial year.

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

The Municipality has embarked on a process of developing a new Local Economic Development Strategy/Plan. The new statistics show that there has been a major shift in what is deemed to be key economic sectors and activities.

We have been fortunate as the Municipality for the 2019/20 financial year to be part of the Small Town Revitalisation Program, the program has yielded The Municipality, as part of its developmental support plan usually sets aside a small budget for financial support to at least five smme's annually, as well as hosting various stakeholder engagement sessions (imbizo etc), however for the 2018/19 and 2019/20 financial years these initiatives could not be implemented due to the financial constraints experienced and the National State of disaster declared by Government. Plans to rectify this issue have been developed, and we are confident that the situation will be better accommodated in the upcoming financial year.

The Municipality is dependent upon four key economic activities as per the recent Socio-Economic profile conducted, which are listed below in order of priority:

KEY ECONOMIC ACTIVITIES	DESCRIPTION
Community Services / Public Sector	The Municipality is currently deemed to be largely dependent on community services, which refer to the public sector being the major employer of the Municipality. This is a new development when compared to the previous years
Tourism	The Municipality is a popular holiday destination. It has also become a sought-after residential location for retired persons and foreigners. This has certainly have had a positive contribution to our economy.
Agriculture	There has been a significant decline in the growth of this sector, mainly infested by small businesses. Drought has also contributed to this fact. However, it still employs approximately 8% of the population.
Manufacturing	This proved to be one of the fastest growing sectors. It currently employs approximately 10% of the economy of the Municipality. This has certainly have had a positive contribution to our economy.

The current socio-economic profile under the Development of the LED Strategy Programme reveals that the main economic driver since 2016 for Dr Beyers Naudé LM is Community Services (Public sector Employment), followed by the Finance sector.

Tourism and Agriculture remain at the heart of Dr Beyers Naudé Local Municipality's economy, but these sectors in particular, which previously used to serve as primary sectors, still hold great potential to provide sustainable job opportunities. However, they need to be looked at from a value chain perspective. Mining, construction and manufacturing are identified as other promising sectors.

Furthermore, it is important to view all these sectors as potential drivers of the economy without disregarding the complex manner in which they all interlinked, and the emerging markets for technologies focused on water, energy and waste.

The Municipality has, through the EPWP programs, continuously created the equivalent of 300 FTEs (Full Time Equivalents) per annum, in an effort not only to bring relief to the unemployed, but also to stimulate the economy.

AGRICULTURE

The Municipality still faces major challenges in respect of the current drought and the consistent demand for the replacement of ageing infrastructure in commonages. Assistance has been received but the situation still remains the same. Limited, close to non-availability of state-owned land for small farmers also stands at the centre of the challenge, placing more pressure on the commonages. However, the Municipality is confident that the challenges will be overcome and that the service standards will be maintained. It will continue to strive for the betterment of our communities.

HIGHLIGHTS : LED

- Community Work Programme (CWP) Programme assist to alleviate poverty.
- Small Town Regeneration Programme.
- Wool and Mohair Programme. A Memorandum of Understanding was entered between Mohair South Africa and DBNLM.
- FNB Incubator Programme.
- Development of the LED Strategy Plan commenced. A draft Socio-Economic Profile has been workshopped with relevant role players and is to be tabled to Council.

CHALLENGES : LED

More Human Resource capacity is needed to assist in the full operational process of Developing the Strategy, as well as the day-to-day operations.

COMPONENT D : COMMUNITY AND SOCIAL SERVICES

This component includes libraries and archives, museums and art galleries, community halls, cemeteries and crematoria, child care, aged care, social programmes and theatres.

INTRODUCTION

The objective is to attend to the critical needs and problems being experienced by the community of Dr Beyers Naudé Local Municipality, by providing facilities that will address the social and cultural needs of the community.

The Municipality manages libraries in the following areas :

- Graaff-Reinet (Horseshoe, Kroonvale and Umasizakhe)
- Nieu-Bethesda
- Aberdeen
- Klipplaat
- Jansenville
- Steytlerville
- Willowmore
- Rietbron
- Zaaimanshoek (in Baviaanskloof)

Due to limited buildings and resources to address the recreational and other social needs of the community, the Special Programmes Unit has identified old unused municipal properties to assist. The old building in Umasizakhe that was leased for years under the auspices of SPU, is now used by the Youth for recreational purposes. In addition to that, the Old Post Office building is used for training by the Youth of Graaff-Reinet Apostle Church.

Museums and/or Art Galleries are not a function of the Municipality, but it provides the buildings for some of the museums, except the Hester Rupert Museum in Graaff-Reinet, that was donated to the Municipality. Most of the museums and art galleries are managed by the Department of Sport, Recreation, Arts & Culture (DSRAC), whilst a few are privately owned and run.

Dr Beyers Naudé Municipality is the owner of the world-renowned Owl House Museum in Nieu-Bethesda, which was declared a National Heritage Site in September 2017. There is a formal agreement between the Municipality and the Owl House Foundation (a Section 21 NPC), who is responsible for the administration and maintenance of the Owl House Museum and management of its staff.

3.12 LIBRARIES, ARCHIVES, MUSEUMS, COMMUNITY FACILITIES & OTHER (Theatres, Zoos, etc.)

LIBRARIES, ARCHIVES & COMMUNITY FACILITIES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Building of libraries in areas where there is no library	To be included in the budget	Not done				Not done	Not done	To include building of libraries on the budget	
Service Objective No. 2									
Service Objective No. 3									
T 3.12.3									

EMPLOYEES : LIBRARY, ARCHIVES & COMMUNITY FACILITIES					
Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	9	20	9	11	55
4 – 6	4	4	4	0	0
7 – 9	5	16	11	5	31
10 – 12	3	4	3	1	25
13 – 15	0	5	0	5	100
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	21	49	27	22	45%

T 3.12.4

- There are some important senior posts, i.e. Chief Librarian, 3 x Librarians and Chief Registry Clerk that need to be filled – as a matter of urgency.

FINANCIAL PERFORMANCE 2019/20 : LIBRARIES, ARCHIVES AND COMMUNITY FACILITIES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2917	2947	2809	15212	442%
Expenditure:					
Employees	6008	6030	5407	5308	-2%
Repairs and Maintenance	24	113	113	11	-90%
Other	1998	1656	1337	1162	-13%
Total Operational Expenditure	8030	7799	6857	6481	-5%
Net Operational Expenditure	5113	4852	4048	-8731	-316%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.12.5

- General performance was satisfactory during the year under review, especially that of Libraries.
- The Municipality is responsible for the maintenance of buildings, which are budgeted for under Repairs & Maintenance, however, due to limited resources for the 2018/19 financial year, no major maintenance could be undertaken.
- The Library function is being subsidized by DSRAC, but their contribution does not fully cover the cost of running and maintaining the facilities. This is placing great strain on the Municipality's limited resources.

CAPITAL EXPENDITURE YEAR 2019/20 : LIBRARIES, ARCHIVES AND COMMUNITY FACILITIES

R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.12.6</i>

- There were no Capital Projects or resultant Capital Expenditure for Libraries, Archives or Community Facilities.

CHALLENGES BEING EXPERIENCED WITH LIBRARIES AND COMMUNITY FACILITIES

The general challenge with the libraries is the allocation of a very limited budget by DSRAC, versus the actual expenditure being incurred. An amount of R2.38 million was received for 2019/20 and it did not meet the operational costs of the services rendered to the communities. The municipality had to cover most of the expenditure, which it can ill-afford to do. DSRAC needs to increase its annual contribution substantially.

IT upgrades and internet connections to all libraries is an urgent need and has been a problem for three years already. This is a District competency. There is a specific need for specialized instruments and equipment for persons with vision impairment.

A major challenge is the building of libraries in areas that are currently using very small spaces (such as Municipal offices) as libraries, e.g. Nieu Bethesda, Adendorp, Rietbron, Steytleville and Klipplaat. The growth in the communities requires libraries that have adequate space and are fully functional.

Community Halls throughout the Municipal area are not being maintained properly, due to severe budgetary constraints. Some are in quite a serious state of disrepair and require urgent repairs and upgrading. The construction of a Multi-purpose Community Centre for Ward 3 (Asherville, Geluksdal and informal settlements) has been delayed, due to funding constraints experienced by the Department of Human Settlements.

CHALLENGES BEING EXPERIENCED WITH RECORDS AND ARCHIVES

The Municipality's Records & Archiving function is not being managed properly, for a number of reasons, e.g.

- There are a number of critical vacancies; some senior posts have been vacant for years.
- There is insufficient space for proper filing systems and keeping of records.
- There is no suitable space for archiving of records under the correct and specified conditions.
- Centralization of the function is a major challenge, due to inadequate office space.

3.13 CEMETERIES AND CREMATORIA

INTRODUCTION

The Cemetery Service rendered by the Municipality is customer focused and provides an essential service to those who have experienced a loss. We provide a sanctuary for the final resting place of loved ones, where lives are commemorated, deaths are recorded and the families are reunited.

Cemetery sites in Graaff-Reinet were originally maintained and operated by churches within the community. Cemeteries in the other towns (Aberdeen, Nieu-Bethesda, Jansenville, Steytlerville, Willowmore and Rietbron) are operated by the Municipality.

Challenges faced by the Municipality is the issue of cemeteries that have reached their capacity. This is affecting communities of Aberdeen, Jansenville, Willowmore and Steytlerville. Business Plans and Funding Applications have been directed to the District Municipality and National Government, to address this critical problem.

There are no crematoria in the Municipal area.

CEMETERIES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Service Objective No. 2									
Service Objective No. 3									
Service Objective No. 4									
T 3.13.3									

EMPLOYEES : CEMETERY SERVICES					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	0	14	0	14	100
4 – 6	0	4	0	4	100
7 – 9	0	2	0	2	100
10 – 12	6	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	0	20	0	0	100%

T 3.13.4

FINANCIAL PERFORMANCE 2019/20 : CEMETERIES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	298	326	326	286	-14%
Expenditure:					
Employees	116	120	119	119	-1%
Repairs and Maintenance					
Other	19	183	133	19	-863%
Total Operational Expenditure	135	303	252	138	-120%
Net Operational Expenditure	-163	-23	-74	-148	84%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.13.5

CAPITAL EXPENDITURE YEAR 2019/20 : CEMETERIES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					T 3.13.6

- There were no Capital Projects or resultant Capital Expenditure for Cemeteries.

COMMENTS ON THE PERFORMANCE OF CEMETERIES & CREMATORIA OVERALL

Dr Beyers Naudé Municipality is currently faced with a huge crisis regarding availability and suitability of land for burials. Old cemeteries are full and the process of constructing new cemeteries cannot start without funding. The soil in the Jansenville and Willowmore is rocky which makes it difficult for burials to take place as prescribed by Legislature.

The First Phase of construction at the new Graaff-Reinet Cemetery site was completed in 2015/2016 and a basic assessment at the Aberdeen Cemetery site was also completed.

Funding must be made available for the second phase at the Graaff-Reinet cemetery in order to complete it. Due to the amalgamation and the focus on basic service delivery, the Municipality is currently not able to make funding available for upgrade or construction of new cemeteries.

Construction has been delayed at the Aberdeen Cemetery due to funding. The Municipality does not have a crematorium. Bodies are sent to Port Elizabeth for cremation.

3.14 CHILD CARE, AGED CARE, SOCIAL PROGRAMMES (SPU)

INTRODUCTION

The Special Programmes Unit of the Municipality is responsible for a vast base of vulnerable groups, ranging from, amongst others, Disabled Persons, Youth, Sport and Recreation, Women, Children and Elderly Persons.

The majority of Older Persons in the Dr Beyers Naudé Local Municipal Area have been deprived of adequate education, employment and socio-economic opportunities. Without the means to break free from the bondage of poverty, secure retirement benefits or to ensure that their children would flourish, older persons not only need assistance, they deserve respect.

The Municipality is still involved in a number of Child and Aged Care facilities to provide service delivery in terms of the care of children and aged people. Ageing is recognized as an inevitable stage of life, which has special needs. The development paradigm aims to enable Older Persons to live active, healthy and independent lives for as long as possible.

During this period of Covid – 19, the Special Programmes Unit joined Hands with Department of Social Development, SASSA, and other institutions and organisations, to help alleviate the pressure of the lockdown by providing shelter for homeless elders, regular food parcels hand out and food stalls in the different wards.

The Dr Beyers Naudé Local Municipality, in collaboration with the Department of Social Development, is in the process of establishing a Children's Forum as well as a Forum for the Elderly, due to the Covid-19 Lockdown, discussions couldn't continue, but now that lockdown levels are reducing, we will continue with this initiative. This will give these groups a platform to share their views and raise their issues, concerns and also present solutions. The Municipality continues to support all special facilities that fall under the jurisdiction of the Municipality by way of basic service delivery as set out in the Municipal Systems Act, 2000 (Act 32 of 2000).

Older persons face many challenges and the South African legislation addresses the Constitutional mandate to protect the human rights of older persons by removing all forms of racial discrimination and by addressing inequality in government-funded services.

Despite some challenges, it remains the vision of the Dr Beyers Naudé Local Municipality to cultivate and promote stronger relationships with sector departments. The Municipality maintains good relationships with the local, district and provincial Departments and will continue to work together with these departments, to ensure a better life for the residents of our Municipality.

Skills shortages are widely regarded as the main factor which slows economic growth in the municipal area. As a result, the Special Programmes Unit and the Human Resources Department are in the process of drafting a Skills Development Policy as well as establishing a Skills Development and Training (SD&T) Department and identifying sectors with skills deficiencies, and developing programmes to nurture individuals to drive economic growth across the municipal area, district and South Africa.

The main focus of the Municipality is to explore solutions to overcome skills shortages in the various industries.

Social Development Projects / Programmes being supported by the Special Programmes Unit :

- Vuyani Safe Haven
- Camdeboo Hospice
- ACVV
- Cluster Home, Aberdeen
- Eliakim Cluster Foster Home – Graaff-Reinet
- Intergenerational for the Aged
- Home-based Care for the Aged
- Crime Prevention – various towns in collaboration with CPF
- Skills Development – various towns in collaboration with the HR Department
- Teenagers against Drugs Abuse (TADA)
- Aberdeen Victim Support Centre
- Karoo Catch
- Khomonani Victim Support Centre
- Little Lamb Disabled Group
- Klipplaat Soup Kitchen
- Simunye Youth Group in Jansenville
- DOS Mobile Crèche – Baviaanskloof, Zaaymanshoek, Vondeling, Rietbron and surrounding farms
- All other Early Childhood Development Centres (ECDCs) in the Municipal area.
- Karoo Church Food for the Homeless Initiative
- Open Hearts Foundation – Graaff-Reinet
- Veronica Nosanko Old Age Home
- Shekinah Soup Kitchen - Graaff-Reinet
- Aunt Evelyn's Soup Kitchen – Nieu-Bethesda
- Khanyisa Day Care Centre
- South African Military Veterans in Dr. Beyers Naude Local Municipality
- True Voices

The Municipality does not have the financial means to assist the above-mentioned organisations / institutions, but does support them by delivering the basic services provided by the municipality, either free-of-charge or subsidized, as well as letters of support for any grant funding being applied for.

Some of these entities occupy municipal buildings and the maintenance of these buildings is undertaken by the Municipality as well.

The mandate of the Special Programmes Unit is to promote, facilitate, coordinate and monitor the realization of the rights of women, men, youth, children, senior citizens and people with disabilities.

The Special Programmes Unit is determined to ensure that the mandate is executed in terms of mainstreaming the rights and upliftment of women, men, children, senior citizens, youth, sport and recreation and people with disabilities through advocacy, intersectional collaboration, capacity development, monitoring and evaluation.

SERVICE STATISTICS FOR SPECIAL PROGRAMMES UNIT

(Policy Objectives for T 3.14.3 are displayed on the next page.)

EMPLOYEES : SPECIAL PROGRAMMES UNIT					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
<i>As per the organogram</i>	6	6	4	3	0%
0 – 3					
4 – 6					
7 – 9					
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total					%

T 3.14.4

COMMENTS ON STAFFING SITUATION

- The appointed SPU Assistant is performing duties in the HR Department.
- The Youth Officer in Steytlerville is performing dual functions, i.e. doing SPU-related work, as well as performing duties in the capacity as Acting PA of the Area Manager.
- The Sport Assistant in Klipplaat is assisting the Community Service Department.
- The Youth Officer in Willowmore is performing dual functions; doing SPU-related work, as well as assisting the Tourism Department.
- The HIV/AIDS Co-ordinator based in Jansenville was reinstated during the 2018/19 financial year.

SPECIAL PROGRAMMES UNIT POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth and Women.	Number of SPU Consultative Forums established, namely: Youth Council, Local Sports Council, Local Aids Council, Women's Forum and Disabled Forum by 30 th June 2020.	4	Not on Target 2. All councils established except Youth Council, however, provision is made for the establishment of the council in 2019/20.	4	2	0 Not on Target Due to Covid – 19 pandemic Establishment of forums couldn't take place. Establishment of Forums to be finalised during the 1 st quarter of 2020/21.	4		
Service Objective No. 2									
To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth and Women.	Number of training programmes for vulnerable groups especially youth and disabled citizens by 30 th June 2020.	8	8 On Target. Various training programmes implemented and completed	8	10	On Target Various training programmes implemented & completed. Bursaries & Internships included.	12		
T 3.14.3									

FINANCIAL PERFORMANCE 2019/20 : SPECIAL PROGRAMMES UNIT					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	% Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	1245	1333	1345	1346	1%
Repairs and Maintenance	4	14	2		
Other	210	147	89	75	-96%
Total Operational Expenditure	1459	1494	1436	1421	-5%
Net Operational Expenditure	1459	1494	1436	1421	-5%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.14.5</i>

- The Special Programmes Unit did not have a dedicated Budget for year/s of reporting. Operating expenditure was covered by provision made under Municipal Manager's Office. This will be rectified for the next financial year.

CAPITAL EXPENDITURE YEAR 2019/20 : SPECIAL PROGRAMMES UNIT					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					<i>T 3.14.6</i>

- There were no Capital Projects or resultant Capital Expenditure for the Special Programmes Unit.

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL

The Special Programmes Unit achieved most of its targets for 2019/20 and has performed satisfactorily.

COMPONENT E : ENVIRONMENTAL PROTECTION

This component includes pollution control, biodiversity, landscape and coastal protection.

3.15 POLLUTION CONTROL

Section 152(d) of our Constitution, Act 108/1996, places an obligation on Local Government to “promote a safe and healthy environment”. Part B of Schedule 4 and 5 of the Constitution stipulates Pollution Control as a responsibility of Local Government, which must be enforced by way of Municipal By-laws and other legislation.

The right to prevent pollution and ecological degradation by everyone is enshrined in our Constitution. In our municipality urban areas are primary centres of activity that generate air quality impacts. This includes particulate, paraffin usage and other emissions. Overall contributing factors are results of either concentrated traffic volumes, industrial activities including household fires.

In terms of Air Quality Management, Sarah Baartman District Municipality is the Licensing Authority and there is also an agreement with them for Dr Beyers Naudé to perform the Environmental Health Services on their behalf, on an agency basis. Duties resorting under this agreement include the following:

- Ensuring hygienic working, living and recreational environments.
- The identification of polluting agents and their sources i.e. air, land and water.
- Conducting environmental health impacts and assessments including Major Hazardous Installations.
- Conducting environmental health hazards and risk mapping.
- Accident prevention e.g. paraffin usage.
- Approval of environmental health impact reports and commenting on Environmental Impact Assessment applications.
- Ensuring clean and safe air externally (ambient and point sources) including emission inventories monitoring, modelling and toxicological reviews and complaint investigations.
- Control and prevention of vibration and noise pollution.
- Prevention and control of land pollution detrimental to human, animal and plant life.
- Ensuring compliance with the provisions of Occupational Health and Safety Act and its regulations – including anticipating, identifying, evaluating and controlling of occupational hazards.
- Preventative measures required to ensure that the general environment is free from health risks.
- Ensuring the registration, permitting, monitoring and auditing of all industries, activities, trade and etc, which
- involves the control of internal impacts on the worker and external impacts on the community.
- Integrity management including pipelines and tankage.
- Emergency preparedness under abnormal operating conditions and disasters jointly with other role players.
- Develop sustainable indicators appropriate for monitoring the effectiveness of Environmental Management Systems of Industry.

In protecting the atmosphere, we promote the planting of trees “Spekboom” by individuals, communities, schools, and other institutions to reduce our carbon footprint.

Promote the recycling of waste materials as well as the optimal utilisation of all possible resources in the urban environment such as sewage, storm water and organic waste.

Promote backyard gardening, greening, and beautifying of open spaces.

3.16 BIO-DIVERSITY, LANDSCAPE (INCLUDING OPEN SPACES) & OTHER

The Municipality does not have a specialized unit concentrating on Bio-Diversity or Environmental Management, but is maintaining public open spaces. However, Commonage land is not being managed or maintained properly and there are no programmes in place for the eradication of alien vegetation or erosion control – apart from those being managed by SANParks. The Municipality must do more in this regard and take pro-active steps in reducing the adverse impact on the environment, by actively encouraging and participating in the protection of its local bio-diversity. The area does not have any coastal regions to manage or maintain.

COMPONENT F : HEALTH

This component includes Clinics, Ambulance Services and Health Inspections.

3.17 CLINICS

The Municipality does not render Primary Health Care Services; this is a Provincial Competency.

3.18 AMBULANCE SERVICES

The Municipality does not render Ambulance Services; this is a Provincial Competency.

3.19 HEALTH INSPECTIONS, FOOD AND ABATTOIR LICENSING AND INSPECTIONS, ETC.

INTRODUCTION

Part B of Schedule 4 of the Constitution allocates Municipal Health Services as a Local Government function.

Residential, business and public premises must be monitored in order to identify, assess, control and manage health hazards and risks emanating from the use of such premises. This function also includes scrutinizing of building plans and providing health-related comment on environmental impact assessments of proposed new developments, in order to ensure that all health aspects are considered.

The implementation of health guidance, health education and awareness programs with the emphasis on preventative care to address both adverse environmental practices and adverse health behaviour for improved environments and healthier lifestyles.

FINANCIAL PERFORMANCE 2019/20 : HEALTH INSPECTIONS, FOOD & ABATTOIR LICENSING, ETC.

R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2179	1451	1451	1429	-2%
Expenditure:					
Employees	3349	3442	3463	2564	-26%
Repairs and Maintenance	45	98	138	76	-45%
Other	708	713	1130	874	-23%
Total Operational Expenditure	4102	4253	4731	3514	-26%
Net Operational Expenditure	1923	2802	3280	2085	-36%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.19.5</i>

2019/20 SERVICE STATISTICS FOR HEALTH INSPECTIONS, ETC.			
Data Elements		Value	Comment
1.	WATER QUALITY MONITORING		
	EH Domestic water sample collected	176	
	EH Domestic water sample compliant	134	Corrective action requests on failures.
2.	FOOD CONTROL		
	EH Food premises inspected	172	
	EH Food premises compliant	170	Issuing compliance notices.
	EH Food poisoning reported new	0	
	EH Food sample bacteriological analysis	24	
	EH Food sample bacteriological compliant	24	
3.	WASTE MANAGEMENT	172	
	EH Health care waste generator inspected	24	
	EH Health care waste generator compliant	24	
4.	HEALTH SURVEILLANCE OF PREMISES		
	EH Premises tobacco legislation inspected	166	
	EH Premises tobacco legislation compliant	166	
5.	VECTOR CONTROL		
	EH Surveillance/Inspection of premises	172	
	EH Rodent/Pest compliant	172	
6.	ENVIRONMENTAL POLLUTION CONTROL		
	EH Pollution control on premises	23	
	EH Pollution on premises compliant	23	
7.	DISPOSAL OF THE DEAD		
	EH Inspection of Funeral Parlours	44	
	EH Funeral undertaker's/mortuaries compliant	44	
8.	BUILDING PLAN INSPECTIONS		
	EH Building plan inspections	101	
	EH Building plan health regulations compliant	101	

COMMENTS ON THE PERFORMANCE OF HEALTH INSPECTIONS, ETC. OVERALL

The Environmental Health Practitioners (EHP's) are responsible for health inspections as per minimum inspection frequency per year as part as their scope of practice. There are currently two EHP's in the former Camdeboo area while the former Baviaans and Ikwezi municipalities still falls under Sarah Baartman District Municipality.

The Dr. Beyers Naudé Local Municipality entered into a Partnership Performance Service Level Agreement (PPSLA) with Sarah Baartman District Municipality for the performance of Environmental Health Services for the 2019/2020, financial year. The services is very operational by nature with very limited capital projects reason being that this is a subsidized district function. The World Health Organization advocates for governments to deploy at least 1 (one) Environmental Health Practitioner for every 10 000 population 1: 10 000 for the provision of Environmental Health Services. Environmental Health Services' organizational structure and operational staffing are not in line with the National norm.

FUNCTIONS AS PER SERVICE LEVEL AGREEMENT

Environmental Health Services per definition means the assessment, monitoring, correction, control and prevention of environmental factors that can adversely affect human health. It includes, but is not limited to, the anticipation and identification of environmental health hazards and risks regarding:

- Potable water quality monitoring,
- Ensuring a safe food supply-Food and milk control,
- Waste management,
- Health Surveillance of premises,
- Surveillance and prevention of Communicable diseases excluding immunisation,
- Vector control,
- Environmental pollution control, other than noise, water and air pollution,
- Disposal of the dead,
- Chemical safety,
- Health Information Systems,
- Health aspects of building plans approvals,
- Exhumations and re-burials monitoring,
- Hazardous Substances control,
- Epidemiology,
- Issuing certificates of acceptability and/or competency.

COMPONENT G : SECURITY AND SAFETY

INTRODUCTION

The Department of Protection Services is incorporated as a division under the Directorate of Community Services and the Manager of Protection Services reports directly to the Director of Community Services. Protection Services is responsible for the following sub-divisions:

- Traffic Control
- Traffic Law Enforcement
- General Law Enforcement
- Traffic Agency Services, which includes Roadworthiness Testing, Motor Vehicle Registration & Licensing
- Fire Brigade Services (SLA with Sarah Baartman District Municipality)
- Disaster Management

The main objective is to promote voluntary compliance with traffic legislation, to reduce traffic contraventions and road carnage and to improve safe road user behaviour. The Municipality has planned as many as possible roadblock and speed measurement actions in order to combat road accidents during holiday and festive periods.

The goals, objectives and main themes will be the basis of ongoing, day-to-day road traffic law-enforcement and communication programmes, as agreed upon for National, Provincial, Metropolitan and Local traffic authorities.

The critical offences in the towns are: disobeying of no-parking / no-stopping offences, driving without driver's licences, operating without the necessary transport operating licences, holding cell phones in hand while driving and also exceeding the speeding limit.

The N9 National Road running through Dr Beyers Naudé Municipal area is challenging over the busy festive and holiday seasons when it creates a major inflow of traffic through Graaff-Reinet, Aberdeen and Willowmore. Passenger transport operators should be requested to ensure that the drivers of their vehicles become more responsible and safe road users and respect the rights and lives of other road users.

CHALLENGES: Driving License Testing Centres (DLTC) and Vehicle Testing Stations (VTS)

- During this reporting period, Audits were conducted at the DLTC's & VTS's within DBNLM;
- As a result, the VTS in GRT was not fully operational during this financial year due to gaps that were identified during the inspections that were conducted; This had a negative effect in terms of service delivery to our communities and revenue collection;
- Bookings for learner's and driver's licenses were also affected by the findings at the GRT DLTC during this period;

The Provincial Department of Transport recommended that more staff needs to be appointed, e.g. Examiners, E-natis Cashiers, etc. The municipality have requested assistance from the Provincial Department for additional Examiners whilst the placement process is still being finalised.

The Roadworthy Centres received an average Audit Report from the Provincial Department of Transport, indicating that the Municipality needs to appoint more staff.

3.20 POLICE (including Traffic Control and Road Safety)

INTRODUCTION

Dr Beyers Naudé LM provides Traffic Control and Road Safety Services, but does not have a Municipal Police Force. The Municipality works closely with SAPS and some Councillors serve on the local CPFs, however, representation by the Municipality and attendance of these meetings needs to improve.

MUNICIPAL TRAFFIC CONTROL AND ROAD SAFETY SERVICES DATA			
Details	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.
Number of road traffic accidents during the year	198	165	253
Number of by-law infringements attended to	10	10	0
Number of fines issued during the year	302	115	215
Number of Traffic Officers in the field on average day	4	4	2
Number of Traffic Officers on duty on an average day	4	4	2
Number of Law Enforcement Officers on duty on an average day	2	1	2
<i>T 3.20.2</i>			

(Table 3.30.3 appears further down.)

EMPLOYEES : TRAFFIC SERVICES					
Job Level	2018/19	2019/20			
Traffic Officers/ Administrators	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
Chief Traffic Officer & Deputy	0	0	0	0	0%
Other Traffic Officers	0	0	0	0	0%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	0	0	0	0	0%
T 3.20.4					

- After the amalgamation, various internal consultative workshops were held to develop an organizational structure for the newly established Dr Beyers Naudé Local Municipality. Based on the fact that Jansenville and Willowmore did not have appointed traffic officials, a structure was developed, that will be addressed during the placement process. The placement process is not yet finalised, hence this is not yet attended to.

FINANCIAL PERFORMANCE 2019/20 : TRAFFIC CONTROL					
R'000					
Details	2018/19	2019/20			
		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2961	5336	5356	2457	-54%
Expenditure:					
Employees	4688	4309	4246	4369	3%
Repairs and Maintenance	204	640	140	137	-2%
Other	1112	1143	1299	1124	-13%
Total Operational Expenditure	6004	6092	5685	5630	-1%
Net Operational Expenditure	3043	756	329	3173	864%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.20.5

CAPITAL EXPENDITURE YEAR 2019/20 : TRAFFIC CONTROL					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate.</i>					<i>T 3.20.6</i>

- There were no Capital Projects or resultant Capital Expenditure for Traffic Control Services.

TRAFFIC SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
A functional and effective Community Safety Forum, Local Transport Forum and Local Disaster Management Advisory Forum	Review and restructure the existing Local Transport Forum in order to ensure a safe and quality transport system for the commuters.	4	In place is the District Disaster Management Advisory Forum and Local Transport Forum and Community Safety Forum which meets quarterly	4	In place is the District Disaster Management Advisory Forum and Local Transport Forum and Community Safety Forum which meets quarterly	4	District Disaster Management Advisory Forum		
Service Objective No. 2									
To create a platform for co-ordination, integration and implementation of multi-sectoral crime prevention and community initiatives for joint collaboration towards local crime prevention strategies.	Establish sub-committees with specific programmes in respect of crime prevention action plans, provide secretariat services for the structure, funding and infrastructure for the functioning of a Community Safety Forum and develop and integrate a CSF annual program of action into IDPs.		There is an established Community Safety Forum		Not on Target		Not on Target		

Service Objective No. 3									
To provide initiatives and reporting strategies to achieve the necessary objectives for a safe transport system.	Regular review and update the Municipality's Disaster Management plan and ensure that it incorporates threats identified throughout the region.		This is reviewed on an annually basis		This is reviewed annually		This is reviewed annually		
Service Objective No. 4									
To significantly reduce and mitigate the negative impact of disaster and to upgrade road traffic and pedestrian safety, with regular maintenance on installations and infrastructure as an ongoing concern.	Make adequate provision in the annual budget to upgrade or install applicable measures for public safety.	4	Incidents management Committee Forum which sits quarterly	4	2	Not on Target	0		
T 3.20.3									

COMMENTS ON PERFORMANCE OF TRAFFIC SERVICES OVERALL

The Department did not meet its target for conducting preventative traffic patrols and enforcing traffic legislation compliance as per its business plan – due to staff shortages

3.21 FIRE

INTRODUCTION

The main objectives of the Fire Services are to prevent fires and to protect life and property should a fire occur. The top four service delivery priorities are vehicle and equipment availability and maintenance, replacement of fire equipment, fire safety inspections and reviewing of building plans.

Dr Beyers Naudé Local Municipality operates strictly according to the SANS 10090:2003, Community Protection Against Fire Standard Code. The different towns within our jurisdiction do not render a 24/7 fire service.

The measures taken to improve performance are based on the risk assessment that was done in terms of SANS Code 10090:2003.

FIRE SERVICES DATA					
Details		2017/18	2018/19		2019/20
		Actual No.	Estimated No.	Actual No.	Projected No.
1	Total fires attended in the year	84	162		197
2	Total of other incidents attended in the year	3	25		0
3	Average turnout time - urban areas	8.21 minutes	10 minutes		10min
4	Average turnout time - rural areas	56 minutes	56 minutes		1hour
5	Fire fighters in post at year end	11	12		12
6	Total fire appliances at year end	9	9		
7	Average number of appliances off the road during the year	2	2		
T 3.21.2					

ANALYSIS OF FIRE SERVICES DATA

A total of 197 fires were attend to during the financial year. The Municipality responded within the average timeframe as stipulated above, depending on different areas.

There are challenges in the vast rural areas, mainly due to gravel roads (some in poor condition) that have to be travelled to reach destinations. This causes delays, which in turn increases the scale of the disaster. For this reason, Sarah Baartman District Municipality issued 2 light vehicle fire-fighting bakkies to improve the time response to rural calls, instead of using the more cumbersome and slower Fire Engine.

T 3.21.2.1

FIRE SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Turnout time compared to National guidelines	% turn out within guidelines (total number of turn outs)	T0% within guidelines	A0% within guidelines or x if x is larger	T1% within guidelines or A0% if that is larger	70% within guidelines or A0% if that is larger	A1% within guidelines	75% within guidelines or A1 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)	Turnout time compared to National guidelines
Service Objective No. 2									
Service Objective No. 3									
Service Objective No. 4									

T 3.21.3

T 3.21.3

CURRENT FIRE AND RESCUE STATIONS

The Municipality does not have any suitable or purpose-designed fire stations but is utilising fire garages in which fire pumpers are stored. None of the stations have a control centre. No shift system is in place; only a standby system where firefighters respond from their residences after-hours, over weekends and public holidays. There are currently no major pumping appliances available in the Municipality's area of jurisdiction.

The Fire and Rescue Service operates from 6 locations/sites at the moment which are situated in:

- Graaff-Reinet
- Willowmore
- Aberdeen
- Jansenville
- Nieu-Bethesda
- Steytlerville

GRAAFF-REINET

The Graaff-Reinet fire and rescue building is well situated in the CBD and is shared with the municipal Traffic and Disaster Management functions. The Fire and Rescue Service is rendered from 07:30 to 16:30 from the

station. The municipality identified a portion of the Old Kroonvale Swimming Pool in Graaff-Reinet as a suitable site for this new development.

There are currently one Manager: Protection Services and 4 Firefighters deployed at the station and one Senior Firefighter position which is currently vacant.

After normal working hours - including weekends and public holidays - employees are placed on rotational standby and need to respond from home to the station. Calls are predominantly received from SAPS or the Emergency Ambulance Services radio control rooms. Employees on standby utilise LDV skid units, where available, to respond from home.

Apart from the 2 x medium pumpers, a water tanker, a fire water trailer and HAZMAT trailer have been allocated to Graaff-Reinet.

An application was made to Sarah Baartman District Municipality for the construction of a new Fire Station.

WILLOWMORE

Willowmore fire and rescue service occupies a building (with limited facilities) which is shared with the Provincial Ambulance Service. A Hino 500 medium pumper with rescue equipment, as well as an LDV skid fire unit, a HAZMAT trailer and water trailer is stationed at Willowmore. Three persons were trained as fire fighters during this financial year. There are currently one Fire Officer and 3 fire fighters stationed at Willowmore.

The Fire and Rescue Service is rendered from 07:30 to 16:30 from the Fire and Rescue building. After normal working hours including weekends and public holidays, employees are placed on standby and need to respond from home to the incident. Calls are predominantly received from SAPS or the Ambulance Services Control rooms. There is no control centre. Calls are received via cell phones issued to the officer and firefighters on standby.

ABERDEEN

Aberdeen has a Dennis medium pumper fire appliance which is housed in a garage. There is only one Firefighter stationed at Aberdeen, assisted by 3 employees. Any support fire appliances or firefighters during an above normal incident need to be deployed from Graaff-Reinet.

STEYTLERVILLE

Steytlerville has no fire station. However, the fire water trailer unit located to the area is housed within an electrical services garage. There is one Fire Station Officer stationed at Steytlerville.

NIEU-BETHESDA

Nieu-Bethesda has no fire station. However, a Ford F250 4x4 light fire pumper has been allocated to the area and housed within a garage. Municipal employees man the appliances.

JANSENVILLE

Jansenville has no fire station. However, they share a multi-purpose garage with Engineering and Planning Services. A medium pumper Hino 500 with rescue equipment has been allocated to the area.

The Fire and Rescue Service is rendered from 07:30 to 16:30 from the mentioned building. After normal working hours including weekends and public holidays, employees are placed on standby and need to respond from home to the incident. Calls are predominantly received from SAPS Control room. There is no control centre. Calls are received via cell phones issued to the officer and firefighters on standby.

EMPLOYEES OF FIRE SERVICES

A Performance Fire Service level agreement was developed and signed with Sarah Baartman DM.

EMPLOYEES : FIRE SERVICES					
Job Level	2018/19	2019/20			
Fire Fighters / Administrators	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
Chief Fire Officer & Deputy	0	0	0	0	0%
Other Fire Officers	0	0	0	0	0%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	10	2	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	0	0	0	0	0%
T 3.21.4					

FINANCIAL PERFORMANCE OF FIRE SERVICES

Although Dr Beyers Naudé Local Municipality has signed a service level agreement with Sarah Baartman District Municipality, we also realised that additional funds should be allocated for appointing of additional personnel.

Dr Beyers Naudé Local Municipality has a fire service tariff structure in place to subsidize operational costs.

Although the Municipality is receiving a grant on a yearly basis from Sarah Baartman District Municipality, **the** funding is insufficient to render a 24/7 fire service.

During the financial period 2019/2020, the Sarah Baartman District Municipality procured and delivered two Ford Ranger fire-fighting vehicles to Dr Beyers Naudé Local Municipality.

FINANCIAL PERFORMANCE 2019/20 : FIRE SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2170	1999	3048	520	-83%
Expenditure:					
Employees	6116	6264	6119	3856	-37%
Repairs and Maintenance	17	152	52	40	-23%
Other	389	505	505	3197	533%
Total Operational Expenditure	6522	6921	6676	7093	6%
Net Operational Expenditure	4352	4922	3628	6573	81%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.21.5

CAPITAL EXPENDITURE OF FIRE SERVICES.

The Municipality endeavours to meet the requirements as set out in SANS 10090:2003, with the financial support that it receives every financial year. This funding is basically used to cover the costs of fire pumpers, protective clothing and complying with equipment standards.

CAPITAL EXPENDITURE 2019/20 : FIRE SERVICES					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
		0	0	0	
Project A : Upgrading of Klipplaat and Aberdeen Satellite Fire Stations	0	0	0	0	
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.21.6</i>

- Project was not foreseen and therefore not budgeted for. Funding to be allocated during 2020/2021 financial year.

COMMENTS ON THE PERFORMANCE OF FIRE SERVICES OVERALL

An assessment of the fire hazards was conducted during the previous year, to determine the extent of the fire services needed to provide adequate protection for our fire area with the assistance of Sarah Baartman District Municipality. The report is not available yet.

An annual Performance Fire Service Level Agreement (LSA) was developed and signed between Sarah Baartman District Municipality and Beyers Naudé Municipality and Retained firefighters were appointed, in order to meet some of the operational objectives – in accordance with SANS 10090:2003.

3.22 OTHER (Disaster Management, Animal Licensing & Control, Public Nuisances, etc.)

INTRODUCTION

In terms of Chapter 5 of the Disaster Management Act, 57 of 2002, Dr Beyers Naudé Local Municipality has participated in the establishment and implementation of a framework for Disaster Management. This framework was to ensure that the Municipality has an integrated and uniform approach towards Disaster Management, in line with the Integrated Development Plan. SBDM appointed a service provider who assisted all the different LMs during May 2016. The service provider held various consultative workshops within the Municipality's area to conduct a risk assessment.

SERVICE STATISTICS

Dr Beyers Naudé Local Municipality was faced with a prolonged drought. A promulgation was issued that declared the Municipality as a disaster area. The Nqweba dam is empty and water carting was taking place.

No additional Law Enforcement Officers were appointed to ensure that by-laws will be enforced and the finalisation of placement is still awaited. Awareness campaigns were done at schools in respect of littering.

POLICY OBJECTIVES

No Disaster Management Plan was approved for BNLM by Council during the 2019/20 financial year. Previously, the three disestablished LMs each had their own Disaster Management Plans. The Municipality has had meetings with Sarah Baartman DM to discuss the development of a Disaster Management Plan.

DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC. POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
A functional and effective Community Safety Forum, Local Transport Forum and Local Disaster Management Advisory Forum.				A Forum for Disaster Management is established from the SBDM and there is a Satellite office to assist in disaster.					
Service Objective No. 2									
To significantly reduce and mitigate the negative impact of disaster and to upgrade road traffic and pedestrian safety, with regular maintenance on installations and infrastructure as an ongoing concern.				There is no effective Law Enforcement in the Municipality					
T 3.22.3									

EMPLOYEES

Dr Beyers Naudé Local Municipality does not have a staff component dealing with Disaster Management. It utilizes the Satellite Officer appointed by Sarah Baartman District Municipality for the region to assist with awareness campaigns, training of volunteers and reviewing of the Disaster Management Plan.

However, provision has been made on the December 2018 organogram for a Disaster Management Officer. Awaiting placement to be finalised.

EMPLOYEES : DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	0	0	0	0	0%

T 3.22.4

FINANCIAL PERFORMANCE 2019/20 : DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	0	0	0	0	0%
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

T 3.22.5

- There was no Operational Revenue or Expenditure under the Disaster Management, Animal Licensing and Control or Control of Public Nuisances functions.

CAPITAL EXPENDITURE 2019/20 : DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC.					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B					

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).

T 3.22.6

- There were no Capital Projects or resultant Capital Expenditure under the Disaster Management, Animal Licensing and Control or Control of Public Nuisances functions.

COMMENTS ON THE PERFORMANCE OF PROTECTION SERVICES OVERALL

This Municipality does not have an approved operating or capital budget for Disaster Management functions. It depends on financial assistance from the District and Province when local disasters occur.

COMPONENT H : SPORT AND RECREATION

INTRODUCTION

The Municipality offers a number of facilities and caters for virtually all the sporting codes, i.e. Soccer, Rugby, Netball, Cricket, Tennis, Athletics, etc. There are caravan parks in most towns; as well as established hiking trails and picnic spots. The Municipality also has a few Recreation Hubs, namely in Rietbron, Aberdeen and Klipplaat.

As a result of the vastness of the Municipal area, Ward-based Sport Forums were established during 2018/19. These forums will assist the Local Sports Council and Special Programmes Unit in identifying the needs and potential within the respective towns.

3.23 SPORT AND RECREATION

SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
To provide facilities and services that will address the recreational and other social needs of the community.									
Service Objective No. 2									
Stadiums and sports field that have been upgraded and properly equipped to function properly and fully utilized.		Submitted application for the upgrading of stadiums			Upgrading Soccer field by paving parking area (300 m2) and construction of 1 ablution facility (138m2) by 30 June 2020.				
Service Objective No. 3									
Paly parks in all Wards that are safe, secured and healthy recreational areas for children in our communities.									
T 3.23.2									

EMPLOYEES : SPORT AND RECREATION					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3					
4 – 6					
7 – 9					
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total					%
T 3.23.3					

FINANCIAL PERFORMANCE 2019/20 : SPORT AND RECREATION					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14	15	15	15	0%
Expenditure:					
Employees	13405	14143	13633	13766	1%
Repairs and Maintenance	474	544	194	95	-51%
Other	2506	2615	2753	2618	-5%
Total Operational Expenditure	16385	17302	16580	16479	-1%
Net Operational Expenditure	16371	17287	16565	16464	-1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.23.4

CAPITAL EXPENDITURE 2019/20 : SPORT AND RECREATION					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A : Phase 2 development of Soccer Field in Kroonvale (GRT)	0	0	0	0	280,000
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					T 3.23.5

COMMENTS ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL

Most of the sport facilities require upgrading or refurbishment. Vandalism of facilities is a huge concern and the Municipality is not in position to repair vandalized facilities regularly as it has enormous budget implications. Some facilities are non-functional; others are undergoing or are earmarked for extensive repairs and upgrading.

COMPONENT I : CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION

Dr Beyers Naudé Local Municipality is a Category B Municipality with a Collective Executive System combined with a Ward Participatory System. The Council consists of 27 Councillors. The Council has a Mayor and a Speaker; both are serving in a full-time capacity.

The Mayor is the Chairperson of the Executive Committee and the Speaker presides over Council Meetings. Council has four (4) Portfolio Committees, namely:

- Engineering and Planning
- Corporate Services
- Budget and Treasury
- Community Services

Other Oversight Committees are:

- Audit Committee and;
- Municipal Public Accounts Committee (MPAC)

3.24 EXECUTIVE AND COUNCIL

FINANCIAL PERFORMANCE YEAR 2019/20 : THE EXECUTIVE AND COUNCIL					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1055	7017	7017	6940	-1%
Expenditure:					
Employees	16812	12196	13487	22283	65%
Repairs and Maintenance	12	3	1403	4961	254%
Other	12443	14842	13768	5994	-56%
Total Operational Expenditure	29267	27041	28658	33238	16%
Net Operational Expenditure	28212	20024	21641	26298	22%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.24.5</i>

3.25 FINANCIAL SERVICES

INTRODUCTION

Financial Services took steps to achieve the goals/objectives of capacity building in the Budget and Treasury Office, to improve the municipal audit outcome and establish a Supply Chain Management Unit.

The introduction of baseline tariffs has significantly increased revenue and collection strategies are continually updated to deal ensure all revenue is collected to ensure continuity of service delivery.

FINANCIAL PERFORMANCE YEAR 2019/20 : FINANCIAL SERVICES					
R'000					
Details	2018/19 Actual	2019/20			
		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	111516	56002	61557	47493	-23%
Expenditure:					
Employees	21057	22495	24692	25998	5%
Repairs and Maintenance	1639	132	35	87	149%
Other	74329	23591	36507	48798	34%
Total Operational Expenditure	97025	46218	61234	74883	22%
Net Operational Expenditure	-14491	-9784	-323	27390	-8580%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.25.5

CAPITAL EXPENDITURE YEAR 2019/20 : FINANCIAL SERVICES					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	350	205	-41%	
Project A : Office Furniture	0	350	205	-41%	
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					T 3.25.6

COMMENTS ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

For Financial Services, the project outline represents fairly the capital expenditure needs of the Department. However, due to inadequate implementation of the Capital Budget, particularly on office furniture, there were large variances.

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The objective of the Human Resources function is to render services to the organization i.e. Personnel provisioning, training and development, payroll services, as well as services with regard to the transformation of the organisation i.e. Employment Equity Services – whilst following a stringent regime with regard to Safety Regulations, in line with the Occupational Health and Safety Act.

Such Services are rendered within a policy framework. The policy framework depicts, for example, the Organisation's own Institutional Policies and Collective Agreement; that is the Consolidated Collective Agreement on Conditions of Service, Disciplinary Procedure Collective Agreement, Main Collective Agreement and the relevant pieces of legislation that are operational within the sector.

The HR Section started a process of reviewing of its own organisational HR Policies that were adopted by the Municipal Council in June 2019. During the year under review, such policies served as a guideline that informed all HR-related activities that were to follow the adopted policy guidelines to the letter.

In general, this approach impacted positively on the organisation and also reduced the huge costs of overtime in particular.

T 3.26.

HUMAN RESOURCE SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2019/20	2020/21	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Organogram	Consultation workshops with all stakeholders	Establishment of an Organogram	Organogram Adopted in Dec. 2018/19	Organogram Adopted in Dec. 2018/19	Review Organogram by Dec. 2019	Not on Target	Review Organogram by Dec. 2020	Review Organogram by June 2021	Annual review of Organogram
Service Objective No. 2									
Placement of Staff	Establishment and Approval of a Placement Policy		Adoption of Placement Policy			Commencement of Placement Process	Implementation of Placement	Placement to be finalised.	
Service Objective No. 3									
Recruitment of Staff	Filling of vacant Section 57 Positions	Filling of Director Corporate Services	Process not yet started	Filling of Director Corporate Services	Advertise vacant Section 57 positions	Recruitment process to be finalised	0	0	
Service Objective No. 4									
Recruitment of Staff	Filling of vacancies						Advertise vacant positions after completion of placement	Recruitment of Staff especially critical positions	
T 3.26.3									

T 3.26.3

EMPLOYEES : HUMAN RESOURCE SERVICES					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10 – 12	5	15	5	10	66.6%
13 – 15	3	0	3	0	0%
16 – 18					
19 – 20					
Total	8	15	8	7	1.5%
T 3.26.4					

FINANCIAL PERFORMANCE YEAR 2019/20 : CORPORATE SERVICES (INCL. HR SERVICES)					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other	0	355	155	88	-303%
Total Operational Expenditure	0	355	155	88	-303%
Net Operational Expenditure	0	355	155	88	-303%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.26.5

CAPITAL EXPENDITURE YEAR 2019/20 : HUMAN RESOURCE SERVICES					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B					
Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).					T 3.26.6

- There were no Capital Projects or resultant Capital Expenditure by the HR Department.

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

The overall performance of Human Resources on its different functions has improved tremendously during the past financial year. Roadshows have been held in all departments and area offices, explaining the roles and responsibilities of HR in relation to the Basic Conditions of Services and the implementation of policies, as well as the importance thereof. All adopted policies have been communicated to line managers and supervisors, as they are mostly the implementers of policies.

Roadshows took place in terms of the placement process and had one on one sessions as well to explain the policy in detail.

HR has improved in terms of communicating employee-related matters to the general workers. What has also improved, is the relationship between HR and the two Municipal Labour Unions. The Local Labour Forum is functional and meets as per the year planner.

T 3.26.7

3.27 INFORMATION & COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION

Appreciation goes to all Dr Beyers Naudé Local Municipality staff for having patience with the ICT Unit. The Municipality's network and user database continue to increase and currently stand at 292 Computers and 12 Servers. This year, with all the unknown procedures, staff and applications was a learning curve for the ICT Unit and it can only get better as time goes on.

It cannot confidently be said that Dr Beyers Naudé Local Municipality is no longer a high-risk pertaining data and security. The Municipality will always strive to keep its network up to date with the latest trends that technology has to offer. ICT has been restructuring many, if not all, things like: over complicated networks, unstable (outdated) servers, open WiFi in buildings that have had the same password for the past 10 years, changing of passwords of all administrative devices, servers, antennas, WiFi and computers to avoid any unauthorized access to the network and confidential data.

The Municipality has been applauded by suppliers and contractors in the ICT field for the progress it has made so far, and has been told that its IT Infrastructure is way ahead of most – if not all – surrounding municipalities in the region.

INTERNET

It is pleasing to report that the Municipality advanced from 25mbpsADSL internet to a very stable 45mbps up and download speed metro fibre internet connection for the Dr Beyers Naudè area as allowed by the infrastructure. The tender process for the new phones is still awaited. The tender for the network was awarded and allowed us to share the 45mbps fibre connection with the other municipal towns, with the option to upgrade the fibre to 100mbps if needed.

The use of fibre allows the use of cloud-based solutions, that could not be utilised in the past as the internet was too slow and applications could not run sufficiently.

HOSTED EXCHANGE (EMAILS)

As mentioned above the Municipality now makes use of cloud-based solutions. Emails was the first application. The move to the cloud was prompted by the need for many different towns to connect to one email solution. A cloud-based solution was the only viable option that would work. This hosted exchange also means that as long as the employee has an internet connection, he/she can connect to their emails without any trouble. The hosted exchange has been used for more than a year now.

ANTIVIRUS AND ICT POLICIES

The Antivirus was successfully migrated to ESET Antivirus and has been running for the past year. Installation was successfully done on most user computers with minimal virus detections.

PRINTERS

Bulk printing is still being done from a central Print room, and prints are being collected from the Print Room by individuals. This resulted in substantial cost saving in this area.

IT policies

New Policies and procedures have been created for the new entity and have been workshopped with Management and Council. Yearly revision of the policies is being planned for the third quarter of the year. Plans to improve the Disaster Recovery capabilities are underway by means of budgeting for a new server and generator for backup purposes.

ICT SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20		2020/21	2021/22		
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Followi ng Year (x)
Service Objective No. 1									
To improve overall efficiency of ICT ~ administration, billing, record keeping, information sharing and communication; to ensure optimal, cost-effective production and quality service delivery.						Virtual equipment and infrastructure were put in place to effect cost saving and information sharing. A fully functioning helpdesk system were implemented to assist with record keeping. Upgrading of WAN network was completed to enhance the communicatio n between areas.			
Service Objective No. 2									
Service Objective No. 3									
T 3.27.3									

EMPLOYEES : ICT SERVICES					
Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	2		2		
4 – 6					
7 – 9		8		6	75%
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total					75%
T 3.27.4					

FINANCIAL PERFORMANCE YEAR 2019/20 : ICT SERVICES					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	984	1051	1041	1120	6%
Repairs and Maintenance	328	38	0	0	
Other	102	65	384	548	88%
Total Operational Expenditure	1412	1154	1425	1668	31%
Net Operational Expenditure	1412	1154	1425	1668	31%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.27.5

CAPITAL EXPENDITURE YEAR 2019/20 : ICT SERVICES					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					T 3.27.6

- There were no Capital Projects or resultant Capital Expenditure by ICT Services.

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The Municipality has an ICT unit consisting of two permanent employees and one contract worker. During the 2019/2020 year the following programs were implemented.

- Upgrading of municipal internet and network infrastructure
- Upgrade of printers in all buildings
- A functioning ICT helpdesk system

The position of the ICT Manager is vacant to date which makes it very difficult for taking responsibilities and decision making. The position has been referred to the budget 2020/21.

T 3.27.7

3.28 PROPERTY, LEGAL, RISK MANAGEMENT & PROCUREMENT SERVICES

This component includes property, legal, risk management and procurement services.

INTRODUCTION TO PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

The Property Management Section is responsible to render properties and facilities management administration processes in respect of all land and property transactions within the entire Municipal jurisdiction. The approved organogram makes provision for a Property Management Section. However, the positions under this section is yet to be filled. In the absence of a fully operational section, an Official was identified and appointed in an Acting capacity to perform the functions under this section.

A lease register was developed and approved by Council which incorporates all leases within Dr Beyers Naudé Local Municipality. Council resolved on the 30th January 2020 that all expired leases should be advertised for public interest. However, challenges were experienced in terms of market-related rentals in order to proceed or execute Council's resolution.

During this financial year, various Council properties were vandalised in most of our areas. Due to budget limitations, it is very difficult to maintain & repair Council's properties.

The Municipality does not have a dedicated unit dealing with property management, but an official was identified to deal with property management issues. The leases are done in-house for all municipal properties. The challenge within the Municipality is a very limited budget for maintenance and repair of the properties.

The Municipality does not have a legal unit and all legal matters are outsourced, as and when needed. Provision has been made in the organogram for the position of a Manager Legal Services – in the Office of the Municipal Manager.

There is a dedicated Internal Audit Unit – reporting to the Municipal Manager. The Risk Management function is part of the Unit's organizational structure and a risk management officer in April 2019. The incumbent is performing the duties attached to the post.

Procurement Services are the direct responsibility of the Supply Chain Management Department, situated within the Budget and Treasury Directorate.

T3.28.1

SERVICE INDICATORS FOR PROPERTY, LEGAL, RISK MANAGEMENT & PROCUREMENT SERVICES	
1.0	1.0
1.1	1.1
1.2	1.2
1.3	1.3
1.4	1.4
1.5	1.5
1.6	1.6
1.7	1.7
1.8	1.8
1.9	1.9
1.10	1.10
1.11	1.11
1.12	1.12
1.13	1.13
1.14	1.14
1.15	1.15
1.16	1.16
1.17	1.17
1.18	1.18
1.19	1.19
1.20	1.20
1.21	1.21
1.22	1.22
1.23	1.23
1.24	1.24
1.25	1.25
1.26	1.26
1.27	1.27
1.28	1.28
1.29	1.29
1.30	1.30
1.31	1.31
1.32	1.32
1.33	1.33
1.34	1.34
1.35	1.35
1.36	1.36
1.37	1.37
1.38	1.38
1.39	1.39
1.40	1.40
1.41	1.41
1.42	1.42
1.43	1.43
1.44	1.44
1.45	1.45
1.46	1.46
1.47	1.47
1.48	1.48
1.49	1.49
1.50	1.50
1.51	1.51
1.52	1.52
1.53	1.53
1.54	1.54
1.55	1.55
1.56	1.56
1.57	1.57
1.58	1.58
1.59	1.59
1.60	1.60
1.61	1.61
1.62	1.62
1.63	1.63
1.64	1.64
1.65	1.65
1.66	1.66
1.67	1.67
1.68	1.68
1.69	1.69
1.70	1.70
1.71	1.71
1.72	1.72
1.73	1.73
1.74	1.74
1.75	1.75
1.76	1.76
1.77	1.77
1.78	1.78
1.79	1.79
1.80	1.80
1.81	1.81
1.82	1.82
1.83	1.83
1.84	1.84
1.85	1.85
1.86	1.86
1.87	1.87
1.88	1.88
1.89	1.89
1.90	1.90
1.91	1.91
1.92	1.92
1.93	1.93
1.94	1.94
1.95	1.95
1.96	1.96
1.97	1.97
1.98	1.98
1.99	1.99
2.0	2.0
2.1	2.1
2.2	2.2
2.3	2.3
2.4	2.4
2.5	2.5
2.6	2.6
2.7	2.7
2.8	2.8
2.9	2.9
2.10	2.10
2.11	2.11
2.12	2.12
2.13	2.13
2.14	2.14
2.15	2.15
2.16	2.16
2.17	2.17
2.18	2.18
2.19	2.19
2.20	2.20
2.21	2.21
2.22	2.22
2.23	2.23
2.24	2.24
2.25	2.25
2.26	2.26
2.27	2.27
2.28	2.28
2.29	2.29
2.30	2.30
2.31	2.31
2.32	2.32
2.33	2.33
2.34	2.34
2.35	2.35
2.36	2.36
2.37	2.37
2.38	2.38
2.39	2.39
2.40	2.40
2.41	2.41
2.42	2.42
2.43	2.43
2.44	2.44
2.45	2.45
2.46	2.46
2.47	2.47
2.48	2.48
2.49	2.49
2.50	2.50
2.51	

PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2017/18		2018/19		2019/20	2020/21		
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
NOT APPLICABLE									
T 3.28.3									

EMPLOYEES : PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES					
Job Level (TG)	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3	0	0	0	0	0
4 – 6	0	1	0	1	100%
7 – 9	0	2	0	2 (Property)	100%
10 – 12	0	1	0	1 (Property)	100%
13 – 15	0	1	0	1 (Legal)	100%
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	0	5	0	5	100%
T 3.28.4					

FINANCIAL PERFORMANCE YEAR 2019/20 : PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES					
R'000					
Details	2018/19 Actual	2019/20			
		Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	410	825	825	356	-132%
Expenditure:					
Employees	967	1051	954	982	-7%
Repairs and Maintenance	152	416	123	16	-2500%
Other	56947	4010	3246	18115	78%
Total Operational Expenditure	58066	5477	4323	19113	71%
Net Operational Expenditure	57656	4652	3498	18757	75%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.28.5</i>

CAPITAL EXPENDITURE YEAR 2019/20 : PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES					
R' 000					
Capital Projects	Year 2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	0
Project B					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					<i>T 3.28.6</i>

- There were no Capital Projects or resultant Capital Expenditure by Property, Legal, Risk Management and Procurement Services.

COMMENT ON THE PERFORMANCE OF PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES OVERALL

The Property Management Section is not yet fully capacitated to perform its normal functions. But despite of this shortfall, all matters which relates to property management/leases were attended to.

Drafting of new lease agreements and the implementation of Council's resolutions remains a challenge.

Due to financial constraints, repairs and maintenance of Council's properties remains a challenge.

The Municipality has no dedicated unit dealing with property and matters, but despite limited capacity in terms of staff shortage and other resources, all matters are attended to satisfactorily.

The Municipality experienced a huge backlog pertaining to leases in general – such as the drawing up of contracts, monitoring, terminations and renewal of expired contracts. However, there was a significant improvement in the administration and management of contracts during the year of reporting, as a dedicated official was identified and a committee was established to deal with all outstanding leases. All other complicated contracts and legal issues are outsourced to attorneys.

Repairs and maintenance of property is a huge challenge, due to severe financial constraints. T 3.28.7

COMPONENT J : MISCELLANEOUS

This component includes the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO AIRPORT SERVICES

T 3.29.0

SERVICE INDICATORS FOR AIRPORT SERVICES

AIRPORT SERVICES POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives / Service Indicators (i)	Outline Service Targets (ii)	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
Service Objective No. 1									
Service Objective No. 2									
T 3.29.1									

EMPLOYEES : AIRPORT SERVICES

Job Level	2018/19	2019/20			
	Number of Employees	Number of Posts	Number of Employees	Number of Vacancies (fulltime equivalents)	Vacancies as a % of total No. of Posts
0 – 3					
4 – 6					
7 – 9					
10 – 12					
13 – 15					
16 – 18					
19 – 20					
Total					%
T 3.29.2					

COMPONENT K : ORGANIZATIONAL PERFORMANCE SCORECARD

ORGANIZATIONAL SCORECARD 2019/20

The function of Performance Management within the Municipality resides in the Office of the Municipal Manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) through the SDBIP. Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the Municipality and its administration. These indicators pinpoint areas of focus for each financial year and are included in the IDP.

Once approved, the IDP is married to the budget in a document called the Service Delivery and Budget Implementation Plan (SDBIP) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then used to develop agreed performance plans for the Municipal Manager and Directors which should be evaluated quarterly.

An Annual Performance Report was developed in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular No.11. The report covers the performance information from 01 July 2019 to 30 June 2020 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2019/20.

The format of the report reflects the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Areas, which are:

- Organizational Transformation & Institutional Development;
- Service Delivery & Infrastructure Planning;
- Local Economic Development;
- Financial Viability and
- Good Governance and Public Participation.

For the 2019/20 financial year, the organizational scorecard reflects the following performance results per development priority, namely:

IDP DEVELOPMENT PRIORITY	Number of KPIs	On Target	Not on Target	% Achieved
Infrastructure Development	21	11	10	52%
Community Development	4	0	4	0%
Institutional Development	17	7	10	41%
Local Economic Development	7	3	4	43%
Back to Basics: Good Governance	11	2	9	1%
Back to Basics: Sound Financial Management	11	5	6	45%
T 3.3.30				

The Municipality experienced various challenges during the financial year and as a result only 51% of all planned targets as per the Service Delivery and Budget Implementation Plan (SDBIP) were met. It is also clear that more attention needs to be placed on the performance of Local Economic Development, Community Development and ensuring Sound Financial Management within the Municipality. Many more KPIs will be added to these KPAs in the 2020/21 financial year.

The Municipality needs to create an enabling environment for economic growth, investment attraction, enterprise development and retention. All outstanding targets will be attended to and be reported to Council.

❖ *THE 2019/20 ANNUAL PERFORMANCE REPORT HAS BEEN ATTACHED AS ANNEXURE 4 IN VOLUME II OF THIS REPORT.*



CHAPTER 4

ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT : PART 2)



COMPONENT A : INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

The aim of this document is to provide a Staff Structure in terms of reporting and remuneration levels for the Municipality. The review of the organizational structure is a strategic process of monitoring sustainable service delivery. A recent audit process found lack of supervision at a municipal level. In response to the audit finding and informed by its service delivery objectives, the organizational structure is reviewed and developed.

To achieve the objectives set out in the IDP, it is vital that the capacity and transformation needs of the Municipality be clearly defined and understood.

Council approved and organizational structure in December 2018 hence placement process commenced in February 2019. The placement process has been finalized and one on one sessions commenced in September 2019.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The organogram was adopted by Council on 13 December 2018. The Placement Process commenced during the year of reporting but has not yet been finalised.

There are a total number of 1,052 posts on the Municipality's organogram, of which 518 were filled. Due to the placement process not being finalised and the job evaluation process that has not yet commenced, it is difficult to give a ratio on level 9 - 12 in terms vacancy rates. It is only possible to provide figures for the current filled positions.

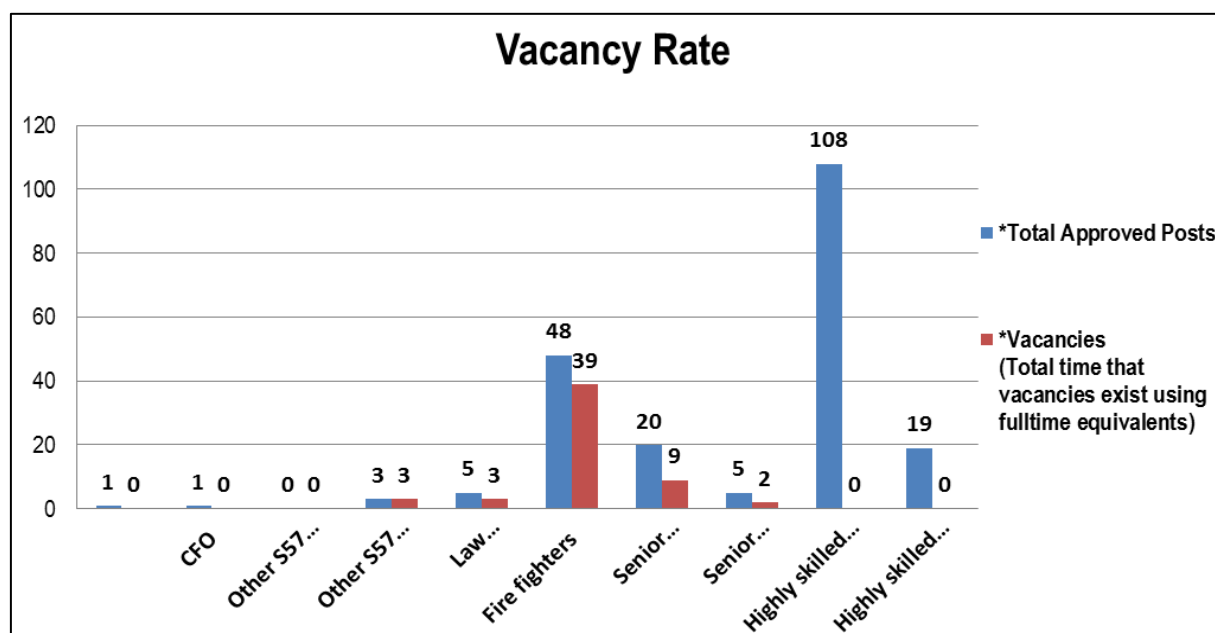
EMPLOYEES : 2019/20					
Description	2018/19	2019/20			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Municipal Manager and Staff	23	25	23	2	8%
CFO, Budget and Treasury & SCM Staff	65	105	64	41	39%
Corporate Services (Administration and HR)	85	117	84	33	28%
Library Services	13	26	12	14	53%
Protection, Traffic & Fire Services	28	105	26	79	75%
Community & EH Services	5	16	3	13	81%
Parks, Gardens & Amenities	42	108	40	68	63%
Refuse Services	67	181	66	115	64%
Street and Pavements	59	71	58	13	18%
Engineering & Planning	56	122	52	70	57%
Water, Sanitation & WWTW	60	120	58	62	52%
Electrical Services	34	56	32	24	42%
Totals	537	1052	518	534	51%
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.					T 4.1.1

EMPLOYEE VACANCY RATE : 2019/20

Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using full-time equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	3	100
Other S57 Managers (Finance Posts)	0	0	0
Law enforcement Officers	5	3	60
Firefighters	48	39	81
Senior management levels 13 - 15 (excluding Finance posts)	20	9	45
Senior management levels 13 – 15 (Finance posts)	5	2	40
Highly skilled supervision levels 9-12 (excluding Finance posts)	108	0	0
Highly skilled supervision levels 9-12 (Finance posts)	19	0	0
TOTAL	210	56	26.67%

*Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 4.1.2



EMPLOYEE TURNOVER RATE			
Year	Total Appointments as at beginning of Financial Year	Terminations during the Financial Year	Turnover Rate %
2018	54	14	26
2019	4	7	1.75
2020	0	19	0%
<i>To calculate Turnover Rate, divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year.</i>			T 4.1.3

COMMENTS ON VACANCIES AND TURNOVER

The positions of Director Corporate Services (1 June 2018), Director: Engineering & Planning Services (1 June 2019) and the Director Community Services (1 September 2019) are vacant.

In line with the Municipality's Succession Planning Policy, opportunities are created for employees to advance within the ranks of the institution, through vacant posts first being advertised internally, and only if no suitable internal candidate can be found, will the post be advertised externally.

COMPONENT B : MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION

Note: MSA 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.

An organizational structure was developed, workshopped with all stakeholders and approved by Council in December 2018.

Dr Beyers Naudé Municipality is committed to the principles of Employment Equity and has made conscious efforts to appoint historically and previously disadvantaged individuals in the top four tiers of its Staff Establishment.

4.2 POLICIES

NAME OF POLICY		IN PLACE Yes / No	REVIEWED Yes / No	DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT
1	Institutional Plan (HR Plan)	No	No	Draft
2	Employment Equity Plan	No	No	Draft
3	Workplace Skills Plan	Yes	Yes	30/04/2018
4	Relocation Policy	Yes	No	28/06/2019
5	Migration & Placement policy	Yes	No	29/05/2018
6	Subsistence & Travel	Yes	No	23/05/2017
7	Recruitment and selection	Yes	No	28/06/2019

8	Leave	Yes	No	28/06/2019
9	Skills development and training	Yes	No	28/06/2019
10	Overtime	Yes	No	28/06/2019
11	Termination of employment	No	No	No policy in place for new Municipality
12	Legal assistance & Indemnification	No	No	No policy in place for new Municipality
13	Administration of Council-owned housing stock leased to employees	No	No	No policy in place for new Municipality
14	Private work & declaration of interests	No	No	No policy in place for new Municipality
15	Smoking control	No	No	No policy in place for new Municipality
16	Alcohol and drug abuse	No	No	No policy in place for new Municipality
17	Remuneration	No	No	No policy in place for new Municipality
18	ALLOWANCES - Acting Allowance - Cellphone Allowance - Travel Allowance	Yes No No	No No No	- 28/06/2019 - Draft - No policy for BNLM
19	Succession planning	No	No	No policy in place for new Municipality
20	Scarce skills and retention	Yes	No	28/06/2019
21	Employee study assistance (bursary)	No	No	No policy in place for new Municipality
22	Health & safety	No	No	No policy in place for new Municipality
23	Employee Wellness	No	No	Draft
24	HIV/Aids in the workplace (HR/SPU)	No	No	No policy in place for new Municipality
25	Bad weather / inaccessibility	No	No	No policy in place for new Municipality
26	Heat & Stress & Discomfort levels	No	No	No policy in place for new Municipality
27	Sexual Harassment	No	No	Draft
28	Organizational rights & LLF	Yes	Yes	ORA & LLF in place
29	Code of Conduct (Sec.69 of MSA)	Yes	Yes	In place, applied
30	Grievance & Disciplinary procedures	Yes	Yes	SALGBC procedures in place
31	Customer care policy	No	No	Draft
32	Communication and public participation strategy (incl. stakeholder mobilization) (Internal/External)	Yes	Yes	06/04/2017
33	Records management policy	Yes	Yes	Approved by province
34	ICT policies and procedures	No	No	Draft
T 4.2.1.1				

COMMENTS ON WORKFORCE POLICY DEVELOPMENT

On the appointment of the HR Manager, we started to develop and reviewing our own policies, these policies were work shopped with all relevant stakeholders, and went through the process of being tabled at the Local Labour Forum before they were submitted to council for approval.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER AND COST OF INJURIES ON DUTY (IOD) : 2019/20					
Type of injury	Days Injury leave time taken	No. of Employees using injury leave	% Proportion employees using sick leave	Average injury leave per employee	Total estimated Cost in Rand
Requiring basic medical attention only	22	3	0.66	7	R 10417.07
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	22	3	0.66%	7	R10417.07
T 4.3.1					

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING IOD) : 2019/20						
Salary Band	Total sick leave Days	% Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	**Average sick leave per employee	Estimated Cost in Rands
Lower skilled (Levels TG 1 - 2)	0	0	0	0	0	0
Skilled (Levels TG 3 – 5)	1046	10.13	106	266	3.93	473817.08
Highly Skilled Production (Levels TG 6 – 9)	252	32.93	83	111	2.27	178.668.00
Highly skilled supervision (Levels TG 10 – 13)	532	22.18	118	125	4.50	620620.56
Senior management (Level 14 - 18)	194	8.24	16	17	11.41	381262.38
MM and S57	10	0.2	2	03	3.33	114669.30
TOTAL	2034	16.47	335	518	3.92	1769037.32
* = Number of employees in post at the beginning of the year. * = Average is calculated by taking sick leave in column 2 divided by total employees in column 5.						T 4.3.2

COMMENT ON INJURY AND SICK LEAVE

When injuries on duty occur, supervisors take injured workers to HR department where necessary forms are completed and the injured person is then referred to a medical practitioner. The Municipality does not have its own doctor and makes use of local practitioners. Sick leave is monitored by Municipality; and personal records maintained of the number of instances of sick leave and amount of time taken each year.

A Leave Policy was approved by Council on 28 June 2019.

NUMBER AND PERIOD OF SUSPENSIONS

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not finalised	Date Finalised
Motor Registration Clerk	Alleged theft and fraud	16 August 2018	Hearing in progress	Pending
CFO	Financial Misconduct	1 November 2019	Hearing in progress	Pending
Truck Driver	Gross insubordination	26 November 2019	Hearing in progress	Pending
Supervisor: Collie Koeberg	Unauthorized absence	21 November 2019	Hearing in progress	Pending
General Assistant	Allegedly driving municipal vehicle without authority and under the influence of liquor	21 January 2020	Hearing in progress	Pending
Supervisor: Water Reticulation	Alleged theft	14 February 2020	Hearing in progress	Pending

T 4.3.5

T 4.3.3

DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
CFO	Financial Misconduct	1 November 2019	Hearing in progress
-	-	-	-

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

The hearing with regard to the alleged financial misconduct is in progress.

T 4.3.7

4.4 PERFORMANCE REWARDS

No performance rewards were awarded during the 2019/20 Financial Year.

COMPONENT C : CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION

Note: MSA 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.

The Municipality's Workplace Skills Plan is reviewed annually, the most recent one was submitted to LGSETA along with the Municipality's annual Training Report in April 2019. 0.18% of the Municipality's annual salary budget is applied towards implementing the WSP. Section 10 of the WSP addresses the issue of critical and scarce skills, and the municipality fully supports its staff being trained in capacity building and scarce skills programmes.

4.5 SKILLS DEVELOPMENT AND TRAINING

Kindly refer to the tables on the following pages.

SKILLS MATRIX : 2020/21

Management level	Gender	Employees in posts as at 30 June 2020	Number of Skilled Employees required and actual as at 30 June 2021											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of June 2020	Actual: End of June 2021	2020/21 Target	Actual: End of June 2020	Actual: End of June 2021	2020/21 Target	Actual: End of June 2020	Actual: End of June 2021	2020/21 Target	Actual: End of June 2020	Actual: End of June 2021	2020/21 Target
MM and S57	Female	1	0		1	0		0	0		0	0		1
	Male	1	0		1	0		0	0		0	0		1
Councillors, senior officials and managers	Females	11	0		2	0	5	13	0		0	0	5	15
	Males	36	0		4	0	12	31	0		1	0	12	36
Technicians and associate Professionals*	Female	13	0		2	0		1	0		0	0		3
	Males	16	0		4	0		0	0		0	0		4
Professionals	Females	17	0		2	0	4	5	0		1	0	4	8
	Males	10	0		2	0		5	0		0	0		7
Sub total	Females	42	0		7	0		0	0		0	0		0
	Males	63	0		11	0		0	0		0	0		0
Total		105	0		18	0	21	55	0		2	0	21	75

FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A & B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Reg. 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Reg. 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	2	0	2	0	1	1
<i>Any other financial officials</i>	28	0	28	7		8
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	0	1
<i>Supply chain management senior managers</i>	1	0	1	1	1	1
TOTAL	34	0	34	9	4	13
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

SKILLS DEVELOPMENT EXPENDITURE : 2020/21										
Management level	Gender	Employees as at 1 July 2020	Original Budget and Actual Expenditure on skills development 2020/21							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget R	Actual R	Original Budget R	Actual R	Original Budget R	Actual R	Original Budget R	Actual R
MM and S57	Female	1	8 409	0	0	0	0	0	8 409	0
	Male	2	8 409	0	0	0	0	0	8 409	0
Legislators, senior officials and managers	Female	13	8 409	0	0	0	0	0	8 409	0
	Male	36	8 409	0	0	0	0	0	8 409	0
Professionals	Female	17	0	0	0	0	8 409	2730	8 409	2730
	Male	8	0	0	0	0	8 409	27255	8 409	27255
Technicians and associate professionals	Female	11	2818	0	0	0	0	0	2818	0
	Male	15	0	0	14000	13105	0	0	14000	13105
Clerks	Female	46	8 409	0	0	0	0	0	8 409	0
	Male	17	8 409	0	0	0	0	0	8 409	0
Service and sales workers	Female	10	0	0	8409	5575	0	0	8 409	5575
	Male	29	0	0	8409	4721	0	0	8 409	4721
Plant and machine operators and assemblers	Female	0	8 409	0	0	0	0	0	8 409	0
	Male	69	8 409	0	0	0	0	0	8 409	0
Elementary occupations	Female	41	8 409	0	0	0	0	0	8 409	0
	Male	203	8 409	8050	0	0	0	0	8 409	8050
Sub total	Female	139	67242	0	0	0	0	0	0	0
	Male	379	67242	0	0	0	0	0	0	0
TOTAL		518	134 548	8050	30818	23401	16818	29985	134 548	61436
% and *R value of municipal salaries (original budget) allocated for workplace skills plan									0.0%	

T 4.5.3

COMMENTS ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The Municipality's budget is effective for training of staff. However, the implementation of the budget is not adequately addressed, thus the need for a Skills Development Official to identify training needs, and coordinate and assist to ensure that amounts are accurately budgeted for and utilised.

COMPONENT D : MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION

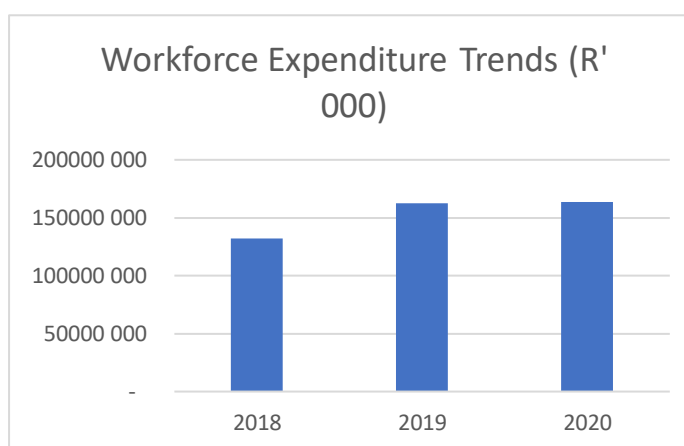
Expenditure such as overtime is controlled via policies that were put in place and managers are encouraged to monitor this and use their discretion.

Managers and Supervisors have the obligation to enforce Council's policies in order to ensure value-for-money performance and optimal production by the workforce.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

2017/18	132,208,001
2018/19	162,607,765
2019/20	163,629,214
T 4.6.1	



COMMENT ON WORKFORCE EXPENDITURE

40,67% of the 2019/20 Operating Budget was allocated to employee costs.

NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED : 2019/20				
Beneficiaries	Gender	No. of Beneficiaries	Total	Indicate No. of Disabled
MM and S 57	Female	0	0	0
	Male	0		0
Senior management (Levels 13-16)	Female	0	0	0
	Male	0		0
Highly skilled supervision (Levels 9-12)	Female	0	0	0
	Male	0		0
Highly skilled production (Levels 6-8)	Female	0	0	0
	Male	0		0
Skilled (Levels 3-5)	Female	0	0	0
	Male	0		0
Lower skilled (Levels 1-2)	Female	0	0	0
	Male	0		0
Total		0	0	0
The number of employees with disability amongst above-listed levels is shown in the right-hand side column in brackets, e.g. (x).				T 4.6.2

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for deviation
Supervisors	23	7	282 456	Equalization
Electricians	11	10	303 312	Equalization
Law Enforcement Officer	2		282 456	Equalization
Fire Fighters	10		282 456	Equalization
Clerk Gr2 : Collections	1		171 672	Equalization
Clerk Gr2 : Rates	1	T06	282456	Equalization
Cleaner	8	T03	112 596	Equalization
General Workers / Shift Workers	9		171 672	Equalization
Revenue Clerk	1		171 672	Equalization
Senior Cashiers	2	T06	282 456	Equalization
Cashier	2	T06	163 764	Equalization
Clerk / Typist	1		171 672	Equalization
General Worker / Driver	5		142 202	Equalization
IT Clerks	2		163 764	Equalization
Administrator	1		289 248	Equalization
Snr Clerk : Electrical	1	T6	282 456	Equalization
Tractor Driver	4	T6	163 764	Equalization
Ward Coordinator	1		282 456	Equalization
Meter Readers	5	T05	138 696	Equalization
Librarian	1		289 248	Equalization
T 4.6.3				

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of Appointment	No. appointed	Reason for appointment when no established post existed
-	-	-	0	-
T 4.6.4				

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

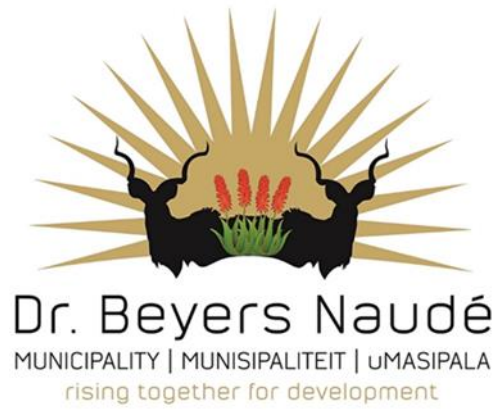
Job Evaluations for Dr Beyers Naudé LM have still not been conducted since its establishment in August 2016. Sarah Baartman District Municipality is to assist with this. New Job Descriptions are also not in place yet.

DISCLOSURE OF FINANCIAL INTERESTS

Within each financial year, Disclosure of Financial Interest forms are distributed to all Employees for completion. Completed forms are kept in their personal files. Similarly, Councillors must also complete Disclosure of Financial Interest forms, and these are also kept on file.

T 4.6.6

❖ PLEASE REFER APPENDIX J FOR LIST OF FINANCIAL DISCLOSURE



CHAPTER 5

FINANCIAL PERFORMANCE



INTRODUCTION

Chapter 5 contains information regarding the financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The 2019/20 financial year was a difficult year for the Municipality. Dr Beyers Naudé is still struggling with debt inherited from amalgamation, old fleet and equipment that constantly need repairs and insufficient number of vehicles to ensure that excellent service delivery is done.

With the assistance of committed staff, the debt collection rate has increased. Cost containment measures were approved and implemented to help with the inflationary pressure and the Financial Recovery Plan was revised.

Cost containment measures included reducing overtime, printing costs and reducing travelling outside of the boundaries of the Municipality. These measures include written the instructions issued by the Accounting Officer, through a series of circulars, providing specific guidance on treatment of certain aspects of expenditure.

COMPONENT A : STATEMENTS OF FINANCIAL PERFORMANCE**5.1 STATEMENTS OF FINANCIAL PERFORMANCE****INTRODUCTION TO FINANCIAL STATEMENTS**

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

This component provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

As can be seen the Municipality traded at a deficit of R54,5 million (R88,9 million 2018/19). The Municipality is heavily reliant on Government grants and subsidies especially for infrastructure projects. The Municipality does not have sufficient resources to fund capital expenditure from own revenue.

Employee cost contributes 35,9% to total expenditure (37,2% 2018/19). R21,4 million was spent on contracted services. Finance cost of R13,2 million was mainly due to the inability of the Municipality to pay creditors within the required 30 days.

R56,8 million (98,3%) of the capital expenditure was funded through grant funding, which clearly illustrates the Municipality's dependants on grant funding.

Cash equivalents at year end were R2,3 million which is a reduction from 2018/19 of R24,3 million. This clearly illustrates the Municipality's difficulties with cash flow management

T 5.1.0.

❖ **THE 2019/2020 ANNUAL FINANCIAL STATEMENTS (AFS) ARE ATTACHED AS ANNEXURE 1 IN VOLUME II OF THIS REPORT.**

COMMENT ON FINANCIAL PERFORMANCE : T 5.1.1 (THIS PAGE) AND T 5.1.2 (NEXT PAGE)

Please refer to the applicable narrative in the Annual Financial Statements, attached as ANNEX

EC101 Dr Beyers Naudé Local Municipality- Table A2 Budget Summary

Description	2019/2020								2018/2019			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	64 209	(5 556)	69 765	55 525		(14 240)	79,6%	86,5%				55 525
Executive and council	7 017	–	7 017	6 940		(77)	98,9%	98,9%				6 940
Finance and administration	57 192	(5 556)	62 748	48 584		(14 163)	77,4%	84,9%				48 584
Internal audit	–	–	–	–		–	–	–				–
Community and public safety	18 826	(931)	19 757	17 167		(2 591)	86,9%	91,2%				17 167
Community and social services	15 338	138	15 199	15 166		(33)	99,8%	98,9%				15 166
Sport and recreation	15	–	15	15		0	102,1%	102,1%				15
Public safety	2 010	(1 070)	3 079	551		(2 528)	17,9%	27,4%				551
Housing	12	–	12	4		(8)	30,9%	30,9%				4
Health	1 451	–	1 451	1 430		(22)	98,5%	98,5%				1 430
Economic and environmental services	18 631	–	18 631	17 586		(1 045)	94,4%	94,4%				17 586
Planning and development	3 002	–	3 002	2 778		(224)	92,5%	92,5%				2 778
Road transport	15 629	–	15 629	14 808		(821)	94,7%	94,7%				14 808
Environmental protection	–	–	–	–		–	–	–				–
Trading services	291 148	(54 566)	345 714	286 384		(59 330)	82,8%	98,4%				255 712
Electricity	145 976	4 384	141 592	116 224		(25 368)	82,1%	79,6%				85 552
Water	70 223	(38 251)	108 473	85 184		(23 289)	78,5%	121,3%				85 184
Waste water management	34 225	(14 951)	49 176	41 046		(8 130)	83,5%	119,9%				41 046
Waste management	40 724	(5 748)	46 473	43 930		(2 542)	94,5%	107,9%				43 930
Other	398	–	398	(2 012)		(2 410)	-505,0%	-505,0%				(2 012)
Total Revenue - Standard	393 212	(61 053)	454 265	374 649		(79 616)	82,5%	95,3%				343 977
Expenditure - Standard												
Governance and administration	98 663	(15 469)	114 133	143 951	29 819	29 819	126,1%	145,9%	–	–	–	143 951
Executive and council	27 041	(1 617)	28 658	33 238	4 580	4 580	116,0%	122,9%	–	–	–	33 238
Finance and administration	70 697	(13 875)	84 572	109 832	25 260	25 260	129,9%	155,4%	–	–	–	109 832
Internal audit	925	22	903	881	(22)	(22)	97,6%	95,3%	–	–	–	881
Community and public safety	35 070	1 822	33 248	32 233	(1 015)	(1 015)	96,9%	91,9%	–	–	–	32 233
Community and social services	6 442	1 237	5 205	4 987	(218)	(218)	95,8%	77,4%	–	–	–	4 987
Sport and recreation	17 095	718	16 377	16 352	(25)	(25)	99,8%	95,7%	–	–	–	16 352
Public safety	7 270	345	6 925	7 329	405	405	105,8%	100,8%	–	–	–	7 329
Housing	10	–	10	–	(10)	(10)	–	–	–	–	–	–
Health	4 253	(478)	4 731	3 564	(1 167)	(1 167)	75,3%	83,8%	–	–	–	3 564
Economic and environmental services	45 655	6 144	39 511	32 433	(7 078)	(7 078)	82,1%	71,0%	–	–	–	32 433
Planning and development	16 654	841	15 813	15 292	(521)	(521)	96,7%	91,8%	–	–	–	15 292
Road transport	29 001	5 303	23 698	17 141	(6 558)	(6 558)	72,3%	59,1%	–	–	–	17 141
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–
Trading services	211 421	(2 113)	213 534	184 302	(29 232)	(29 232)	86,3%	87,2%	–	–	–	222 685
Electricity	114 535	(9 207)	123 741	119 531	(4 210)	(4 210)	96,6%	104,4%	–	–	–	119 531
Water	52 756	4 456	48 300	37 818	(10 482)	(10 482)	78,3%	71,7%	–	–	–	37 818
Waste water management	28 194	4 064	24 130	11 911	(12 219)	(12 219)	49,4%	42,2%	–	–	–	50 294
Waste management	15 936	(1 426)	17 362	15 042	(2 321)	(2 321)	86,6%	94,4%	–	–	–	15 042
Other	1 850	(43)	1 893	1 626	(267)	(267)	85,9%	87,9%	–	–	–	1 626
Total Expenditure - Standard	392 660	(9 658)	402 318	394 545	(7 773)	(7 773)	98,1%	100,5%	–	–	–	432 928
Surplus/(Deficit) for the year	552	(51 394)	51 947	(19 896)	(71 843)	(71 843)	-38,3%	-3601,2%	–	–	–	(88 951)

EC101 Dr Beyers Naudé Local Municipality- Table A1 Budget Summary

Description	2019/20								2018/19			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	40 993	899	41 892	34 909		(6 982)	83,3%	85,2%				30 162
Service charges	196 901	13 093	209 993	172 844		(37 149)	82,3%	87,8%				150 058
Investment revenue	3 268	–	3 268	442		(2 827)	13,5%	13,5%				634
Transfers recognised - operational	102 332	(7 404)	109 736	143 287		33 551	130,6%	140,0%				114 805
Other own revenue	15 901	(11 597)	27 498	18 166		(9 332)	66,1%	114,2%				22 300
Total Revenue (excluding capital transfers and contributions)	359 394	(5 009)	392 387	369 649		(22 738)	94,2%	102,9%				317 958
Employee costs	159 290	(1 357)	160 647	163 629	–	2 983	101,9%	102,7%	–	–	–	162 671
Remuneration of councillors	9 915	(72)	9 987	9 649	–	(338)	96,6%	97,3%	–	–	–	9 572
Debt impairment	3 894	(6 252)	10 146	47 250	–	37 103	465,7%	1213,3%			–	37 060
Depreciation & asset impairment	64 633	19 390	45 243	65 177	–	19 933	144,1%	100,8%			–	55 956
Finance charges	3 788	(2 865)	6 653	13 198	–	6 546	198,4%	348,4%			–	9 197
Materials and bulk purchases	90 605	(10 343)	100 948	93 024	–	(7 924)	92,2%	102,7%			–	88 142
Transfers and grants	1 286	1 266	20		–	(20)	–	–			–	
Other expenditure	59 249	(9 421)	68 670	77 008	–	8 339	112,1%	130,0%			–	70 330
Total Expenditure	392 660	(9 654)	402 314	468 935	–	66 622	116,6%	119,4%	–	–	–	432 928
Surplus/(Deficit)	(33 266)	(14 663)	(9 927)	(99 287)		(89 360)	1000,2%	298,5%				(114 970)
Transfers recognised - capital	33 818	(28 058)	61 876	23 517		(38 359)	38,0%	69,5%				26 018
Contributions recognised - capital & contributed assets	–	–	–	–		–	–	–				–
Surplus/(Deficit) after capital transfers & contributions	552	(42 721)	51 949	(75 770)		(127 719)	-145,9%	-13714,6%				(88 951)
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–				–
Surplus/(Deficit) for the year	552	(42 721)	51 949	(75 770)		(127 719)	-145,9%	-13714,6%				(88 951)
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	32 447	(11 340)	43 787	58 397		14 609	133,4%	180,0%				34 215
Public contributions & donations		(20 152)	20 152			(20 152)	–	–				–
Borrowing		–	–			–	–	–				–
Internally generated funds		–	–			–	–	–				–
Total sources of capital funds	32 447	(31 492)	63 940	58 397		(5 543)	91,3%	180,0%				34 215
Cash flows												
Net cash from (used) operating	60 712	34 824	25 888			(25 888)	–	–				36 500
Net cash from (used) investing	32 447	110 834	(78 387)			78 387	–	–				(34 215)
Net cash from (used) financing	54 180	–	54 180			(54 180)	–	–				22 028
Cash/cash equivalents at the year end	147 339	145 658	1 681	–		(1 681)	–	–				24 313

5.2 GRANTS

Grant Performance				
Description	Year -1	Year 0		
	Actual	Budget	Adjustments Budget	Actual
Operating Transfers and Grants				
National Government:	94 111	103 127	103 127	103 127
Equitable share	83 278	90 876	90 876	90 876
Municipal Systems Improvement	1 000	–	–	–
Department of Water Affairs	2 622	7 000	7 000	7 000
Levy replacement				
Other transfers/grants	7 211	5 251	5 251	5 251
Provincial Government:	2 179	1 451	1 451	1 430
Health subsidy	2 179	1 451	1 451	1 430
Housing				
Ambulance subsidy				
Sports and Recreation				
Other transfers/grants				
District Municipality:	4 777	4 301	4 301	2 827
Fire Grant	2 170	1 993	1 993	519
Library Grant	2 308	2 308	2 308	2 308
<i>Sarah Baartman District Municipality - Operational Grants</i>	300			
Other grant providers:	35	315	857	700
SETA	35	315	315	434
COGTA COVID 19			542	–
<i>Municipal Disaster Relief Grant</i>				266
Total Operating Transfers and Grants	101 103	109 194	109 736	108 084
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>				

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

An overall increase in operating transfers was noted of R 8 million can be noted which is primarily due to the increase in equitable share and department of water affairs.

The Municipality received a Finance Management Grant to the value of R4 million (reduced from R6.08 million in 2018/19) which is mainly used for the appointment of Finance Interns and skills development of Finance staff, including the minimum competency training. Concerning to note the reduction in this grant which will see a further reduction in the 2020/21 financial year.

With the current pandemic, an amount of R1,1 million was received for municipal disaster relief grant which was utilized to procure protective gear for municipal staff and consumers.

The Municipality also received the full Fire Grant from the District Municipality which also saw a decrease from R2,1 million in 2018/19 to R519 thousand in 2019/20.

All grants were used in terms of approved business plans and were fully spent at financial year end, except for the SETA grant.

T 5.2.2

5.3 ASSET MANAGEMENT

INTRODUCTION

The objective of asset management per the Asset Management Policy is to ensure effective and efficient control over the Municipality's assets by or through:

- The proper recording of assets from the date of authorisation, acquisition and to subsequent disposal.
- Providing for safeguarding procedures
- Setting proper guidelines regarding permissible utilisation; and
- Prescribing requirements for the proper maintenance of assets.

This policy must comply with all relevant legislative requirement, including:

- The Constitution of the Republic of South Africa, 1996;
- Municipal Structure Act 1998;
- Municipal Systems Act, 2000;
- Division of Revenue Act (enacted annually);
- Municipal Finance Management Act No 56 of 2003; and
- National Treasury Regulations

The vastness of the municipal area makes asset management extremely difficult. The Asset Management unit is currently occupied by a limited staff of only 3 persons that must ensure control over the asset register.

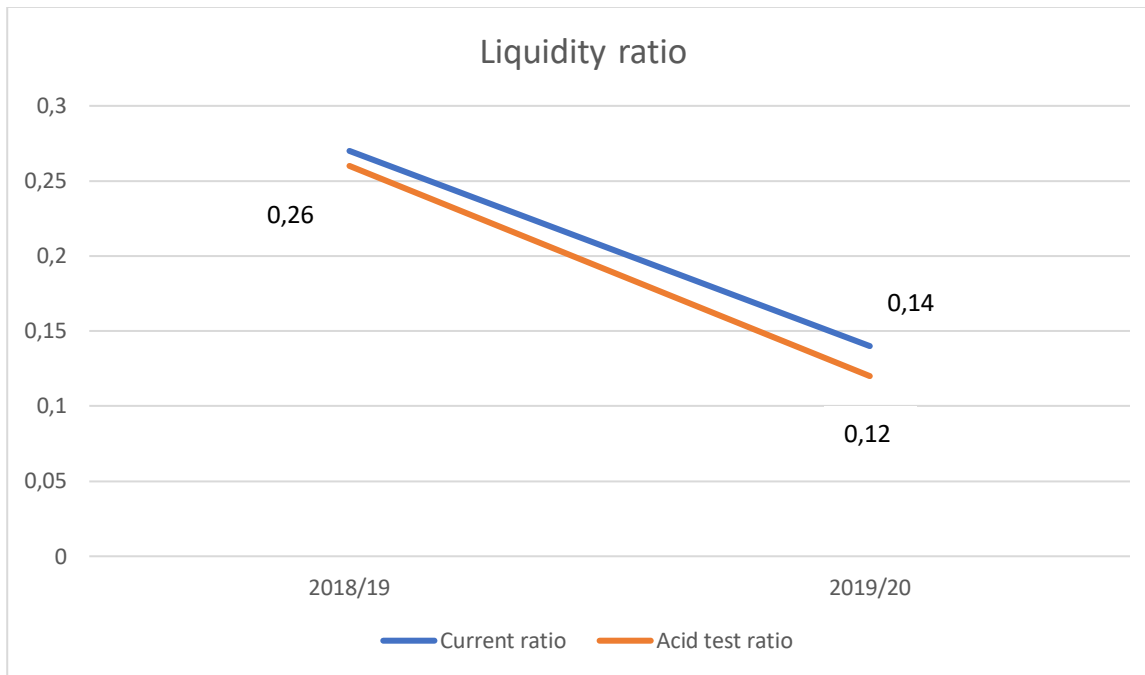
The Municipality is currently struggling financially, and the maintenance of assets is becoming more and more difficult. The Municipality is currently only spending 2,4% on repairs and maintenance.

PLEASE NOTE

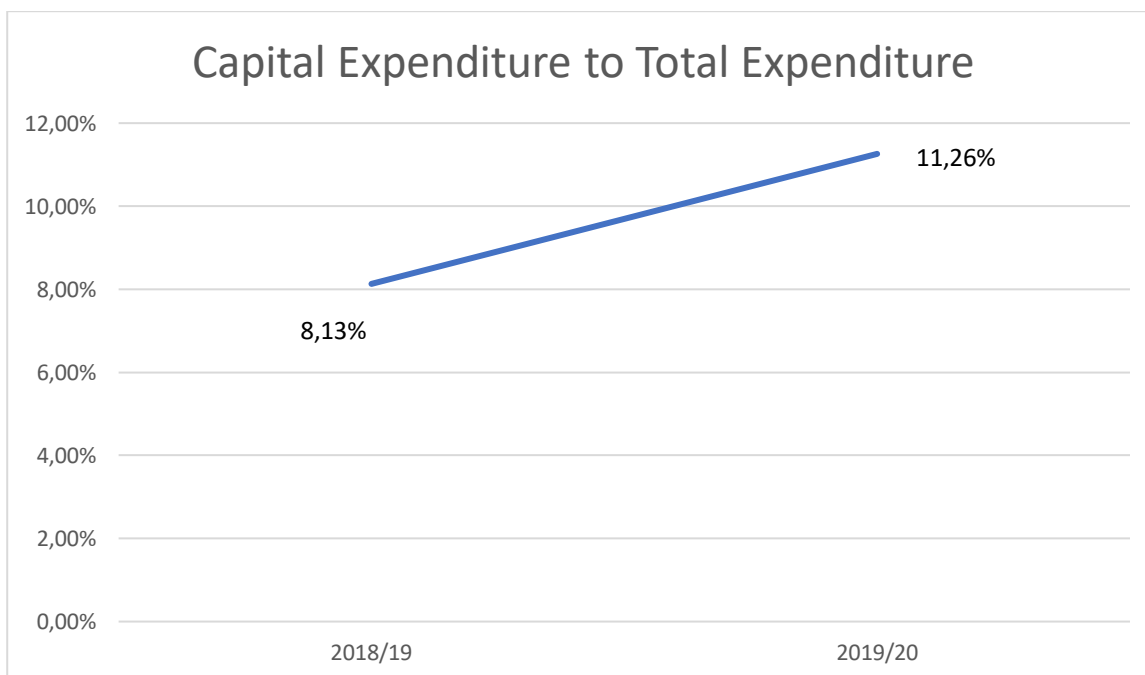
T 5.3.2 : Treatment of the three largest Assets acquired in 2019/20 – not applicable; nothing to report on.

REPAIR AND MAINTENANCE EXPENDITURE : 2019/20				
R' 000				
Description	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	11 410	8 362	10 969	(31%)
T 5.3.4				

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



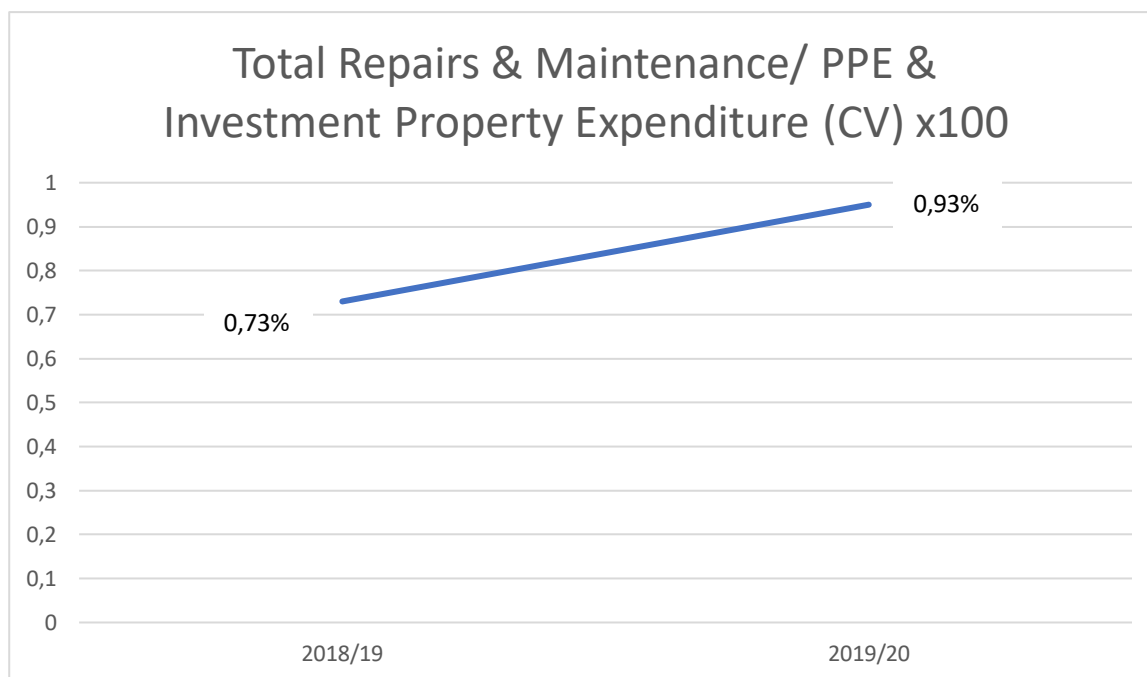
T 5.4.1 : Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.



T 5.4.6 : Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.



T 5.4.7 : Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.



T 5.4.8 : Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

COMMENTS ON FINANCIAL RATIOS

As can be seen from the above ratios, the Municipality is struggling financially.

Dr Beyers Naudé Municipality Liquidity ratios: The current ratio is 0.14:1 (0.27:1 2018/19). The quick ratio is 0.12:1 (0.26:1). Both ratios fall outside of the National Treasury norm of 1.5-2:1 and 1:1 respectively, which highlights serious financial challenges and likely liquidity problems.

Employee costs have slightly decreased from 37,2% to 35,9% which could be contributed to the equalisation process that had to be undertaken in 2018/19 year, ensuring that all staff members performing the same duties are equally remunerated. There were significant differences between the former municipalities prior to amalgamation. Total expenditure has however also seen a decrease from the prior year.

The Municipality is currently only spending 2,4% of total expenditure on repairs and maintenance which contributes to the poor quality of the fleet and equipment as well as infrastructure. Repairs and maintenance should in future be prioritised.

Capital expenditure to operating expenditure has increased due to the spending on the drought grant in the 2020. Resulted in a increase from 8,13% to 11,26%

Creditors cannot be paid within the required 30 days.

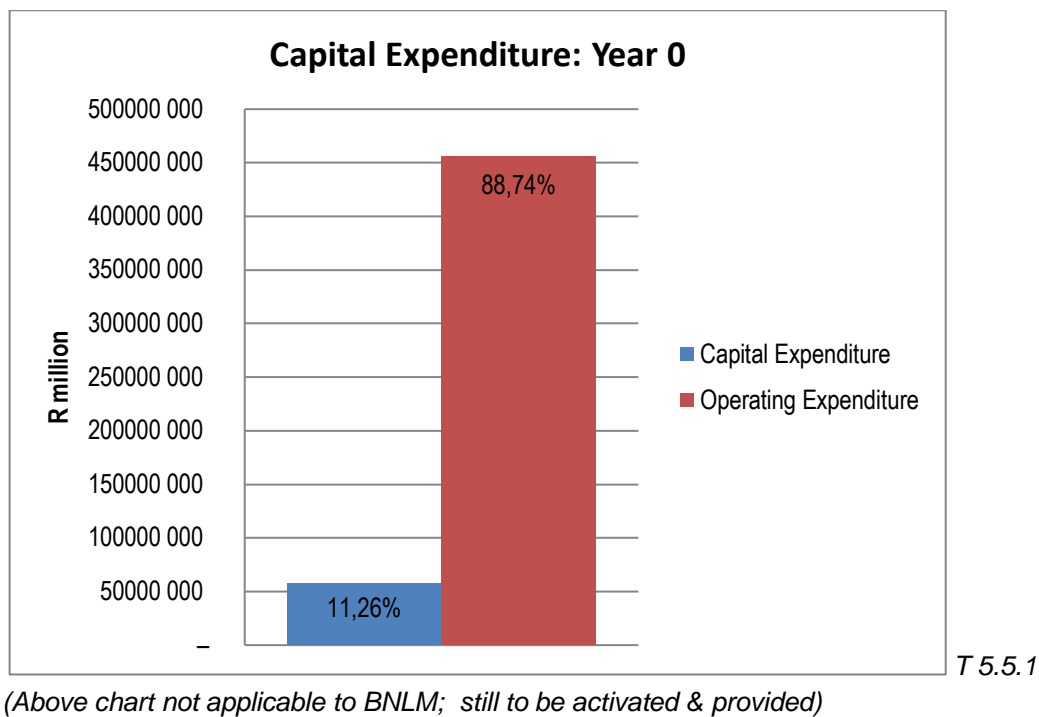
COMPONENT B : SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION

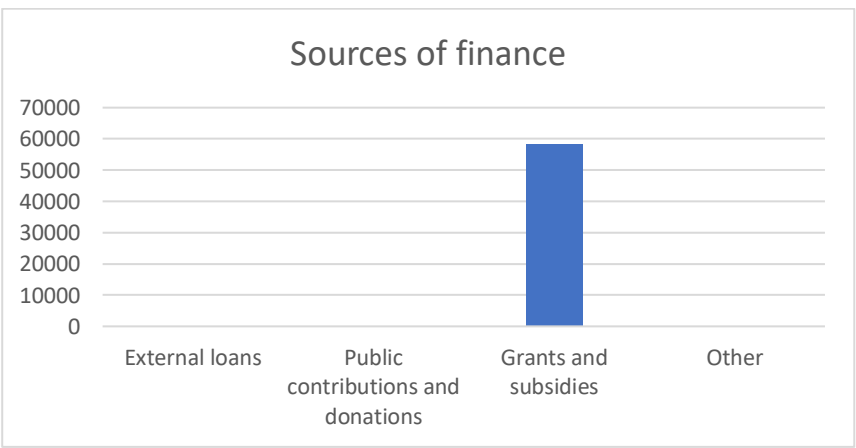
Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings, and surpluses.

Component B deals with capital spending, indicating where the funding comes from and whether the Municipality can spend the available funding as planned.

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE



CAPITAL EXPENDITURE BY FUNDING SOURCES : 2018/19 TO 2019/20						
Details	2018/19	2019/20				
	Actual	Original Budget	Adjustment Budget	Actual	Adjustment to Original Budget (%)	Actual to Original Budget (%)
Source of Finance						
External Loans	0	0	0	0	0	0
Public Contributions and Donations	0	0	0	0	0	0
Grants and Subsidies	34 215	32 447	63 940	58 397	91%	179%
Other	0	0	0	0	0	0
Total	34 215	32 447	63 940	58 397	91%	179%
<i>Percentage of Finance</i>						
External Loans	0%	0%	0%	0%	0%	0%
Public Contributions and Donations	0%	0%	0%	0%	0%	0%
Grants and Subsidies	100%	100%	100%	100%	100%	100%
Other	0%	0%	0%	0%	0%	0%
Capital Expenditure						
Water & Sanitation	19 640	19 251	52 954	50 171	95%	260%
Electricity	4 242	-	-		0%	0%
Housing	0	0	0	-	0%	0%
Roads & Stormwater	2 332	10 300	7 424	6 218	84%	60%
Other	8001	2 896	3 562	2 008	56%	62%
Total	34 215	32 447	63 940	58 397	91%	179%
<i>Percentage of Expenditure</i>						
Water & Sanitation	0%	0%	0%	85%	0%	0%
Electricity	12%	0%	0%	0%	0%	0%
Housing	0%	0%	0%	0%	0%	0%
Roads & Stormwater						
Other	0%	0%	0%	3.4%	0%	0%

T 5.6.1

COMMENT ON SOURCES OF FUNDING

The above graph and table indicate the extent of the grant dependency for capital projects. 99% Of all capital projects are funded by grants.

5.7 CAPITAL SPENDING ON THE FIVE LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*					
R' 000					
Name of Project	2019/20			Variance 2019/20	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - GRT Emergency BWS	17 250	17 250	16 067	6,9%	6,9%
B – Drilling of boreholes COGTA	0	6 400	6 388	100%	0,19%
C – Graaff Reinet Bulk Water Supply Scheme: Phase 2	7 000	7 000	7 000	0%	0%
D - Graaf-Reinet Emergency Water Supply Scheme (WSS)	6 000	6 000	4 123	31,2%	31,2%
E – Aberdeen BWS (MIG)	6 040	6 040	4 740	21,5%	21,5%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Graaff Reinet Emergency Bulk Water Supply (RBIG)				
Objective of Project	To augment the bulk water supply to the town of Graaff Reinet				
Delays	None				
Future Challenges	Project Completed successfully				
Anticipated citizen benefits	40421				
Name of Project - B	Graaff Reinet Emergency Bulk Water Supply (WSIG)				
Objective of Project	To augment the bulk water supply to the town of Graaff Reinet				
Delays	None				
Future Challenges	Project Completed successfully				
Anticipated citizen benefits	40421				
Name of Project - C	Aberdeen Bulk Water Supply				
Objective of Project	To augment the bulk water supply to the town of Aberdeen				
Delays	None				
Future Challenges	Managing ground water level and impact of abstraction.				
Anticipated citizen benefits	8048				
Name of Project - D	Graaff Reinet Upgrading of Streets and Storm Water				
Objective of Project	Upgrading of storm water and laying of interlocking paving blocks.				
Delays	None				
Future Challenges	Project Completed successfully				
Anticipated citizen benefits	32000				
Name of Project - E	Drought Project WSIG				
Objective of Project	Various projects to alleviate the drought situation.				
Delays	None				
Future Challenges	Project Completed successfully				
Anticipated citizen benefits	79000				
T 5.7.1					

5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS : OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

T 5.8.1

CATEGORY	BACKLOG
Roads	328,92
Sports fields	12
Community halls	20
Sanitation	1020
Water	1870

SERVICE BACKLOGS AS AT 30 JUNE 2020

Households (HHs)				
Description	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water				
Sanitation				
Electricity				
Waste management				
Housing				
% HHs are the service *above/**below minimum standard as a proportion of total HHs. 'Housing' refers to formal and informal settlements.				T 5.8.2

MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE ON SERVICE BACKLOGS : 2019/20

R' 000						
Details	Budget	Adjustments Budget	Actual	% Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Infrastructure - Road transport						
Roads, Pavements & Bridges	10,257,669	10,257,669	10,257,669	100%		
Storm water						
Infrastructure – Electricity						
Generation						
Transmission & Reticulation						
Street Lighting						
Infrastructure – Water						
Dams & Reservoirs	8,459,212	8,459,212	8,459,212	100%		
Water purification						
Reticulation						
Infrastructure – Sanitation						

Reticulation	1,757,633	1,757,633	1,757,633	100%		
Sewerage purification						
Infrastructure – Other						
Waste Management	2,896,465	2,896,465	2,072,830	71%		
Transportation						
Gas						
Other Specify:						
Total				%	%	
<i>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						T 5.8.3

COMMENT ON BACKLOGS

T 5.8.4

COMPONENT C : CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION

Cash flow management is the most important aspect of every business. A healthy cash flow ensures that the Municipality can pay salaries on time and have funds for growth and expansion of service delivery. Resources are also available for paying creditors on time.

A regular analysis of the Municipality's finances ensures that management can project the future cash flow with accuracy and take necessary action.

The amalgamation continues to put constraints on the cash flow as creditors inherited from the amalgamation process need to be paid. The additional employee cost is another factor which contributes to the cash flow constraints. The vastness of the area requires a lot of travelling and associated costs. Staff regularly need to travel between the towns to perform their functions.

Old fleet and equipment places strain on financial resources with continuous maintenance that is required.

5.9 CASH FLOW

CASH FLOW OUTCOMES				
R'000				
Description	2018/19	2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash Flow from Operating Activities				
Receipts				
Ratepayers and Other	138 807	229 052	229 052	164 378
Government – Operating	162 649	136 150	136 150	145 189
Other receipts	10 571	8 303	8 303	4 233
Interest	6 049	10 124	10 124	441
Dividends				
Payments	(274 589)	(318 143)	(350 506)	(173 278)
Suppliers and Employees	(6 987)	(3 488)	(6 653)	(91 565)
Finance Charges		(1 286)	(582)	-
Transfers and Grants	36 500	60 712	25 888	49 398
NET CASH FROM / (USED) OPERATING ACTIVITIES				
CASHFLOWS FROM INVESTING ACTIVITIES				7 000
Receipts				
Proceeds on disposal	(34 215)	32 447	(78 387)	(67 198)
Decrease (increase) in non-current debtors	(34 215)	32 447	(78 387)	(60 198)
Decrease (increase) in other non-current Debtors				
Decrease (increase) in non-current Investments				
Payments	20 000	72 180	72 180	-
Capital assets				
NET CASHFLOWS FROM / (USED) INVESTING ACTIVITIES		(18 000)	(18 000)	(11 235)
CASHFLOWS FROM FINANCING ACTIVITIES	20 000	54 180	54 180	(11 235)
Receipts	22 284	147 339	1 681	(22 035)
Short term loans	2 028	(2 877)	(2 877)	24 312
Borrowing long-term/financing	24 312	144 463	(1 195)	2 277
Increase (decrease) in consumer deposits				
Payments				
Repayments of borrowing	138 807	229 052	229 052	164 378
NET CASH FROM / (USED) FINANCING ACTIVITIES	162 649	136 150	136 150	145 189
NET INCREASE/(DECREASE) IN CASH HELD	10 571	8 303	8 303	4 233
Cash/cash equivalents at the year begin	6 049	10 124	10 124	441
Cash/cash equivalents at the year end				

T 5.9.1

COMMENT ON CASH FLOW OUTCOMES

As can be seen the available cash at year end has significantly decreased from the previous financial year – confirming the adverse cash flow position mainly due to poor recovery of trading services rendered aggravated by the lock-down regulations. Cash flow management is critical to the municipality as it enables the organisation to assess whether sufficient cash is available at any point in time to honour the Council's commitments.

5.10 BORROWING AND INVESTMENTS

INTRODUCTION

Dr Beyers Naudé LM does not have any borrowings. Investments are normally short-term investments for grant funds received. Long term loans can only be used to procure capital items to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution.

T 5.10.3

COMMENT ON BORROWING AND INVESTMENTS

The municipality did not enter into any borrowing contracts during the financial year ended 30 June 2020. Cash and cash equivalents amounted to R2 277 548 at 30 June 2020. The municipality does not have any municipal entities under its control.

T 5.10.5

MUNICIPAL INVESTMENTS			
R' 000			
Investment* type	2017/18 Actual	2018/19 Actual	2019/20 Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	2	24	2
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Consolidated total	2	24	2
T 5.10.4			

5.11 PUBLIC PRIVATE PARTNERSHIPS

The Municipality does not have any public private partnerships.

PUBLIC PRIVATE PARTNERSHIPS

T 5.11.1

COMPONENT D : OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

OVERVIEW

Supply Chain Management seeks to ensure the proper flow of goods and services between the supplier and the Municipality in the right quality and quantity whilst advancing the goals of the IDP, ensuring value for money, expeditious and appropriate service delivery. As a financial management tool, it seeks to reform and regulate the manner in which public funds are utilized when procuring goods and services, whilst in pursuit of service delivery that is responsive to the needs of the society and to curtail any administrative and fraudulent practices on the procurement front.

LEGISLATIVE REQUIREMENTS

Dr Beyers Naudé Local Municipality is committed to apply and create the prescribed legislative environment pertaining Supply Chain Management by way of:

- The Constitution
- The Municipal Finance Management Act (MFMA)
- Regulations in terms of section 168 of the Municipal Finance Management Act
- Local Government: Municipal Systems Act
- The Preferential Procurement Policy Framework Act (PPPFA)
- The Prevention and Combating of Corrupt Activities Act
- The Construction Industry Development Board (CIDB) Act
- Other applicable by-laws, ordinance and legislation

POLICY CHANGES / AMENDMENTS 2018/19 FINANCIAL YEAR

The Dr Beyers Naudé Municipality's Supply Chain Management Policy was reviewed and approved in July 2018.

FUTURE DEVELOPMENTS

The organizational structure of the supply chain unit will be reviewed in the next financial year to ensure better service delivery and distribution of functions. The new organogram will ensure that all towns are serviced by supply chain management officials located in the relevant towns.

MFMP COMPETENCY LEVELS

The Manager SCM, Chief Clerk SCM and the Senior Clerk SCM have all met the minimum competency levels as prescribed by the National Treasury Regulations for Supply Chain Management officials.

SUPPLY CHAIN MANAGEMENT PROCUREMENT PLAN 2019/20

The procurement plan is derived from the Municipal Service Delivery Budget Implementation Plan (SDBIP) which in turn directly relates to the municipal Integrated Development Plan (IDP).

The plan indicates quarterly targets that must be met by each department with regard to the procurement of goods and services. The report must be analysed in conjunction with the SDBIP.

National Treasury issued MFMA Circular No 97 –Cost Containment Measures on 31 July 2019. This circular advises regarding proposed formats for reporting on budgets, expenditure and savings as addressed in the regulations.

CHALLENGES FACED DURING THE YEAR

- The lock-down regulations prolonged the procurement processes.
- The Standard for Infrastructure Procurement Delivery Management, has been replaced with the Framework for Infrastructure Delivery and Procurement. National issue amongst various municipalities.
- Positions not filled.
- No clear job descriptions.
- ICT infrastructure not accommodative for all towns.
- Not enough staff

MAIN AUDIT FINDINGS DURING 2019/20

- Bid was adjudicated by the adjudication committee that was not in accordance with SCM regulations.
- Prices of goods or services procured deemed not to be economical.
- Goods with a transaction value of over R 200 000 were procured without inviting competitive bids.

5.13 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the Municipality. It will also ensure that the Municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. Dr Beyers Naudé is currently fully GRAP compliant and did not deviate from GRAP standards currently applicable.

5.14 MSCOA IMPLEMENTATION

The Dr Beyers Naudé Local Municipality has converted to mSCOA and are reporting on a monthly basis. Challenges were experienced during the 2019/20, and the municipality is considering to change the financial system in an effort to consistently comply with MSCOA.



CHAPTER 6

AUDITOR-GENERAL : AUDIT FINDINGS



INTRODUCTION

Audit Outcome

The audit outcome improved from a disclaimer of opinion to a qualified audit outcome. The basis for the qualified audit opinion relates to investment property, irregular expenditure, receivables from exchange transactions and the cash flow statement.

Other findings

- Money owed by the municipality was not always paid within 30 days of receipt of invoice.
- Reasonable steps were not taken to prevent irregular expenditure.
- Reasonable steps were not taken to prevent unauthorised expenditure.
- Some contracts were not awarded in an economical manner.
- Competitive bidding processes were in certain instances not followed when required.
- Some contracts were modified without the proper authority.
- The performance of some contractors was not monitored.

COMPONENT A : AUDITOR-GENERAL OPINION OF AFS YEAR -1**6.1 AUDITOR-GENERAL'S REPORT FOR 2018/19**

AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE : 2018/19		
Audit Report Status*:	Disclaimer of Opinion	
Non-Compliance Issues	Remedial Action Taken	
S122 of the MFMA not complied with. The financial statements were not compiled free of material misstatement	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses	
The council failed to adopt an oversight report containing the council's comment on the annual report (within the prescribed timeframes) as required by s129(1) of the MFMA	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses	
Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(E) of the MFMA	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses	
Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.		T 6.2.1

AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE : 2018/19

Audit Report Status**:	<ul style="list-style-type: none"> • Usefulness : No Material Findings Reliability : Material Findings noted
Non-Compliance Issues	Remedial Action Taken
The municipality did not have an adequate record keeping system to ensure reliable reporting on the achievement of the indicators listed.	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses.
Audit Report Status**:	<ul style="list-style-type: none"> • Usefulness : No Material Findings Reliability : Material Findings noted
T 6.1.2	

COMPONENT B : AUDITOR-GENERAL OPINION OF AFS YEAR 0

6.2 AUDITOR-GENERAL'S REPORT FOR 2019/20

AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE : 2019/20

Audit Report Status*:	Qualified
Non-Compliance Issues	Remedial Action Taken
S122 of the MFMA not complied with. The financial statements were not compiled free of material misstatement	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses
Reasonable steps were not taken to prevent irregular and unauthorised expenditure as required by section 62 of the MFMA.	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses
Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(E) of the MFMA	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses
<i>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i>	
T 6.2.1	

AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE : 2019/20*

Audit Report Status**:	<ul style="list-style-type: none"> • Usefulness: No Material Findings • Reliability: No Material Findings
Non-Compliance Issues	Remedial Action Taken
The municipality did not have an adequate record keeping system to ensure reliable reporting on the achievement of the indicators listed.	Action plan draft and monitored frequently by audit committee, management meetings and provincial treasury in addressing the responses.
<i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0.</i>	
<i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i>	
T 6.2.2	

COMMENT ON THE AUDITOR-GENERAL'S REPORT ON THE 2019/20 FINANCIAL STATEMENTS

❖ *THE 2019/20 AUDITOR-GENERAL'S REPORT IS ATTACHED AS ANNEXURE 2 IN VOLUME II OF THIS REPORT.*

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2019/20

The municipality improved its audit outcome from a disclaimer to a qualified audit opinion. The finance directorate is commended for their inputs and we are looking forward to the next audit cycle.

An Audit Action Plan has been drafted, which is specific to addressing the issues mentioned by the AG and progress is being monitored by all Oversight Committees.

T 6.2.4

❖ *THE AUDIT ACTION PLAN ADDRESSING AUDIT FINDINGS IS ATTACHED AS ANNEXURE 3 IN VOLUME II OF THIS REPORT.*

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

The compliance with S71 of the MFMA is an ongoing process which is in place. Regular feedback is provided by the Provincial Treasury on issues that require attention. The reporting is therefore in compliance with the legislation.

.....
Signed by the Chief Financial Officer

.....
Date

T 6.2.5

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a Municipality as audited by the Auditor-General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a Municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation

Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a Municipality aims to achieve within a given time period.
Service Delivery and Budget Implementation Plan (SDBIP)	Detailed plan approved by the mayor for implementing the Municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote	<p>One of the main segments into which a budget of a Municipality is divided for appropriation of money for the different departments or functional areas of the Municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a Municipality is divided for the appropriation of money for the different departments or functional areas of the Municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</i></p>
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APPENDICES

APPENDIX A

COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCIL MEMBERS	FULL TIME / PART TIME FT/PT	COMMITTEES ALLOCATED	WARD AND / OR PARTY REPRESENTED	% OF COUNCIL MEETINGS ATTENDED	% APOLOGIES FOR NON- ATTENDANCE
Cllr Deon de Vos	FT	Chair of EXCO Chair of IDP Rep Forum & political champion of the IDP	Mayor	100%	0%
Cllr Thembisa Nonnies	FT	Chairperson of Council	Speaker & PR Councillor	100%	0%
Cllr Willem Säfers	PT	MPAC Chairperson	Ward 1 Councillor	92%	8%
Cllr Ricardo Smith (from April 2019)	PT		Ward 2 Councillor	85%	15%
Cllr Katie Hoffman	PT		Ward 3 Councillor	100%	0%
Cllr Xolile Galada	PT		Ward 4 Councillor	92%	8%
Cllr Glenda Mackelina	PT		Ward 5 Councillor	85%	15%
Cllr Thembile Tshona	PT		Ward 6 Councillor	100%	0%
Cllr Rudy Jacobs	PT		Ward 7 Councillor	77%	23%
Cllr Ewald Loock	PT	Portfolio Head of Budget & Treasury Committee	Ward 8 Councillor	85%	15%
Cllr Piet Bees	PT		Ward 9 Councillor	100%	0%
Cllr Louis Langeveldt	PT		Ward 10 Councillor	92%	8%
Cllr Abraham Arries	PT		Ward 11 Councillor	92%	8%
Cllr Danie Bezuidenhout	PT		Ward 12 Councillor	92%	8%
Cllr Errol Rossouw	PT		Ward 13 Councillor	100%	0%
Cllr Joy Williams	PT		Ward 14 Councillor	77%	23%
Cllr Pieter (Penn) Koeberg	PT	Portfolio Head of Engineering & Planning Committee	PR Councillor	100%	0%
Cllr Notizi Vanda	PT	Portfolio Head of Community Services	PR Councillor	100%	0%

		Committee			
Cllr Angeline Booysen	PT		PR Councillor	85%	15%
Cllr Asanda Mboneni	PT		PR Councillor	85%	15%
Cllr E.A. Ruiters	PT	Portfolio Head of Corporate Services Committee	PR Councillor	92%	8%
Cllr W.Z. Le Grange	PT		PR Councillor	92%	8%
Cllr B.W. Seekoei	PT		PR Councillor	92%	8%
Cllr E.A Carolus	PT		PR Councillor	53%	47%
Cllr D. Williams	PT		PR Councillor	92%	8%
Cllr H. Booysen	PT		PR Councillor	92%	8%
T A					

COMMENTS ON COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

There are a total of 27 Councillors, of which 14 are elected Ward Councillors and 13 PR Councillors, appointed on a proportional basis.

The Chairpersons of EXCO, Council and the four Standing (Portfolio) Committees are detailed in the table above. The various structures are further made up of other Councillors, the Municipal Manager and Directors, as well as senior Officials.

Councillors' meeting attendance is good and apologies are tendered for their absence.

T A.1

APPENDIX B**COMMITTEES AND COMMITTEE PURPOSES**

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE) AND THEIR PURPOSE	
MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Local Labour Forum	Discussing labour related issues
Training & Occupational Health & Safety Committee	Discussing training of employee and employer and occupational health and safety issues
MPAC & Oversight Committee	The committee plays an oversight role over operations of the Municipality
Disaster Management Committee	Discussing all issues relating to disaster
IGR Meeting Committee	Discussing Inter-Governmental issues relating to all stakeholders or state departments
Disability Forum	Discussing Special Programmes pertaining to Disabled people
Youth Forum	Discussing Special Programmes pertaining to Youth of Dr Beyers Naudé Local Municipality
Sports Council	Discussing Special Programmes pertaining to sport codes of Dr Beyers Naudé Local Municipality
LED Committee	Discussing social and economic development issues
Audit Committee	Discussing audit related issues
Commonage Committee	Discussing all municipal commonage/farming land issues
IDP Representative Forum	Discussing all Integrated Development Planning related items – more specifically to effect sectoral alignment
IDP Steering Committee	Discussing Ward-Based Planning and Integrated Development Planning
Top Management & Management Committee	Discussing all issues that need recommendation/input from Management
Infrastructure Services Committee	Discussing all infrastructural and planning items
Community Services Committee	Discussing all community developmental issues
Corporate Services Standing Committee	Discussing all Human Resources issues
Budget & Treasury Committee	Discussing all finance-related matters
T B	

APPENDIX C
THIRD TIER ADMINISTRATIVE STRUCTURE

DIRECTORATE	DIRECTOR / MANAGER
Municipal Manager	Municipal Manager : Dr E.M. Rankwana (from 3 September 2017)
	Chief Operations Officer : Mr H. Hendricks
	Internal Audit Executive : Mr G. Maya
	IDP Manager : Miss L. Fouché
Corporate Services	Acting Director, Corporate Services : Ms. Z.V. Kali (1 June 2018 to date)
	Manager, Human Resources : Ms D Klassen (from 3 December 2018)
	Acting Manager, Administration : Ms. C. Cona (1 June 2018 to date)
	Area Manager : Mrs. L. De Beer (Willowmore)
	Area Manager : Mr A. Damane (Jansenville)
	Area Manager : Mr C. Kombani (Aberdeen)
	Area Manager : Ms. N. Oliphant (Nieu-Bethesda)
	Manager, Corporate Services : Mr M. Lötter (Steytlerville)
	Manager, Corporate Services : Mr X. Jack (Jansenville)
Community Services	Director, Community Services : Vacant
	Acting Director, Community Services : Mr B. Arends (from 1 May 2018)
	Manager, Protection Services : Mr C.V. Rhooide
	Manager, Community Services : Vacant
Budget & Treasury	Chief Financial Officer : Mrs H. Kok (from 3 September 2017)
	Manager, Reporting : Mr S. Mbotya (from 1 April 2018)
	Manager, Revenue : Ms D. Sauls (from January 2018)
	Manager, Assets & Supply Chain Management : Mr R. Boggenpoel
Engineering & Planning Services	Director, Engineering & Planning : Mr I.W. Berrington (until 31 May 2019; Acting Director Engineering & Planning as from 1 June 2019)
	Assistant Director, Engineering & Planning : Mr B. Arends
	Manager, Electrical Services : Mr A. Van Zyl
	Manager, PMU (EPWP/MIG) : Mr L. Mandla
TC	

MUNICIPAL POWERS AND FUNCTIONS	Applicable to Municipality	Applicable to Entity
RSA Constitution Schedule 4, Part B Functions	(Yes / No)	(Yes / No)
Air pollution	Yes	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	Yes	No
Fire-fighting services	Yes	No
Local tourism	Yes	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services (PHC function has been provincialized)	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
<i>T D (i)</i>		

MUNICIPAL POWERS AND FUNCTIONS	Applicable to Municipality	Applicable to Entity
RSA Constitution Schedule 5, Part B Functions	(Yes / No)	(Yes / No)
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
<i>T D (ii)</i>		

APPENDIX E

WARD REPORTING

WARD NO.	NAME OF WARD CLLR AND ELECTED WARD COMMITTEE MEMBERS	COMMITTEE ESTABLISHED (Yes / No)	NO. OF MONTHLY COMMITTEE MEETINGS HELD DURING THE YEAR	NUMBER OF MONTHLY REPORTS SUBMITTED TO SPEAKER'S OFFICE ON TIME	NUMBER OF QUARTERLY PUBLIC WARD MEETINGS HELD DURING YEAR
1	Cllr Willem Säfers <ul style="list-style-type: none"> - Amanda Nonnies - Daniel Pieterse - Jeanette Tinus - Joan B. Mafilika - Johannes Riaan Mauply - Klassie Afrika - Yvonne Frazenburg - Arthur Jantjies - Maude Godlo - B.L. Jacobs 	Yes, during 2017/18	8	12	1
2	Cllr Ricardo Smith <ul style="list-style-type: none"> - Jerome Schots - Welma Theron - Brian Heugh - E.A. Savage - Elain Stanley - Hilary Palmé - Hestie Van Der Mescht - Dennis Davidson - Shirley Haarhoff 	Yes, during 2017/18	2	12	1
3	Cllr Katie Hoffman <ul style="list-style-type: none"> - Roseline Reid - Johnna Jaftha - Lilly Williams - André Pokpas - August Steyn - Joe Deurling - Johannes Delmas - Moos Mbodla - Michael Hector 	Yes, during 2017/18	3	12	2
4	Cllr Xolile Galada <ul style="list-style-type: none"> - Ayanda Mjada - Mandisa Cebele - Nozuko Mantayi - Irene Meintjies - Sinethemba Qoqo - Westerfield Sodladla 	Yes, during 2017/18	0	12	No records submitted
5	Cllr Glenda Mackelina <ul style="list-style-type: none"> - Margaret Baartman - Shaun Baartman - Dorothy Baardman - P.A. Reid - Isabel Sondag - A. Meyer - Joe Jaftha 	Yes, during 2017/18	0	12	No records submitted

6	Cllr Thembile Tshona - L.E. Fula - M. Volontiya - Nobendiba Jack - Nomayaza Ntsodwa	Yes, during 2017/18	No records submitted	12	No records submitted
7	Cllr Rudy Jacobs - Andrew Mintoer - George Ngeju - Dick Van Wyk - Christo Frazenburg - Christo Klassen - Niklaas Saaiman - Lee-Ann Kekana - Karen Pienaar	Yes, during 2017/18	No records submitted	12	No records submitted
8	Cllr Ewald Loock - C.D.N. Umslana - Hendrik Rex - L. Luiters - K.C.M. Van Niekerk - Mathew Nicholas - Marisa Human - Henry Blou - Annie Smith - H.A. Slier	Yes, during 2017/18	2	12	1
9	Cllr Piet Bees - Willem Matola - Gideon Malan - P. Korkei - Jacoba Dunn - Rodney W.Human - Madeline Wolhurter - Annie Wagenaar	Yes, during 2017/18	1	12	No records submitted
10	Cllr Louis Langeveldt - Abraham Brouwers - Patrick Douws - Vuyokazi Oliphant - Meyer D.D.Wikken - Thembekile Kock - Pieter Chabe - Thanduxolo Mgwali - Vuyolweyhu Desha - Miranda Sidonga - Stephane Mlolomba	Yes, during 2017/18	5	12	No records submitted
11	Cllr Abraham Arries - Christo Heseni - Elain Nomfundiso Khoza - Nomalungelo G. Ketchem - Maxham Luxolo - Ntombodidi Cynthia Nkasai - Brenda Cola - Lorretta Plaatjies - Hendrix Kattie - J.Lewies - F.Maxham	Yes, during 2017/18	No records submitted	12	No records submitted

12	Cllr Daniel Bezuidenhout - Kiewiet Booysen - Annie Hemley - Marius Herselman - S.S. Stout - Willem Jaftha - W.T. Hayward - Elwean Fisher	Yes, during 2017/18	No records submitted	12	No records submitted
13	Cllr Errol Rossouw - Una De Vos - Johann Koolman - Elsa Jaer - Willie Nantoe - Zongezile Blou - Xolani Mama - Willem Koekemoer	Yes, during 2017/18	No records submitted	12	No records submitted
14	Cllr Joy Williams - Rudolf Rossouw - Errol Jantjies - Gerald Dampies - Joan Jantjies - Deon Prins - Niel Koeberg - Gavin Kemp - Jonathan Tarentaal - Paul Skut - Sophie Botman	Yes, during 2017/18	No records submitted	12	No records submitted
NOTE : CDWs serve Ex Officio on Ward Committees in Wards that have CDWs					
T E					

APPENDIX F

WARD INFORMATION

WARD 1 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During 2019/20
1	Cemeteries (Fence, fix and maintain. Attend to flood damage as indicated on map)	None. MIG funding earmarked for 2021/22 & 2022/23.
2	Stormwater (reconstruct and address ongoing problem in front of Clinic)	None. Shared competency.
3	Sports Fields (develop, upgrade & maintain)	None.
4	Playparks (fence, repair, maintain existing; construct new as indicated on map)	Completed (DEA project), but facilities have been completely vandalized.

WARD 2 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During 2019/20
1	RDP Housing : NB (housing development below Pienarsig to be expedited)	No progress since previous year of reporting. Provincial competency. Funding has been made available for further planning. Must be expedited.
2	Traffic Control : GRT (speeding & dangerous intersections)	None (some are Provincial competency).
3	MR605 : NB (last section of road up to Sam's Drift must be tarred. The bridge on bend at De Toren is deteriorating; structural safety is a concern.)	Provincial competency. Only grading of gravel surface was done; tarring of last section still to be completed. Bridge has not received any attention. Surfacing of MR605 is set to commence later in 2020.
4	Waste Management : GRT (address illegal dumping on river banks and other areas)	None. Private Sector assisted in cleaning both Transfer Station & Landfill site. Illegal dumping & littering still rife. Law enforcement is required. (Plans in place for 2020/21)

WARD 3 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During 2019/20
1	RDP Housing (rezoning and formal development of Riemvasmaak; electrification)	None. Provincial competency. (Informal Settlement upgrading programme is being developed for 2020/21.)
2	Multi-purpose Centre (Community Hall, Clinic, Library, SPU desks, Care Centre, etc)	None. Provincial competency. MPCC Committee was established but nothing further. Site was allocated by Municipality (erf 3625).
3	Streets (surfacing/paving of gravel streets that carry high traffic volumes)	Only slight progress. The rest remains unattended and there are serious flooding problems.
4	RDP Housing (fallen and rectifications in Smartie Town & Geluksdal)	Provincial competency – no progress, no budget.

WARD 4 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During 2019/20
1	RDP Housing (Lower Umas : replace all mud houses with new units & indoor toilets)	Provincial competency – after standing still, the project has recommenced. 152 new RDP units still to be built.
2	Streets & Stormwater (Lower Umas : all gravel streets to be surfaced/paved)	Some work was done, but there is still a serious flooding problem.
3	MPCC for Umasizakhe (to include Youth training & skills development facilities)	New priority. No progress as yet. DoHS is waiting for co-ordinates of site.
4	Waste Management : provision of refuse bins and bags for all households	Refuse is being removed by Municipality but no provision of bins or bags as yet.

WARD 5 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)

No.	Priority Name and Detail	Progress During 2019/20
1	Streets & Stormwater (surfacing/paving of identified streets, filling of potholes and urgent attention required at areas prone to flooding)	Area adjacent to the Ward was worked on but has not had desired result. Flooding still taking place. More effective maintenance is required.

2	Clinic (New facility urgently required at site identified. Existing one must be closed)	No progress - Provincial competency.
3	Sewerage Network (blockages, overflowing in Mandela Park; to be upgraded)	Situation has been brought under control.
4	RDP Housing (housing delivery)	No progress – Provincial competency – awaiting report from DoHS as to continuation of programme.
WARD 6 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	Land Release (unblock land in Eunice Kekana Village, Tjoksville & Chris Hani areas for housing, clinic, commercial & church sites)	Apparently there have been meetings but the Ward has not been informed about the specifics. They have not seen any progress. Awaiting report from DoHS.
2	Streets & Stormwater (stormwater systems to be upgraded, streets to be widened)	Work was done on the Stormwater system but has not solved the problem. Serious flooding still occurring.
3	RDP Housing (remove and replace asbestos roofs in Umasizakhe & Elite View)	Provincial competency. Fallen houses project has re-commenced. Still no progress with asbestos roofs.
4	Traffic calming measures (speedhumps required at crèche and Main Street)	No progress.
WARD 7 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	Streets & Stormwater : Aberdeen (surfacing/paving of all internal streets; priority to those indicated on map)	No progress apart from some basic maintenance.
2	Cemetery : Aberdeen (construction of new cemetery to be expedited and existing to be repaired & maintained)	No progress. Situation is critical.
3	Public Toilets : Aberdeen (to be upgraded and maintained)	Private sector assisted with some sprucing up of facility in previous year but situation has since deteriorated.
4	Traffic calming measures : Aberdeen (speedhumps and other traffic control measures - as indicated on map)	R338 no progress - a Provincial competency. Speedhumps are required on internal (Municipal) roads.
WARD 8 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	Bulk water supply to Willowmore (via Wanhoop)	Project is well underway. Needs to be expedited as old pipeline will not last much longer.
2	RDP Housing ❖ Willowmore (new housing for Vondeling) ❖ Rietbron (40 houses built – identification of beneficiaries) ❖ Baviaanskloof (for people living in mud dwellings)	Provincial competency. Talks have been underway but clarity is required on certain aspects. Only the Down project seems to be moving forward – latter half of 2020.
3	Electricity in Vondeling & Baviaanskloof	No progress - Dept of Energy competency.
4	Connection of houses in Willowmore town to main sewerage line (removal of septic tanks)	No progress. Situation requires urgent attention.
WARD 9 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, maintenance of all manholes)	No further progress since previous year's reporting. More funding is required to complete all areas.
2	Cemetery : existing one to be expanded	None. MIG funding earmarked for 2021/22 & 2022/23.
3	Sidewalks along Noord- & East Street (Willowmore)	No progress.
4	Lighting in dark areas (High mast & flood lights)	No progress with highmast lights. Maintenance on streetlights was done.
WARD 10 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	Water Purification Plant	Situation has deteriorated. Funding has been allocated for 2020/21.
2	Provincial Road R338 (to be tarred)	No progress - Provincial competency. Priority under review for 2020/21.

3	Railway Line (revitalisation)	No progress - Transnet competency. Priority under review for 2020/21.
4	ATM/Mobile Bank (to be positioned close to Police Station)	No progress - Private sector. Priority under review for 2020/21.
WARD 11 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	RDP Housing (new development next to Klipplaat Rd to address backlog)	No progress - Provincial competency. Awaiting report from DoHS.
2	Bulk Water Supply (pipeline between Klipfontein & Jansenville, and water quality)	RBIG project has commenced, but there is concern over Klipplaat water source, as their dam has dried up. Water quality in Jansenville requires urgent attention.
3	Sidewalks (to be constructed along gravel streets, where indicated on map)	No progress yet with Phase 2.
4	Hospital / Clinics (to be upgraded and better staffed)	Provincial competency. Some upgrades were done. Staffing issues still to be addressed by DoH.
WARD 12 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	RDP Housing (next to Daleview & Bosman Streets)	Provincial competency. No progress other than an indication that Golden Valley project is set to commence in Oct 2020. EIA issue must be investigated and clarified.
2	RDP Housing (approved project at Waterford to be implemented)	No progress - Provincial competency. Land ownership to be clarified.
3	Electricity (provision at Waterford)	No further progress since negotiations with Eskom during previous year's reporting.
4	School/s (more teachers to be appointed)	Provincial competency. Situation at Daleview is under control but situation at Karel du Toit has deteriorated and requires urgent intervention.
WARD 13 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	Streets & Stormwater (new, fix, maintain, pave or tar all gravel streets, new signage)	Some work was done and maintenance is being carried out. Rest of project must be completed.
2	High-mast lights & flood lights in dark areas	Most areas have been addressed but high mast lights are still required in some areas.
3	Upgrading of Vuyolwethu hall (Steytlerville)	No progress. The facility requires urgent attention.
4	RDP Housing (housing backlog must be addressed urgently) & rectification	Provincial competency. Willowmore project set to commence in Oct 2020. Some movement too with Steytleville Infill houses. Priority under review for 2020/21.
WARD 14 : Top Four Service Delivery Priorities for Ward (Highest Priority First, as per new IDP)		
No.	Priority Name and Detail	Progress During 2019/20
1	RDP Housing (housing delivery must be expedited to address critical need)	No progress – Provincial competency. Awaiting report from DoHS.
2	Streets (surfacing/paving of gravel streets with priority to those indicated on map)	Some areas were attended but there are streets that still need to be completed.
3	Stormwater (address areas prone to flooding as indicated on map)	Some work was done in neighbouring Wards. Flooding is still a problem in Ward 14.
4	Mobile Library (to address urgent need for such a facility in the Ward)	No progress – Provincial competency. To be incorporated in MPCC design.

TF

APPENDIX G
RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

DATE OF COMMITTEE MEETING	COMMITTEE RECOMMENDATIONS 2019/20	RECOMMENDATIONS ADOPTED (Y or N)
27 August 2019	<p><u>Internal Audit Progress Report: Quarter 1 of 2019/20 IA</u></p> <p><u>Recommendation</u></p> <p>That the above matter be referred to the Special Audit Committee meeting.</p>	Y
27 August 2019	<p><u>Feedback on FMCMM (Finance Management Capability)</u></p> <p><u>Recommendation</u></p> <p>That the above matter be referred to the Special Audit Committee meeting.</p>	Y
27 August 2019	<p><u>Section 52 & 71 Report:</u></p> <p><u>Recommendation</u></p> <p>That the above matter be referred to the Special Audit Committee meeting.</p>	Y
27 August 2019	<p><u>AFS preparation plan 2018/19</u></p> <p><u>Recommendation</u></p> <p>That the above matter be referred to the Special Audit Committee meeting.</p>	Y
27 August 2019	<p><u>ANNUAL FINANCIAL STATEMENTS</u></p> <p><u>Recommendations</u></p> <p>(a) That the presentation by A2A Kopano and Finance Manager be noted; and</p> <p>(b) That inputs/comments/changes be effected on the AFS before final submission.</p>	Y
27 August 2019	<p><u>ANNUAL PERFORMANCE REPORT: 2018/19</u></p> <p><u>Recommendations</u></p> <p>(a) That the content of the report be noted;</p> <p>(b) That AC take note of the information not verified;</p>	Y

	<p>(c) That the Chairperson will submit comments in writing to the PMS;</p> <p>(d) That the Annual Performance Report be submitted to AG with the AFS on Friday, 30 August 2019; and</p> <p>(e) That the Municipality to monitor the low achieved areas.</p>	
27 August 2019	<p><u>DISCIPLINARY & LEGAL REPORT</u></p> <p><u>Recommendation</u></p> <p>That the above matter be referred to the Special Audit Committee meeting.</p>	Y
16 October 2019	<p><u>Internal Audit Progress Report on 2019/20 IA Plan</u></p> <p><u>Recommendation</u></p> <p>That the contents of the report be noted and accepted.</p>	Y
16 October 2019	<p><u>Feedback on FMCMM (Finance Management Capability Maturity Model)</u></p> <p><u>Recommendations</u></p> <p>(a) That the Audit Committee notes the FMCMM report and action plans; and</p> <p>(b) That the report is useful as it touches various areas in the running of the municipality.</p>	Y
5 December 2019	<p><u>Internal Audit Progress Report: Quarter 2 of 2019 IA</u></p> <p><u>Recommendations</u></p> <p>(a) That it be noted that the lack of resources plays a role in the implementation of the Audit Plan;</p> <p>(b) That the Audit Plan reflect the most critical issues to be covered, these matters be prioritised and focused on and that there be an early alert in the case where it appears that a task is not going to be executed;</p> <p>(c) That ICT and the HR Plan be included in the Audit Plan as overtime and leave are areas always being looked by the Auditor General;</p> <p>(d) That the 2020/21 Audit Plan also be attended to and copies thereof be sent to Audit Committee members; and</p>	Y

	(e) That it be noted that Provincial Treasury has been approached for assistance with the fraud and risk register.	
5 December 2019	<p><u>Feedback on FMCMM (Finance Management Capability Maturity Model)</u></p> <p><u>Recommendation</u></p> <p>That the Chief Audit Executive return the plan to the relevant officials in order to update it and attention be given to timeframes for identified actions to be taken on ICT, Risk and HR.</p>	Y
5 December 2019	<p><u>Update on Revenue (Traffic in Jansenville) For Year 2017/18</u></p> <p><u>Recommendations</u></p> <p>(a) That controls be put in place/improved at the Jansenville Traffic Offices as a matter of urgency in order to protect the interests of the Municipality/Department of Transport: Province of the Eastern Cape; and</p> <p>(b) That Provincial Treasury be asked to undertake a forensic investigation at the Jansenville Traffic Offices at no costs to the Municipality.</p>	Y
19 March 2020	<p><u>Draft Strategic Risk Register</u></p> <p><u>Recommendation</u></p> <p>That the contents of the report be noted and it be sent electronically to all members.</p>	Y
19 March 2020	<p><u>Draft Risk Management Policy</u></p> <p><u>Recommendation</u></p> <p>That the contents of the report be noted on condition that the following issues are added:</p> <ul style="list-style-type: none"> • Combine categories. • Separate “operational” and “strategic” risks • Role of the Audit Committee be included on the report. 	Y
19 March 2020	<p><u>Draft Risk Management Implementation Plan</u></p> <p><u>Recommendation</u></p>	Y

	<p>That the contents of the report be noted on condition that the following issues are added:</p> <ul style="list-style-type: none"> Timeframes be attached to each activity in the report and elaborate on responsibilities. 	
19 March 2020	<p><u>FMCM Report</u></p> <p><u>Recommendation</u></p> <p>That it be noted that an updated report will be forwarded to all members.</p>	Y
19 March 2020	<p><u>PROGRESS ON AUDIT ACTION PLAN</u></p> <p><u>Recommendations</u></p> <p>(a) That the content of the report be noted and accepted; and</p> <p>(b) That the Audit Committee appealed to officials to comply and respond to RFI's issued by AG timeously to enhance healthy relations._</p>	Y
19 March 2020	<p><u>MID-YEAR ASSESSMENT REPORT</u></p> <p><u>Recommendations</u></p> <p>(a) That the Mid Year Report be noted and accepted;</p> <p>(b) That quarterly comparison to identify progress or improvement be indicated in the report;</p> <p>(c) That the Municipality to ensure that measures are put in place to ensure that the targets as set are met; and</p> <p>(d) That strategy be put in place to deal with the performance of LED.</p>	Y
19 March 2020	<p><u>DRAFT ANNUAL REPORT: 2018/19</u></p> <p><u>Recommendations</u></p> <p>(a) That it be noted that the Draft Annual Report will be tabled to Council for adoption on 31 May 2020; and</p> <p>(b) That a final copy of the Annual Report be made available to Audit Committee members.</p>	Y
19 March 2020	<p><u>MSCOA REPORT</u></p> <p><u>Recommendation</u></p> <p>That the contents of the report be noted and accepted notwithstanding the challenges with Human Resources and Asset Modules.</p>	Y

19 March 2020	<u>DISCIPLINARY & LITIGATION REPORT</u> <u>Recommendation</u> That the contents of the disciplinary and litigation report be noted and accepted.	Y
T G		

APPENDIX H	LONG-TERM CONTRACTS & PUBLIC PRIVATE PARTNERSHIPS
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LONG-TERM CONTRACTS (20 Largest Contracts Entered into during 2018/19)					
R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
NOT APPLICABLE. NO LONG-TERM CONTRACTS ENTERED INTO					
T H.1					

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2018/19					
R' 000					
Name and Description of Project	Name of Partner/s	Initiation Date	Expiry Date	Project manager	Project Value
NOT APPLICABLE. NO PP PARTNERSHIPS ENTERED INTO					
T H.2					

APPENDIX I

MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE

MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE									
Name of Entity or SP / Purpose (i)	Outline (a) Service Indicators and (b) Targets (ii)	2017/18		2018/19		2019/20	2020/21		
		Target	Actual	Target		Actual	Target		
		Previous Year (iii)	(iv)	Previous Year (v)	Current Year (vi)	(vii)	Current Year (viii)	Current Year (ix)	Following Year (x)
(Insert Name)									
(Insert Name)									
NOT APPLICABLE. NO PERFORMANCE AGREEMENTS ENTERED INTO									
(Insert Name)									
(Insert Name)									
T /									

APPENDIX J**DISCLOSURES OF FINANCIAL INTEREST**

Period 1 July 2019 to 30 June 2020		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTEREST
Mayor	Deon Wesley Sam De Vos	Declared that there was no financial interest
Speaker	Thembisa Lettar Nonnies	Declared that there was no financial interest
Councillor	Andreas Nortje	Declared that there was no financial interest
Councillor	Glenda Christina Mackelina	Declared that there was no financial interest
Councillor	Pieter William Koeberg	Declared that there was no financial interest
Councillor	Angeline Booysen	Declared that there was no financial interest
Councillor	Daniel Williams	Declared that there was no financial interest
Councillor	Notizi Vanda	Declared that there was no financial interest
Councillor	Wilton Zayne Le Grange	Declared that there was no financial interest
Councillor	Eldan Adley Carolus	Declared that there was no financial interest
Councillor	Hendrik Booysen	Declared that there was no financial interest
Councillor	Willem Jacobus Säfers	Declared that there was no financial interest
Councillor	Ricardo Smith	Declared that there was no financial interest
Councillor	Katie Hoffman	Declared that there was no financial interest
Councillor	Xolile Mzimkulu Galada	Membership of close corporation; other financial interest in business undertaking
Councillor	Thembile Michael Tshona	Declared that there was no financial interest
Councillor	Rudy Boyce Jacobs	Declared that there was no financial interest
Councillor	Ewald Laurens Loock	Other financial interest in business undertaking
Councillor	Piet Bees	Shares and securities in company
Councillor	Louis Leonard Langeveldt	Declared that there was no financial interest
Councillor	Abraham Arries	Declared that there was no financial interest
Councillor	Daniel Johannes Bezuidenhout	Declared that there was no financial interest
Councillor	Errol Vernon Ruben Rossouw	Membership of close corporation
Councillor	Joy Juanita Williams	Declared that there was no financial interest

Municipal Manager	Edward Martin Rankwana	Interest in property; subsidies, grants or sponsorships
Chief Financial Officer	Heleen Elsa Kok	Declared that there was no financial interest
Director Engineering and Planning	W.I. Berrington	Interest in trust; interest in property
Director Community Services	Vacant	N/A
Chief Operations Officer	Hans Hendricks	Interest in property
Assistant Director Engineering and Planning	Benjamin Arends	Interest in property; subsidies, grants or sponsorships
Manager Corporate Services	Zoleka Viola Kali	Interest in property
<i>FINANCIAL INTERESTS TO BE DISCLOSED EVEN IF THEY INCURRED FOR ONLY PART OF THE YEAR. SEE MBRR SA34A</i>		

APPENDIX K
**REVENUE COLLECTION PERFORMANCE
BY VOTE AND BY SOURCE**
APPENDIX K (i) : REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R '000						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - EXECUTIVE & COUNCIL	1 174	71	71	45	-37%	-37%
Vote 2 - CORPORATE SERVICES - ADMINISTRATION	3 547	23 100	22 961	22 808	-1%	-1%
Vote 3 - CORPORATE SERVICES - COMMUNITY SERVICES	12 307	48 161	49 775	45 801	-5%	-8%
Vote 4 - CORPORATE SERVICES - PROTECTION	7 312	7 335	7 355	2 978	-59%	-60%
Vote 5 - FINANCIAL SERVICES	135 781	38 335	55 589	39 718	4%	-29%
Vote 6 - TECHNICAL SERVICES - ENGINEERING	75 779	130 234	176 922	147 087	13%	-17%
Vote 7 - TECHNICAL SERVICES - ELECTRICAL	107 465	145 976	141 592	134 728	-8%	-5%
Example 8 - Vote 8	0	0	0			
Example 9 - Vote 9	0	0	0			
Example 10 - Vote 10	0	0	0			
Example 11 - Vote 11	0	0	0			
Example 12 - Vote 12	0	0	0			
Example 13 - Vote 13	0	0	0			
Example 14 - Vote 14	0	0	0			
Example 15 - Vote 15	0	0	0			
Total Revenue by Vote	343 365	393 212	454 265	393 165	-1	-2
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						T K.1

APPENDIX K (ii) : REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	30 162	40 993	41 892	34 909	-15%	-17%
Service Charges - electricity revenue	103 248	130 358	125 652	105 152	-19%	-16%
Service Charges - water revenue	24 870	27 626	36 019	35 966	30%	0%
Service Charges - sanitation revenue	10 422	16 390	26 152	14 652	-11%	-44%
Service Charges - refuse revenue	11 517	22 907	22 151	17 075	-25%	-23%
Service Charges - other						
Rentals of facilities and equipment	855	929	929	70	-92%	-92%
Interest earned - external investments	634	3 268	3 268	442	-86%	-86%
Interest earned - outstanding debtors	5 410	7 217	4 531	5 705	-21%	26%
Dividends received						
Fines	21	11	31	31	170%	-2%
Licences and permits	1 066	1 652	1 652	310	-81%	-81%
Agency services	1 874	3 668	3 668	2 117	-42%	-42%
Transfers recognised - operational	114 805	102 332	109 736	143 287	40%	31%
Other revenue	12 491	2 042	6 707	2 587	27%	-61%
Gains on disposal of PPE	583	0	10 000	6 715	6714791%	-33%
Enviromental Protection						
Total Revenue (excluding capital transfers and contributions)	317 958	359 394	392 389	369 016	3%	-6%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

APPENDIX L**CONDITIONAL GRANTS RECEIVED (EXCLUDING MIG)**

Conditional Grants: excluding MIG						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
RBIG	21 036	6 000	4 123	-410%	-46%	DORA
EPWP	1 251	1 251	1 251	0%	0%	DORA
FMG	4 000	4 000	4 000	0%	0%	DORA
Office of the Premier	4 209	4 209	4 209	0%	0%	DORA
Water Conservation & Management Grant	7 000	7 000	7 000	0%	0%	DORA
Municipal disaster relief Grant	1 132	1 132	1 132	0%	0%	DORA
Total						
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						

T L

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG

The main infrastructure grants received during the 2019/20 financial year (excluding MIG) were: the water conservation grants which was used for water supply for the drought we face as well as the covid-19 pandemic which requires sufficient water for sanitary purposes and the Regional Bulk Infrastructure Grant (RBIG) which was used for construction of steel reservoir and pipelines as well as refurbishment of boreholes.

All conditions of grants were met and grants were spent in terms of approved business plans.

APPENDIX M (i) : CAPITAL EXPENDITURE (NEW ASSETS PROGRAMME)**APPENDIX M (ii) : CAPITAL EXPENDITURE (NEW AND UPGRADE / RENEWAL
PROGRAMMES)**

Kindly note that the format of above-listed schedules has changed and they now appear combined as the 2019/20 A5 Capex Table on the next two pages.

EC101 Dr Beyers Naudé Local Municipality- Table A5 Budget Summary

Vote Description R thousand	2019/2020								2018/2019			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 9 - COUNCIL (30: CS)		-				-	-	-			-	
Vote 10 - MUNICIPAL MANAGER (31: CS)		-				-	-	-			-	
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32: CS)		-				-	-	-			-	
Vote 12 - CORPORATE SERVICES: COMM SERV (33: CS)		-				-	-	-			-	
Vote 13 - CORPORATE SERVICES: PROTECTION (34: CS)		-				-	-	-			-	
Vote 14 - FINANCIAL SERVICES (36: CS)		-				-	-	-			-	
Vote 15 - TECHNICAL SERVICES: ENGINEERING (38: CS)			-			-	-	-			-	
Vote 16 - TECHNICAL SERVICES: ELECTRICAL (39: CS)			-			-	-	-			-	
Example 9 - Vote9			-			-	-	-			-	
Example 10 - Vote10			-			-	-	-			-	
Example 11 - Vote11			-			-	-	-			-	
Example 12 - Vote12			-			-	-	-			-	
Example 13 - Vote13			-			-	-	-			-	
Example 14 - Vote14			-			-	-	-			-	
Example 15 - Vote15			-			-	-	-			-	
Capital multi-year expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure												
Vote 9 - COUNCIL (30: CS)	-	-	-	-		-	-	0%			-	349
Vote 10 - MUNICIPAL MANAGER (31: CS)	-	-	-	-	-	-	-	0%			-	14
Vote 11 - CORPORATE SERVICES: ADMINISTRN (32: CS)	-	-	-	-	-	-	-	0%			-	-
Vote 12 - CORPORATE SERVICES: COMM SERV (33: CS)	2 896	(310)	3 206	1 802		(1 404)	56%	62%			-	4 477
Vote 13 - CORPORATE SERVICES: PROTECTION (34: CS)	-	-	-	-	-	-	-	-			-	2 794
Vote 14 - FINANCIAL SERVICES (36: CS)	-	(350)	350	205	(145)	(145)	59%	#DIV/0!			-	382
Vote 15 - TECHNICAL SERVICES: ENGINEERING (38: CS)	29 551	(30 832)	60 383	56 389		(3 994)	93%	191%			-	21 958
Vote 16 - TECHNICAL SERVICES: ELECTRICAL (39: CS)	-	-	-	-		-	-	-			-	4 242
Example 9 - Vote9		-				-	-	-			-	
Example 10 - Vote10		-				-	-	-			-	
Example 11 - Vote11		-				-	-	-			-	
Example 12 - Vote12		-				-	-	-			-	
Example 13 - Vote13		-				-	-	-			-	
Example 14 - Vote14		-				-	-	-			-	
Example 15 - Vote15		-				-	-	-			-	
Capital single-year expenditure	32 447	(31 492)	63 940	58 397	(145)	(5 543)	91%	180%	-	-	-	34 215
Total Capital Expenditure - Vote	32 447	(31 492)	63 940	58 397	(145)	(5 543)	91%	180%	-	-	-	34 215

Capital Expenditure - Standard												
Governance and administration	-	(350)	350	205	(145)	(145)	59%	#DIV/0!	-	-	-	731
Executive and council			-	-	-	-	-	-			-	349
Finance and administration		(350)	350	205	(145)	(145)	59%	#DIV/0!			-	382
Internal audit		-	-	-	-	-	-	-			-	-
Community and public safety	-	-	-	-	-	-	-	-	-	-	-	7 117
Community and social services		-			-	-	-	-			-	-
Sport and recreation		-			-	-	-	-			-	4 323
Public safety		-			-	-	-	-			-	2 794
Housing		-	-			-	-	-			-	-
Health		-	-			-	-	-			-	-
Economic and environmental services	10 300	2 876	7 424	6 218	(1 206)	(1 206)	84%	60%	-	-	-	2 332
Planning and development	-	-	-	-	-	-	-	-			-	14
Road transport	10 300	2 876	7 424	6 218	(1 206)	(1 206)	84%	60%			-	2 318
Environmental protection	-	-	-	-		-	-	-			-	-
Trading services	22 147	(34 018)	56 166	51 974	(4 192)	(4 192)	93%	235%	-	-	-	24 035
Energy sources	-	-	-	-	-	-	-	-			-	4 242
Water management	19 251	(31 287)	50 538	49 279	(1 259)	(1 259)	98%	256%			-	16 893
Waste water management	-	(2 421)	2 421	892	(1 529)	(1 529)	37%	#DIV/0!			-	2 747
Waste management	2 896	(310)	3 206	1 802	(1 404)	(1 404)	56%	62%			-	154
Other	-	-	-	-	-	-	-	-			-	-
Total Capital Expenditure - Standard	32 447	(31 492)	63 940	58 397	(5 543)	(5 543)	91%	180%	-	-	-	34 215
Funded by:												
National Government	32 447	(11 340)	43 787	38 244	(5 543)	(5 543)	87%	118%				34 215
Provincial Government	-	(20 152)	20 152	20 152	-	-	100%	#DIV/0!				-
District Municipality	-		-	-		-	-	-				-
Other transfers and grants	-		-	-		-	-	-				-
Transfers recognised - capital	32 447	(31 492)	63 940	58 397		(5 543)	91%	180%				34 215
Public contributions & donations						-	-	-				-
Borrowing		-			-	-	-	-				-
Internally generated funds						-	-	-				-
Total Capital Funding	32 447	(31 492)	63 940	58 397	(5 543)	(5 543)	91%	180%				34 215

APPENDIX N
CAPITAL PROGRAMME BY PROJECT YEAR 0 (2019/20)

Capital Programme by Project : 2019/20					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Aberdeen Bulk Water Supply	7,340,846	6,040,846	6,040,831	82%	100%
Graaff Reinet Emergency Bulk Water Supply (RBIG)	6,000,000	6,000,000	5,092,961	85%	85%
Graaff Reinet Emergency Bulk Water Supply (WSIG)	7,000,000	7,000,000	7,000,000	100%	100%
Willowmore Bulk Water Supply (OTP)	4,210,000	4,210,000	4,209,676	99%	99%
Drought Project (WSIG)	30,020,060	30,020,060	30,020,049	100%	100%
Graaff Reinet Drilling of additional Boreholes (COGTA)	6,400,000	6,400,000	6,388,391	99%	99%
Nqweba Dam Wall Refurbishment	2,418,366	2,418,366	2,418,366	100%	100%
Sanitation/Sewerage					
Desludging of Sewer Pump Stations	1,757,633	1,757,633	1,757,633	100%	1000%
Electricity					
Upgrading of Graaff Reinet MV Switch Gear					
"Project B"					
Housing					
"Project A"					
"Project B"					
Refuse removal					
Steytlerville Upgrading of Solid Waste Site	2,896,465		2,072,830	72%	72%
"Project B"					
Stormwater					
Upgrading of Streets and Storm Water Graaff Reinet	8,673,069	5,797,069	5,797,069	66%	100%
Upgrading of Streets and Storm Water Willowmore	2,314,200	2,314,200	2,314,200	100%	100%
Upgrading of Streets and Storm Water Jansenville and Klipplaat	2,146,400	2,146,400	2,146,400	100%	100%
Economic development					
"Project A"					
"Project B"					
Sports, Arts & Culture					
"Project A"					

"Project B"					
Environment					
"Project A"					
"Project B"					
Health					
"Project A"					
"Project B"					
Safety and Security					
"Project A"					
					<i>T N</i>

APPENDIX 0
CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward : 2019/20		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
"Project A"		
"Project B"		
Electricity		
"Project A"		
"Project B"		
Housing		
"Project A"		
"Project B"		
Refuse removal		
"Project A"		
"Project B"		
Stormwater		
"Project A"		
"Project B"		
Economic development		
"Project A"		
"Project B"		
Sports, Arts & Culture		
"Project A"		
"Project B"		
Environment		
"Project A"		
"Project B"		
Health		
"Project A"		
"Project B"		
Safety and Security		
"Project A"		
"Project B"		
ICT and Other		
"Project A"		
"Project B"		
		<i>T O</i>

APPENDIX P
SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS

SERVICE BACKLOGS: SCHOOLS AND CLINICS				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
SCHOOLS (names, locations)				
CLINICS (names, locations)				

Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.

T P

APPENDIX Q

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS THE SERVICE PROVIDER (where the municipality whether or not act on agency basis)

Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDIX R**DECLARATION OF LOANS AND GRANTS
MADE BY THE MUNICIPALITY**

Dr Beyers Naudé Municipality made the following donations/grants during the 2019/20 financial year :

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY : 2019/20

Organisation or Person in receipt of Loans* / Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years

* Loans / Grants - whether in cash or in kind

T R

APPENDIX S**NATIONAL AND PROVINCIAL OUTCOMES
FOR LOCAL GOVERNMENT**

NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT 2019/20		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i>		<i>T S</i>

ANNEXURE 1 : ANNUAL FINANCIAL STATEMENTS

The 2019/20 Annual Financial Statements are attached hereto.

ANNEXURE 2 : AUDITOR-GENERAL REPORT

The 2019/20 Auditor-General's Report is attached hereto.

ANNEXURE 3 : AUDIT ACTION PLAN

The 2019/20 Audit Action Plan (in response to 2018/19 Audit Outcome) is attached hereto.

ANNEXURE 4 : ANNUAL PERFORMANCE REPORT

The 2019/20 Annual Performance Report is attached hereto.



Dr. Beyers Naudé

MUNICIPALITY | MUNISIPALITEIT | UMASIPALA

Working together for development

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

AUDITED

**AUDITOR GENERAL
RECEIVED**

26 MAR 2021

Name:.....

Signature:.....

Dr Beyers Naude Local Municipality

(Registration number: EC101)

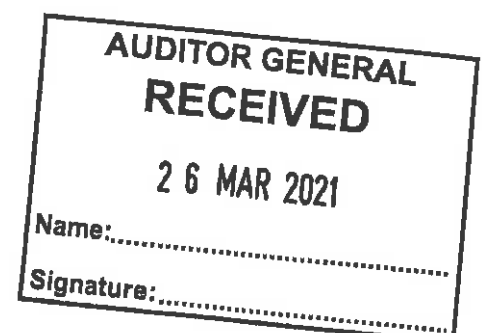
Annual Financial Statements for the year ended 30 June 2020

INDEX

The reports and statements set out below comprise the annual financial statements presented to the council:

1	GENERAL INFORMATION	3
2	ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL	4
3	STATEMENT OF FINANCIAL POSITION	5
4	STATEMENT OF FINANCIAL PERFORMANCE	6
5	STATEMENT OF CHANGES IN NET ASSETS	7
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8	ACCOUNTING POLICIES	11
9	NOTES TO THE FINANCIAL STATEMENTS	43

ASB	Accounting Standards Board
MPAC	Municipal Public Accounts Committee
PAYE	Pay As You Earn
SALGA	South African Local Government Association
GRAP	Generally Recognised Accounting Practice
SARS	South African Revenue Services
SDL	Skills Development Levy
IAS	International Accounting Standards
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
mSCOA	Municipal Standard Chart of Accounts



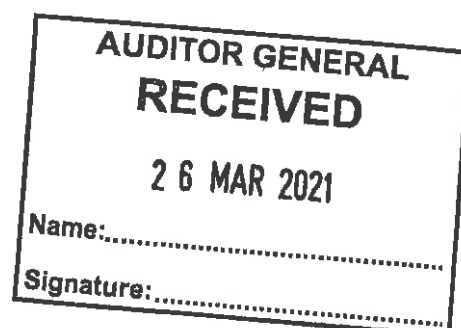
Dr Beyers Naude Local Municipality

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

GENERAL INFORMATION

Legal form of entity	The entity functions as local municipality, established under Paragraph 151 of the Constitution of the Republic of South Africa, 1996, as amended.	
Nature of business and activities	Dr Beyers Naude Local Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act No. 117 of 1998). The Municipality's operations are governed by: Municipal Finance Management Act 56 of 2003, Municipal Structure Act 117 of 1998, Municipal Systems Act 32 of 2000 and various other Acts and regulations.	
Mayoral committee		
Executive Mayor	Cllr D.W.S De Vos	
Speaker	Cllr T.L Nonnies	
Executive Committee	Cllr P.W Koeberg	Cllr N.P Vanda
	Cllr E.A Ruiters	Cllr E.L Looock
	Cllr D Williams	Cllr X.N Galada
	Cllr R.L Smith	Cllr G.C Mackelina
	Cllr W.Z Le Grange	Cllr T.M Tshona
	Cllr A. Mboneni	Cllr R.B Jacobs
	Cllr E.A Carolus	Cllr P Bees
	Cllr A Booysen	Cllr L.L Langeveldt
	Cllr H Booysen	Cllr A Arries
	Cllr B.W Seekoei	Cllr D.J Bezuidenhout
	Cllr W.J Safers (MPAC Chair)	Cllr E.V.R Rossouw
	Cllr A.L Nortje	Cllr J.J Williams
	Cllr K Hoffman	
Councillors		
Grading of local authority	Grade Three (3)	
Accounting Officer	Dr. E.M Rankwana	
Acting Chief Finance Officer	D. Thorne	
Registered office	PO Box 71 Graaff Reinet 6280	
Business address	12 - 14 Caledon Street Graaff Reinet 6280	
Auditors	Office of the Auditor General (East London) 69 Frere Road Vincent East London	
Primary banker	Standard Bank	



Dr Beyers Naude Local Municipality

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The councillors are remunerated within the upper limits of the framework envisaged in Section 219 of the Constitution, as required by the MFMA, section 124(1)(a).

The annual financial statements set out on pages 5 to 79, which have been prepared on the going concern basis, were approved by the accounting officer on 26 MARCH 2021 and were signed by him:



Dr E.M RANKWANA
MUNICIPAL MANAGER
26 MARCH 2021

AUDITOR GENERAL RECEIVED
26 MAR 2021
Name:.....
Signature:.....

DR BEYERS NAUDE MUNICIPALITY

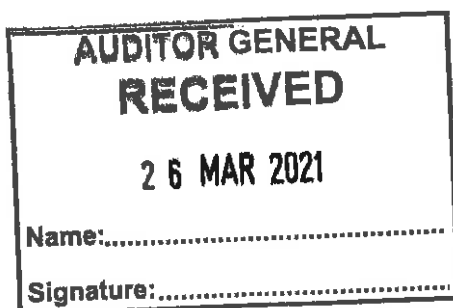
(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

Figures in Rand

	Notes	2020	2019 Restated*
ASSETS			
Current Assets			
VAT Receivable	3	4 625 778	8 515 946
Inventories	4	4 199 631	4 177 193
Other Receivables	5	5 051 390	4 589 966
Receivables from Non-exchange Transactions	6	3 644 772	3 856 579
Receivables from Exchange Transactions	7	18 338 927	16 296 017
Cash and Cash Equivalents	8	2 277 537	24 312 902
		38 138 035	61 748 603
Non-Current Assets			
Investment Property	9	69 034 773	69 034 773
Property, Plant and Equipment	10	1 084 501 798	1 081 775 615
Intangible Assets	11	31 447	88 434
Heritage Assets	12	11 266 460	11 266 460
		1 164 834 478	1 162 165 282
Total Assets		1 202 972 513	1 223 913 886
LIABILITIES			
Current Liabilities			
Other financial liabilities	13	11 755 461	10 000 000
Payables from Exchange Transactions	14	239 725 641	173 436 208
Payables from Non-exchange Transactions	15	2 915 504	22 954 995
Consumer Deposits	16	3 454 715	3 316 576
Unspent Conditional Grants and Receipts	17	3 666 591	4 312 891
Provisions	18	9 834 320	8 674 076
Employee benefit obligation	19	2 869 000	2 991 000
		274 221 232	225 685 747
Non-Current Liabilities			
Other financial liabilities	13	-	10 000 000
Provisions	18	21 666 000	22 615 000
Employee benefit obligation	19	43 834 000	47 828 000
		65 500 000	80 443 000
Total Liabilities		339 721 232	306 128 747
Net Assets		863 251 281	917 785 139
NET ASSETS		863 251 281	917 785 137
Accumulated Surplus		863 251 281	917 785 137



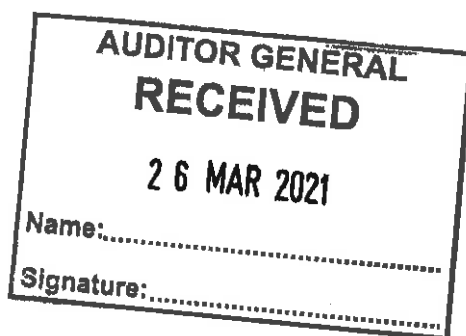
DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

Figures in Rand	Notes	2020	2019 Restated*
REVENUE			
Revenue from Exchange Transactions			
Service charges	20	172 844 452	150 057 764
Agency services	21	2 114 561	1 873 578
Interest earned	22	5 705 111	5 409 737
Interest earned - Investments	22	441 627	633 552
Rental of facilities and equipment	23	702 347	855 164
Other revenue	24	1 537 733	5 571 157
Licences and permits	25	309 585	1 066 277
Gains on disposal of assets and liabilities	39	6 714 891	583 068
		190 370 308	166 050 297
Revenue from Non-exchange Transactions			
Taxation revenue			
Property Rates	26	34 909 280	30 162 310
Transfer revenue			
Fines, penalties and forfeits	27	30 627	20 733
Government grants and subsidies	28	166 267 563	140 823 092
Public contributions and donations	29	1 049 503	6 920 279
		202 256 973	177 926 414
Total Revenue		392 627 281	343 976 711
EXPENDITURE			
Employee related costs	30	(163 629 214)	(162 607 765)
Remuneration of councillors	31	(9 649 467)	(9 571 637)
Debt impairment	32	(47 249 533)	(37 060 270)
Depreciation and amortisation	33	(54 226 693)	(55 907 084)
Impairment losses	34	-	(434 705)
Finance cost	35	(13 212 068)	(9 196 574)
Bulk purchases	36	(93 023 855)	(88 142 337)
Operational Cost	37	(45 647 884)	(45 645 504)
Contracted Services	38	(21 442 455)	(21 423 736)
Operating Leases	40	(7 619 967)	(6 697 767)
Total Expenditure		(455 701 137)	(436 687 380)
Deficit before actuarial gains and release from obligation		(63 073 857)	(92 710 669)
Actuarial gain and release from obligation	41	8 540 000	3 808 799
DEFICIT FOR THE YEAR		(54 533 857)	(88 901 870)



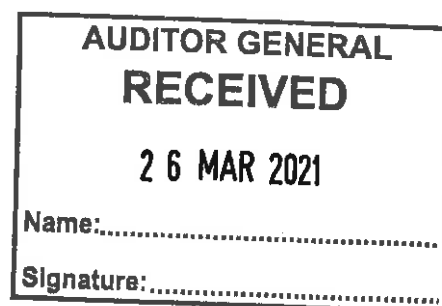
DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

Figures in Rand	Accumulated Surplus	Total of Net Assets
Opening balance as previously reported	1 019 637 228	1 019 637 228
Adjustments		
Correction of errors - Inventory (Land held for sale)	(263 458)	(263 458)
Correction of errors - Other Receivables	166 826	166 826
Correction of errors - Payables (2018 Eskom)	(7 072 701)	(7 072 701)
Correction of errors - Payables (2018 Accrual)	3 350 611	3 350 611
Correction of errors - Unspent conditional grants	730 678	730 678
Correction of errors - Payables from exchange transactions	453 729	453 729
Correction of errors - Heritage assets	(2 186 331)	(2 186 331)
Correction of errors - Provisions	(8 129 575)	(8 129 575)
Balance at 01 July 2018 as restated*	1 006 687 008	1 006 687 008
Changes in net assets		
Deficit for the year	(88 901 870)	(88 901 870)
Balance at 01 July 2019 as restated*	917 785 137	917 785 137
Changes in net assets		
Deficit for the year	(54 533 857)	(54 533 857)
Balance at 30 June 2020	863 251 281	863 251 281



DR BEYERS NAUDE MUNICIPALITY

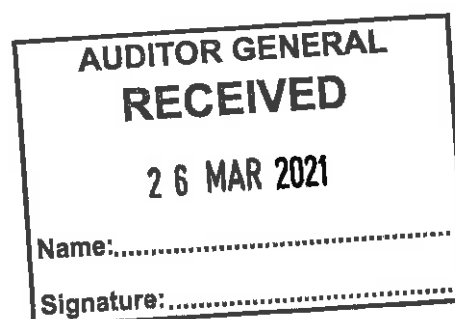
(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Figures in Rand

	2020	2019 Restated*
Cash flow from operating activities		
Receipts		
Rates and services	164 378 206	159 026 081
Government grants and subsidies	145 189 317	171 663 042
Other receipts	4 233 429	8 588 001
Interest - investment	441 627	633 552
	314 242 579	339 910 676
Payments		
Employee cost	(173 278 681)	(172 179 402)
Suppliers	(91 565 367)	(123 614 856)
	(264 844 048)	(295 794 258)
Net cash flow from operating activities	42 49 398 531	44 116 418
Cash flow from investing activities		
Purchase of property, plant and equipment	(67 198 346)	(38 631 947)
Proceeds from sale of property, plant and equipment	7 000 000	-
Net cash flow from investing activities	(60 198 346)	(38 631 947)
Cash flow from financing activities		
Movement in financial liabilities	(8 244 539)	20 000 000
Employee benefits paid	(2 991 000)	(3 199 659)
Net cash flow from financing activities	(11 235 539)	16 800 341
Net increase/(decrease) in cash and cash equivalents	(22 035 354)	22 284 812
Cash and cash equivalents at the beginning of the year	24 312 902	2 028 090
Cash and cash equivalents at the end of the year	8 2 277 548	24 312 902



DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**Budget on cash basis**

Figures in rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Variance between final and approved	Reference
-----------------	-----------------	-------------	--------------	------------------------------------	-------------------------------------	-----------

Statement of financial performance**Revenue from Exchange Transactions**

Service charges	196 900 552	13 092 773	209 993 325	172 844 452	37 148 873	N1
Agency services	3 282 540		3 282 540	2 114 561	1 167 979	N2
Interest earned	7 216 735	427 945	7 644 680	5 705 111	1 939 568	N3
Interest earned - Investments	3 268 158		3 268 158	441 627	2 826 531	N4
Rental of facilities and equipment	929 460		929 460	702 347	227 113	N5
Other revenue	2 423 628	100 000	2 523 628	1 537 733	985 895	N6
Licences and permits	2 037 789		2 037 789	309 585	1 728 204	N7
Gains on disposal of assets and liabilities	100	10 000 000	10 000 100	6 714 891	3 285 209	N8
	216 058 962	23 620 718	239 679 680	190 370 308	49 309 372	

Revenue from Non-exchange Transactions**Taxation revenue**

Property Rates	40 992 661	898 863	41 891 524	34 909 280	6 982 243	N9
Transfer revenue						
Fines, penalties and forfeits	10 650	20 000	30 650	30 627	23	
Government grants and subsidies	136 150 056	36 510 954	172 661 010	166 267 563	6 393 447	N10
Public contributions and donations				1 049 503	(1 049 503)	N11
	177 153 367	37 429 817	214 583 184	202 256 973	12 326 210	
Total Revenue	393 212 329	61 050 534	454 262 863	392 627 281	61 635 582	

EXPENDITURE

Employee related costs	159 289 672	1 356 897	160 646 569	(163 629 214)	(2 982 644)	N12
Remuneration of councillors	9 914 897	72 440	9 987 337	(9 649 467)	337 870	N13
Debt impairment	3 894 236	6 251 875	10 146 111	(47 249 533)	(37 103 422)	N14
Depreciation and amortisation	64 632 986	(19 389 896)	45 243 090	(54 226 693)	(8 983 603)	N15
Finance cost	3 787 800	2 864 868	6 652 668	(13 212 068)	(6 559 400)	N16
Bulk purchases	90 604 910	10 343 209	100 948 119	(93 023 855)	7 924 264	N17
General Expenses	56 451 937	5 568 313	62 020 250	(45 647 884)	16 372 366	N18
Contracted Services	4 083 418	2 586 190	6 669 608	(21 442 455)	(14 772 847)	N19
Operating Leases				(7 619 967)	(7 619 967)	N20
Total Expenditure	392 659 856	9 653 897	402 313 753	(455 701 137)	(53 387 385)	
Operating deficit	552 473	51 396 638	51 949 111	(63 073 857)	115 022 967	

**AUDITOR GENERAL
RECEIVED****26 MAR 2021**

Name:.....

Signature:.....

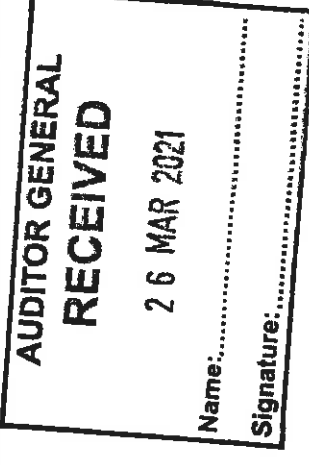
DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

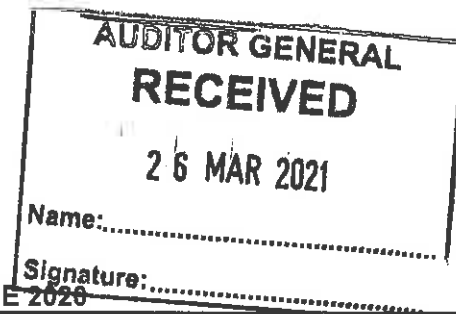
N1	The municipality has been experiencing severe drought during the financial year which had left some areas within the municipality without water supply, thus consumption and billing was negatively affected. The lockdown due to the Covid-19 pandemic resulted in the municipal closing offices which had an adverse effect on debt collection.
N2	Restrictions during level 5 of lockdown resulted in the traffic office being unable to operate. Extended validity of licences for licences expiring between the lockdown period which adversely impacts on collections.
N3	The municipality has been experiencing severe drought during the financial year which had left some areas within the municipality without water supply, thus consumption and billing was negatively affected. Lockdown resulted in the municipal closing offices which had an adverse effect on debt collection.
N4	The municipality is experiencing severe financial constraints, due to drought and covid-19 pandemic amongst many other factors, thus was unable to invest as planned
N5	Under performance is mainly due to closure of facilities due to lockdown as a result of the covid-19 pandemic
N6	Decrease in various income sources like Tender deposits and Sales of Avgas because of decrease in procurement due to cash flow challenges
N7	The traffic departments Vehicle testing centre was adversely affected due to resignations of key personnel for a significant part of the financial year
N8	Anticipated proceeds from sale of property not realised
N9	Under performance is mainly due to due to the drought conditions where farmers relief was given for rebates on rates
N10	Under performance is due to unspent grants of which the municipality has applied for rollover of funds and RBIG grant that was not received in full due to delayed projects as a result of lockdown. The revenue on drought grant not recognised during the 2019/20 financial year
N11	Donated assets received from SBDM
N12	Overperformance is as a result of an increase in overtime due to carting of water due to drought
N13	Estimated upper limits increase was higher than actual approved upper limits
N14	Estimated debt impairment was severely impacted by drought and covid-19 pandemic
N15	Estimated depreciation was inadequate due to a large number of completed projects in the current year
N16	Estimated interest servely affected by non payment of creditors within legislated 30 days period due to sever cashflow constraints
N17	Estimated Eskom tariffs increase was higher than actual approved tariffs
N18	Under performance is due to implementation of cost containment, lockdown due to covid-19 and cashflow constraints. Decreased motor vehicle expenses, travel and subsistence, as well as training
N19	Over performance as a result of an increase in use of outsourced services
N20	Over performance as a result of leasing of vehicles



DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements are disclosed below:

The accounting policies are consistent with the previous period but the wording (where applicable) has since been amended and inclusion of required paragraphs has since been included.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Budget information

Budget information is in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

1.4 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior year comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 43 to the financial statements.

DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

AUDITOR GENERAL
RECEIVED

26 MAR 2021

Name:

Signature:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.5 Offsetting

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

1.6 Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future period.

Judgements

In the process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Receivables

The municipality assesses its receivables from impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial

The impairment for Trade receivables is calculated based on the grading of category of debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amount that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.6 Significant judgements and sources of estimation uncertainty (continued)

Pension and other post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future medical increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles, so that the effect of any impairment on a group of receivables would not differ materially from the impairment, that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size/ extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and the discounted to their present value using an appropriate discount rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

The value of water inventory is calculated by considering the quantity of water in the pipes and is estimated based on the dimensions/ measurements of the pipes and the average cost per KL.

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1.7 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- ☐ use in the production or supply of goods or services or for
- ☐ administrative purposes, or
- ☐ sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent Measurement - Cost Model

Subsequent to the initial recognition, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation recognised on investment property is determined with reference to the useful lives and residual values of the underlying items. Depreciation is provided to write down cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Items useful life:

- ☐ Land - Indefinite
- ☐ Buildings - 30 - 100 years

Land is not depreciated as it is considered to have an indefinite useful life.

Impairments

The entity test for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an investment property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

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1.7 Investment property (continued)

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or services potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of financial performance in the period of retirement or disposal.

1.8 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- ☐ it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- ☐ the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**1.8 Property, plant and equipment (continued)**

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an items of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life. Subsequent expenditure Where the municipality replaces part of an asset, it derecognises that part of the asset being replaced and capitalises the new component.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except land which is carried at cost.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	None	Indefinite
Buildings	Straight line	30 - 100 years
Infrastructure		
Roads and paving	Straight line	50 years
Water	Straight line	15 - 20 years
Electricity	Straight line	20 - 30 years
Sewerage	Straight line	15 - 20 years
Landfill sites	Straight line	30 years
Community		
Recreational facilities	Straight line	20 - 50 years
Museums and art galleries	Straight line	20 - 50 years
Security measures	Straight line	5 years
Cemetries	Straight line	25 - 30 years
Community halls	Straight line	30 - 100 years
Transport assets		
Specialised vehicles	Straight line	10 years
Other vehicles	Straight line	5 years
Other property, plant and equipment		
Office equipment	Straight line	3 - 7 years
Furniture and fittings	Straight line	7 - 20 years

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1.8 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Other property, plant and equipment (continued)		
Bins and Containers	Straight line	5 years
Emergency equipment	Straight line	5 years
Plant and equipment	Straight line	2 - 5 years
Airports	Straight line	15 years
Computer equipments	Straight line	3 - 7 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Library books

Library books are held to provide a service to the community. The books are fully depreciated in the year of acquisition due its individual and aggregate immaterial value. Library books are expected to be used over more than one reporting period and are therefore classified as property, plant and equipment. A register of the library books is maintained by the municipality. Using the principles in GRAP 1 and GRAP 3, the number of books on hand at year-end are disclosed as narrative in the note on property, plant and equipment.

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1.9 Intangible assets

An Intangible asset is an identifiable non-monetary asset without physical existence. An intangible asset is identifiable if it either:

- ☐ is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- ☐ arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations onto the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- ☐ it is probable that the expected future economic benefits or service potential are attributable to the asset will flow to the municipality; and
- ☐ the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- ☐ it is technically feasible to complete the asset so that it will be available for use or sale.
- ☐ there is an intention to complete and use or sell it.
- ☐ there is an ability to use or sell it.
- ☐ it will generate probable future economic benefits or service potential.
- ☐ there are available technical, financial and other resources to complete the development and to use or sell the asset.
- ☐ the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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1.9 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on straight line, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (Note 11).

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- ☐ Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- ☐ It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- ☐ It is settled at a future date.

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1.10 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- ☐ cash;
- ☐ a residual interest of another entity; or
- ☐ a contractual right to: - receive cash or another financial asset from another entity; or - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- ☐ deliver cash or another financial asset to another entity; or
- ☐ exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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1.10 Financial instruments (continued)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- ☐ equity instruments or similar forms of unissued capital;
- ☐ a formal designation of a transfer of resources (or class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- ☐ a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

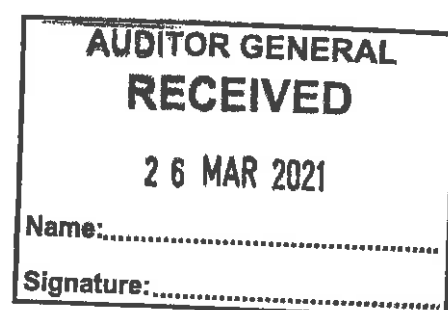
Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- ☐ the entity designates at fair value at initial recognition; or
- ☐ are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- ☐ derivatives;
- ☐ combined instruments that are designated at fair value;
- ☐ instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.



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1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- ☐ distribution at no charge or for a nominal charge; or
- ☐ consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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1.12 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Provisions and contingencies

Provisions are recognised when:

- ☐ the municipality has a present obligation as a result of a past event;
- ☐ it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- ☐ a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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1.13 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- ☐ has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and - when the plan will be implemented; and
- ☐ 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- ☐ necessarily entailed by the restructuring; and
- ☐ not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

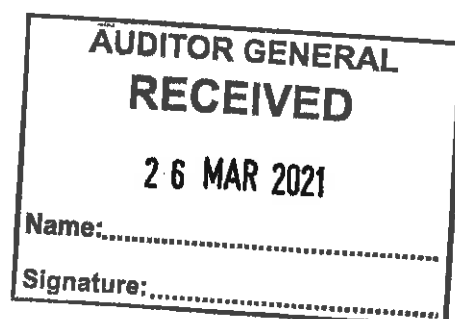
- ☐ the amount that would be recognised as a provision; and
- ☐ the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 54.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.



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1.13 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- ☐ financial difficulty of the debtor;
- ☐ defaults or delinquencies in interest and capital repayments by the debtor;
- ☐ breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- ☐ a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- ☐ the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- ☐ the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

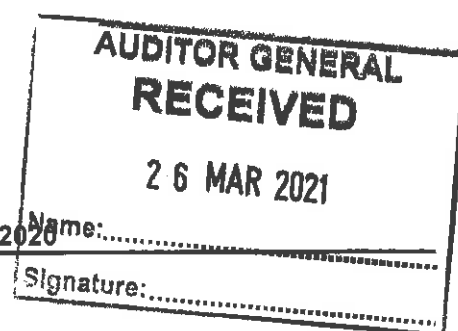
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ☐ 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; and
- ☐ the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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1.14 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- ☐ 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 stage of completion of the transaction at the reporting date can be measured reliably; and
- ☐ the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- ☐ the amount of the revenue can be measured reliably; and
- ☐ there has been compliance with the relevant legal requirements.

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1.15 Revenue from non-exchange transactions (continued)

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- ☐ the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- ☐ the amount of the revenue can be measured reliably, and
- ☐ to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

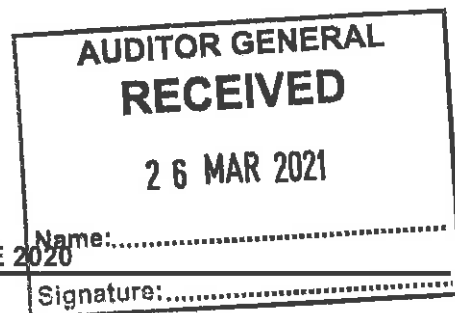
Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

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1.15 Revenue from non-exchange transactions (continued)

Other grants and donations

Other grants and donations are recognised as revenue when:

- ☐ it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- ☐ the amount of the revenue can be measured reliably; and
- ☐ to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Unauthorised expenditure

Unauthorised Expenditure is expenditure that has not been budgeted for, 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 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 (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

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1.20 Related parties

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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.21 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements. The following classes of heritage assets exists:

- ☐ Antique/Art/Jewelry
- ☐ Historical buildings
- ☐ Monuments

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1.21 Heritage assets (continued)

Initial recognition

The municipality recognises a heritage asset as an asset 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 shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

The municipality applies the cost model to all classes of heritage assets.

After recognition as an asset, a class of heritage assets is carried at cost less any accumulated impairment losses.

Impairment

A heritage asset shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

Transfers

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset. Derecognition
The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Derecognition

The carrying amount of a heritage asset shall be derecognised: (a) on disposal (including disposal through a non-exchange transaction); or (b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.22 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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1.22 Statutory receivables (continued)

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- ☐ if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- ☐ if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- ☐ if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- ☐ interest or other charges that may have accrued on the receivable (where applicable);
- ☐ impairment losses; and
- ☐ amounts derecognised

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**1.22 Statutory receivables (continued)**

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- ☐ Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- ☐ It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- ☐ A breach of the terms of the transaction, such as default or delinquency in principal or interest payments.
- ☐ Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, 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, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

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 entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, 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 either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- ☐ the rights to the cash flows from the receivable are settled, expire or are waived;
- ☐ the municipality transfers to another party substantially all of the risks/rewards of ownership of the receivable;
- ☐ 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 entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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1.23 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- ☐ Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- ☐ Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.24 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

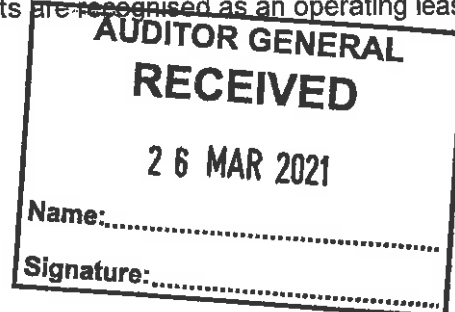
The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

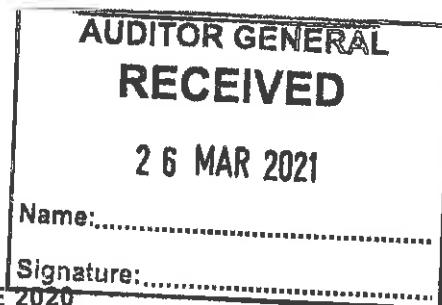
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.25 Events after reporting date

Events after 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 that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- ☐ the period of time over which an asset is expected to be used by the municipality; or
- ☐ the number of production or similar units expected to be obtained from the asset by the municipality.

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1.26 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- ☐ its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- ☐ the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

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1.26 Impairment of cash-generating assets (continued)

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- ☐ the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- ☐ the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- ☐ its fair value less costs to sell (if determinable);
- ☐ its value in use (if determinable); and
- ☐ zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.27 Value added Tax (VAT)

The municipality accounts for VAT on the accrual basis of accounting. The municipality is liable to for VAT at the standard rate (15%) in terms of section 7(1)(a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act.

Where Input VAT exceeds output VAT the municipality recognises a receivables for VAT. Where output VAT exceeds input VAT the municipality recognises a payable for VAT.

The municipality is registered for VAT on the payment basis. VAT is claimed from/paid to SARS only once payment is made to supplier or cash is collected on vat-able suppliers.

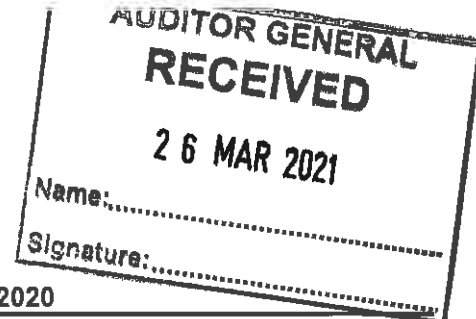
1.28 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.29 Consumer deposits

Consumer deposits are disclosed as a current liability and carried at amortised cost which is the amount at which the liability is measured at initial recognition minus principal repayments.

Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

GRAP 20 : Related Party Disclosures

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- ☐ identifying related party relationships and transactions;
- ☐ identifying outstanding balances, including commitments, between an entity and its related parties;
- ☐ identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- ☐ determining the disclosures to be made about those items

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- ☐ A person or a close member of that person's family is related to the reporting entity if that person
 - has control or joint control over the reporting entity
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2.1 Standards and interpretations effective and adopted in the current year (continued)

GRAP 20 : Related Party Disclosures (continued)

- ☐ An entity is related to the reporting entity 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 entity or an entity related to the entity. 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); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- ☐ Close member of the family of a person;
- ☐ Management;
- ☐ Related parties;
- ☐ Remuneration; and
- ☐ Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- ☐ Control;
- ☐ Related party transactions; and
- ☐ Remuneration of management

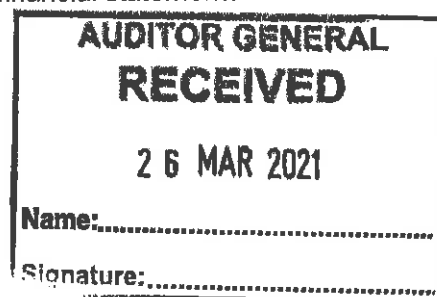
The entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

GRAP 32 : Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The entity has adopted the standard for the first time in the 2019/2020 annual financial statements.



DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

AUDITOR GENERAL
RECEIVED

26 MAR 2021

Name:

Signature:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2.1 Standards and interpretations effective and adopted in the current year (continued)

GRAP 108 : Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

GRAP 109 : Accounting by Principals and Agent

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. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

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

- ☐ GRAP 18 Segment Reporting - issued February 2011, effective date on or after 1 April 2020
- ☐ GRAP 34 Separate Financial Statements - issued March 2017, effective date on or after 1 April 2020
- ☐ GRAP 35 Consolidated Financial Statements - issued March 2017, effective date on or after 1 April 2020
- ☐ GRAP 36 Investments in Associates and Joint Ventures - issued March 2017, effective date on or after 1 April 2020
- ☐ GRAP 37 Joint Arrangements - issued March 2017, effective date on or after 1 April 2020
- ☐ GRAP 38 Disclosure of Interests in Other Entities - issued March 2017, effective date on or after 1 April 2020
- ☐ GRAP 110 Living and Non-living Resources - issued March 2017, effective date on or after 1 April 2020

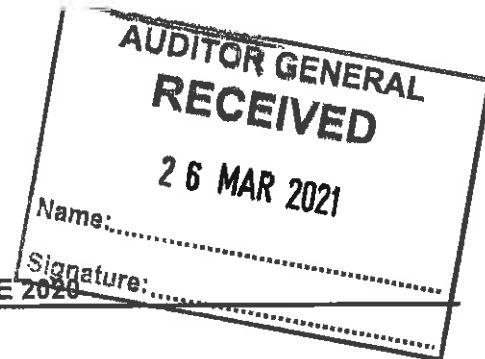
All the other listed standards as listed above will only be effective when a date is announced by the Minister of Finance.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet effective, the municipality may elect to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2.2 Standards and interpretations issued, but not yet effective (continued)

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

GRAP 18 - Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the municipality. The precise impact of this on the financial statements of the Municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

The effective date of the standard is for years beginning on or after 01 April 2020.

GRAP 34 – Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020. No significant impact on the financial statements of the Municipality is expected. The municipality does not have investments in associates or joint

GRAP 35 – Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

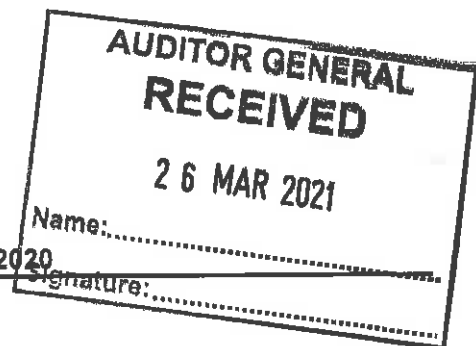
To meet this objective, the Standard:

- ☐ requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- ☐ defines the principle of control, and establishes control as the basis for consolidation;
- ☐ sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- ☐ sets out the accounting requirements for the preparation of consolidated financial statements; and
- ☐ defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2.2 Standards and interpretations issued, but not yet effective (continued)

GRAP 35 – Consolidated Financial Statements (continued)

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020. No significant impact on the financial statements of the Municipality is expected. The municipality does not have entities that require consolidation.

GRAP 36 – Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020. No significant impact on the financial statements of the Municipality is expected. The municipality does not have Investments in Associates and

GRAP 37 – Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020. No significant impact on the financial statements of the Municipality is expected. The municipality does not have Joint Arrangements

GRAP 38 – Disclosure of Interest in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- ☐ the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- ☐ the effects of those interests on its financial position, financial performance and cash flows.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2.2 Standards and interpretations issued, but not yet effective (continued)

GRAP 38 – Disclosure of Interest in Other Entities (continued)

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020. No significant impact on the financial statements of the Municipality is expected.

GRAP 110 Living and Non-living Resources

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

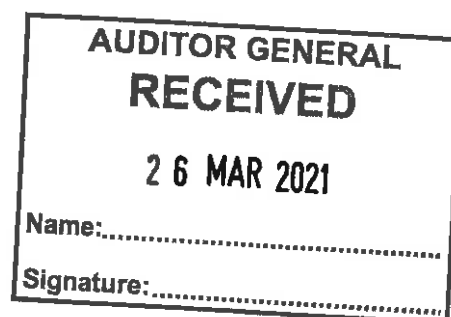
It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- ☐ General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- ☐ IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

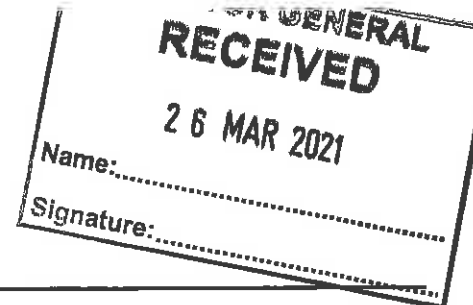
The effective date of the standard is for years beginning on or after 01 April 2020. No significant impact on the financial statements of the Municipality is expected.



DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	R	Restated* R
3. VAT RECEIVABLE		
VAT	4 625 778	8 515 946

Dr Beyers Naude Municipality is registered for VAT on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

4. INVENTORIES

Consumable stores	3 456 002	3 287 441
Water	743 629	889 752
	4 199 631	4 177 193

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

Inventory to the value of R152,943 (2019: R915,977) was written off during the year.

No Inventories have been pledged as collateral for Liabilities of the municipality.

5. OTHER RECEIVABLES

Sundry deposits	290 900	290 900
Sundry debtors	496 305	467 405
Meter readings not yet billed	4 264 185	3 831 661
	5 051 390	4 589 966

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Consumer debtors - Rates	3 644 772	3 856 579
Rates	23 304 808	16 783 317
Less: Allowance for impairment	(19 660 036)	(12 926 738)
Net Balance	3 644 772	3 856 579
Ageing		
Current (0-30 days)	967 329	979 906
31 - 60 days	427 557	397 890
61 - 90 days	380 198	340 716
91 - 120 days	466 688	347 329
121 days +	21 063 036	14 717 476
	23 304 808	16 783 317

Summary of debtors by customer classification

Residential		
Current (0-30 days)	654 977	695 246
31 - 60 days	244 721	231 754
61 - 90 days	191 146	196 104
91 - 120 days	250 887	207 702
121 days +	9 253 938	6 951 662
	10 595 668	8 282 468

26 MAR 2021

Name:

Signature:

DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continued)		
Summary of debtors by customer classification (Continued)		
Industrial/commercial		
Current (0-30 days)	336 055	332 072
31 - 60 days	181 969	164 180
61 - 90 days	188 081	142 657
91 - 120 days	214 935	137 672
121 days +	9 328 333	6 296 546
	<u>10 249 371</u>	<u>7 073 127</u>
National and provincial government		
Current (0-30 days)	(23 702)	(50 635)
31 - 60 days	867	1 958
61 - 90 days	971	1 958
91 - 120 days	867	1 958
121 days +	2 480 766	1 472 482
	<u>2 459 769</u>	<u>1 427 721</u>
Total		
Current (0-30 days)	967 329	976 683
31 - 60 days	427 557	397 893
61 - 90 days	380 198	340 720
91 - 120 days	466 688	347 332
121 days +	21 063 036	14 720 690
Less: Impairment	(19 660 036)	(12 926 738)
	<u>3 644 772</u>	<u>3 856 579</u>
Total debtors past due but not impaired		
61 - 90 days	124 733	104 184
91 - 120 days	93 189	71 764
121 days +	2 726 038	2 760 167
Reconciliation of allowance for impairment		
Balance at beginning of the year	(12 926 739)	(10 971 085)
Bad debts written off against allowance	347 241	496 413
Current year's impairment	(7 080 539)	(2 452 067)
	<u>(19 660 036)</u>	<u>(12 926 739)</u>

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Property Rates arise from the MUNICIPAL PROPERTY RATES ACT NO. 6 OF 2004 as amended by Municipal Property Rates Amendment Act, No. 29 of 2014. This should be read together with Government Gazette 32061, updated by Government Gazette 38259 dated 28 November 2014. Statutory receivables transaction amounts is determined via the municipalities approved rates policy.

Impairment of Statutory receivables are assessing based on indicators that exist at each reporting date. These include but not limited to payment history and the customers overall profile.

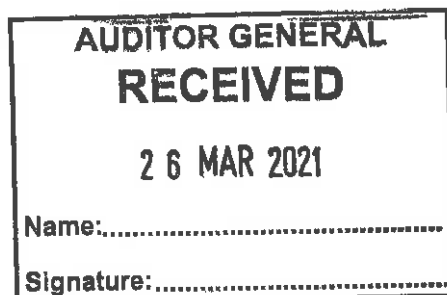
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	Restated* R
7. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Gross balances		
Electricity	10 525 512	9 157 357
Water	45 716 961	26 131 736
Sewerage	18 588 006	11 174 974
Refuse	24 695 708	13 622 312
Housing	178 790	181 918
Sundry	3 514 713	3 094 873
	103 219 690	63 363 170
Less: Allowance for impairment		
Electricity	(3 155 319)	(2 025 396)
Water	(38 751 964)	(20 375 315)
Sewerage	(17 537 424)	(10 014 715)
Refuse	(22 351 925)	(11 997 582)
Housing	(178 692)	(180 242)
Sundry	(2 905 439)	(2 473 903)
	(84 880 764)	(47 067 153)
Net balance		
Electricity	7 370 192	7 131 961
Water	6 964 998	5 756 421
Sewerage	1 050 582	1 160 259
Refuse	2 343 783	1 624 730
Housing	97	1 676
Sundry	609 274	620 970
	18 338 927	16 296 017
Electricity		
Current (0-30 days)	4 133 344	4 871 439
31 - 60 days	1 529 727	872 165
61 - 90 days	887 090	585 953
91 - 120 days	462 108	426 595
121 days +	3 513 243	2 401 205
	10 525 512	9 157 357
Water		
Current (0-30 days)	2 839 241	1 602 108
31 - 60 days	2 087 075	2 775 027
61 - 90 days	2 018 675	1 513 530
91 - 120 days	1 806 597	1 041 373
121 days +	36 965 374	19 199 498
	45 716 961	26 131 536
Sewerage		
Current (0-30 days)	1 025 515	851 802
31 - 60 days	773 351	562 980
61 - 90 days	742 607	524 976
91 - 120 days	819 701	583 146
121 days +	15 226 832	8 652 070
	18 588 006	11 174 974



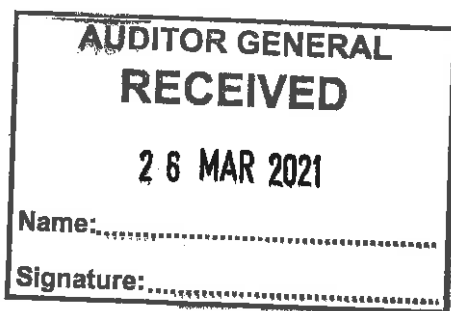
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
7. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
Refuse		
Current (0-30 days)	1 334 053	1 008 788
31 - 60 days	1 076 931	753 973
61 - 90 days	1 026 079	708 737
91 - 120 days	1 147 753	694 781
121 days +	20 110 893	10 456 033
	24 695 708	13 622 312
Housing rental		
Current (0-30 days)		436
31 - 60 days		436
61 - 90 days		436
91 - 120 days	431	436
121 days +	178 359	180 174
	178 790	181 918
Sundry		
Current (0-30 days)	117 370	141 318
31 - 60 days	38 863	100 082
61 - 90 days	33 986	79 350
91 - 120 days	73 502	85 567
121 days +	3 250 992	2 688 556
	3 514 713	3 094 873
Summary of debtors by customer classification		
Residential		
Current (0-30 days)	5 429 723	4 111 010
31 - 60 days	3 709 560	2 524 544
61 - 90 days	3 553 717	2 298 890
91 - 120 days	3 610 578	2 133 809
121 days +	64 908 979	34 462 227
	81 212 557	45 530 480
Industrial/commercial		
Current (0-30 days)	3 130 728	3 277 622
31 - 60 days	876 321	382 352
61 - 90 days	541 785	164 911
91 - 120 days	412 457	144 815
121 days +	6 532 937	4 785 266
	11 494 227	8 754 966
National and provincial government		
Current (0-30 days)	762 468	1 096 849
31 - 60 days	794 465	2 156 348
61 - 90 days	490 431	927 235
91 - 120 days	215 548	531 953
121 days +	1 652 163	4 324 336
	3 915 075	9 036 721



DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

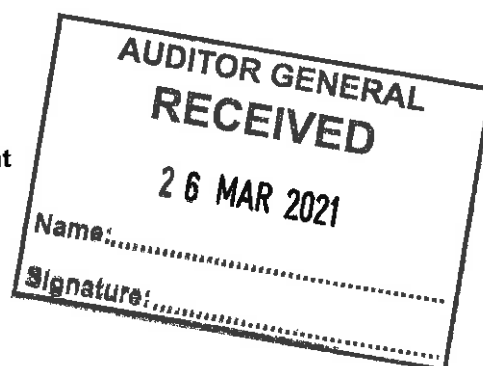
	2020 R	2019 Restated* R
7. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)		
Total		
Current (0-30 days)	9 449 522	8 118 568
31 - 60 days	5 505 946	4 745 847
61 - 90 days	4 708 437	3 153 871
91 - 120 days	4 310 092	2 493 750
121 days +	79 245 694	44 851 134
Less: Impairment	(84 880 764)	(47 067 153)
	18 338 927	16 296 017
Impairment:	(84 880 764)	(47 067 153)

Total debtors past due but not impaired

61 - 90 days	1 437 989	1 242 922
91 - 120 days	827 187	702 054
121 days +	8 863 221	5 080 848

Reconciliation of allowance for impairment

Balance at beginning of the year	(47 067 153)	(19 928 049)
Bad debts written off against allowance	2 355 384	2 363 738
Current year's impairment	(40 168 995)	(29 502 842)
	(84 880 764)	(47 067 153)



8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	5 005	2 955
Bank Accounts	1 238 875	1 182 399
Current Investments	1 033 657	23 127 548
Total Bank, Cash and Cash Equivalents	2 277 537	24 312 902

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
FNB - 52300007898	220 391	973 292	-	1 182 399
FNB - Call account - 62374218503	-	22 145 771	298	22 145 771
ABSA - Cheque Account - 4053623514	19 787	81 920	-	3 894
Standard Bank - Cheque Account - Prim	942 697	21 394	1 168 343	-
Standard Bank - Cheque Account - 280230	-	88 341	-	-
Standard Bank - Cheque Account - ..4206	59 209	-	70 532	-
ABSA Investments - 9257114251	27 096	25 458	27 096	25 458
FNB Investments - 74374220066	991 261	935 152	991 261	935 152
Investec - 1100458805501	2 938	2 938	2 938	2 938
Call deposit	-	-	3 894	-
Standard bank - FMG Call account - /002	1 620	11 427	1 620	11 427
Standard bank - FMG Call account - /003	2 970	2 908	2 970	2 908
Standard bank - FMG Call account - /004	3 581	-	3 581	-
	2 271 548	24 288 601	2 272 532	24 309 947

26 MAR 2021

DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

Name:.....

Signature:.....

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2020

R

2019

Restated*

R

9. INVESTMENT PROPERTY

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	69 034 773	-	69 034 773	69 034 773	-	69 034 773

Reconciliation of investment property - 2020

	Opening balance	Depreciation	Total
Investment property	69 034 773	-	69 034 773
Reconciliation of investment property - 2019	69 034 773	-	69 034 773

	Opening balance	Depreciation	Total
Investment property	69 034 773	-	69 034 773
Total Cost of investment properties	69 034 773	-	69 034 773

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

All of the municipality's investment property is held under freehold interest and no investment property has been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on investment property.

10. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	118 533 559	-	118 533 559	119 097 959	-	119 097 959
Buildings	50 780 583	(10 631 358)	40 149 225	50 780 583	(7 979 847)	42 800 736
Infrastructure	944 043 514	(207 301 792)	736 741 722	933 977 287	(160 496 645)	773 480 642
Community	21 941 133	(3 053 424)	18 887 709	17 603 493	(2 258 406)	15 345 087
Work-in-progress	135 980 650	-	135 980 650	93 931 271	-	93 931 271
Landfill sites	15 289 601	(2 065 413)	13 224 188	15 289 601	(1 496 175)	13 793 426
Transport assets	15 170 972	(6 768 566)	8 402 406	14 711 106	(5 198 742)	9 512 365
Other assets	19 645 896	(7 063 555)	12 582 340	19 355 862	(5 541 733)	13 814 129
Total	1 321 385 907	(236 884 109)	1 084 501 798	1 264 747 163	(182 971 548)	1 081 775 615

DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

					2020 R	2019 Restated* R
10. PROPERTY, PLANT AND EQUIPMENT (Continued)						
Reconciliation of property, plant and equipment - 2020						
	Opening balance	Additions	Disposals	Additions through transfers from WIP	Depreciation	Total
Land	119 097 959	-	(564 400)	-	-	118 533 559
Buildings	42 800 736	-	-	-	(2 651 511)	40 149 225
Infrastructure	773 480 642	10 066 226	-	-	(46 805 154)	736 741 714
Community	15 345 087	4 337 639	-	-	(795 018)	18 887 708
Work-in-progress	93 931 271	51 407 911	-	(9 358 531)	-	135 980 650
Landfill sites	13 793 426	-	-	-	(569 238)	13 224 188
Transport assets	9 512 365	1 049 503	(373 987)	-	(1 785 475)	8 402 406
Other assets	13 814 129	337 067	(5 546)	-	(1 563 310)	12 582 340
	1 081 775 615	67 198 346	(943 933)	(9 358 531)	(54 169 706)	1 084 501 790

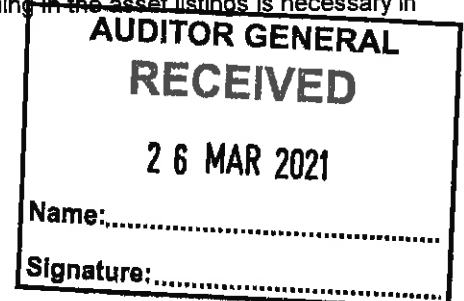
Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Impairment	Additions through transfers from WIP	Depreciation	Total
Land	119 097 959	-	-	-	-	119 097 959
Buildings	45 452 247	-	-	-	(2 651 511)	42 800 736
Infrastructure	800 795 497	4 350 891	(434 705)	17 435 385	(48 666 427)	773 480 641
Community	16 055 637	-	-	-	(710 550)	15 345 087
Work-in-progress	81 293 614	30 355 738	-	(17 718 081)	-	93 931 271
Landfill sites	14 075 934	-	-	282 696	(565 204)	13 793 426
Transport assets	8 096 731	2 917 598	-	-	(1 501 964)	9 512 365
Other assets	14 550 712	1 007 721	-	-	(1 744 304)	13 814 129
	1 099 418 332	38 631 949	(434 705)	-	(55 839 960)	1 081 775 615

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality

The municipality only transfers ownership or otherwise disposes of capital assets after the council, in a meeting open to the public, has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

The municipality has 12 libraries within the geographical area. The library books controlled on behalf of the Province are all individually and in aggregate immaterial and most of the books are not in a good condition. The cost of the library books is recorded in asset listings but are depreciated in full in the year of acquisition. The recording in the asset listings is necessary in order that control can be exercised over the books.



DR BEYERS NAUDE MUNICIPALITY

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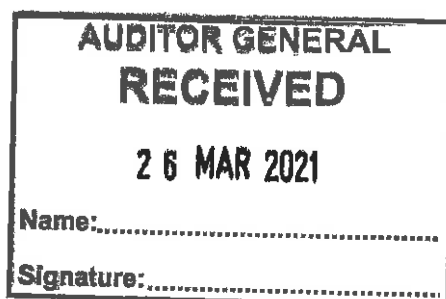
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020			2019		
	R			Restated* R		
11. INTANGIBLE ASSETS						
	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	362 563	(331 116)	31 447	362 563	(274 129)	88 434
Reconciliation of intangible assets - 2020				Opening balance	Amortization	Total
Computer software				88 434	(56 987)	31 447
Total Cost of intangible assets				88 434	(56 987)	31 447
Reconciliation of intangible assets - 2019				Opening balance	Amortization	Total
Computer software				155 558	(67 124)	88 434
Total Cost of intangible assets				155 558	(67 124)	88 434

The municipality was provided with customer query management application by Fastcomm on a test basis for a period of 3 years supplied to the municipality free of charge. The arrangement commenced in October 2018 and shall terminate in September 2021. The municipality is not a licence holder of the software and cannot restrict the use of the software. The value of the availability of the application software amounts to R10 000 per month. Accordingly an amount of R360,000 was received through the app and the donation in kind of R360,000 for the validity period.

12. HERITAGE ASSETS

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	2 854 400	-	2 854 400	2 854 400	-	2 854 400
Antique/Art/Jewelry	542 310	-	542 310	542 310	-	542 310
Monuments	7 869 750	-	7 869 750	7 869 750	-	7 869 750
Total Heritage Assets	11 266 460	-	11 266 460	11 266 460	-	11 266 460
Reconciliation of heritage assets - 2020						
				Opening balance		Total
Historical buildings				2 854 400		2 854 400
Antique/Art/Jewelry				542 310		542 310
Monuments				7 869 750		7 869 750
Total Cost of heritage assets				11 266 460		11 266 460
Reconciliation of heritage assets - 2019						
				Opening balance		Total
Historical buildings				2 854 400		2 854 400
Antique/Art/Jewelry				542 310		542 310
Monuments				7 869 750		7 869 750
Total Cost of heritage assets				11 266 460		11 266 460



DR BEYERS NAUDE MUNICIPALITY

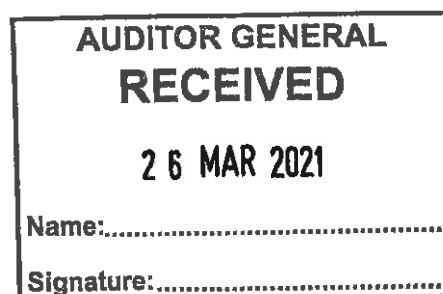
(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
13. OTHER FINANCIAL LIABILITIES		
At amortised cost		
Performance security deposit- Utilities world	11 755 461	20 000 000
Total other financial liabilities	11 755 461	20 000 000
The performance security deposit is repayable over a period of 12 months Interest free.		
Non-current liabilities		
At amortised cost	-	10 000 000
Current liabilities		
At amortised cost	11 755 461	10 000 000
14. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables and other accruals	188 883 289	141 615 411
Retentions	26 267	26 267
Leave pay accrual	11 088 971	10 211 167
Bonus accrual	5 065 807	4 726 881
Debtors with credit balances	3 149 667	2 263 018
Stale cheques	9 204	9 204
Statutory and non-statutory deductions	31 502 437	14 584 260
Total Payables	239 725 641	173 436 208
15. PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Prepayment of electricity	165 193	165 193
Government grant liability	-	21 411 596
Unallocated receipts	1 944 854	567 716
Debtors with credit balances	805 457	810 490
Total Payables	2 915 504	22 954 995
An amount of R21 411 596 unsupported by sufficient cash flow was reclassified to Payables from Non-Exchange in 2019. Refer to the prior period errors note.		
16. CONSUMER DEPOSITS		
Electricity	2 326 208	2 227 695
Water	1 102 826	1 063 200
Other sundry deposits	25 681	25 681
	3 454 715	3 316 576

No interest accrues on consumer deposits as Dr Beyers Naude Local Municipality is not a deposit taking entity in terms of the banking Act.



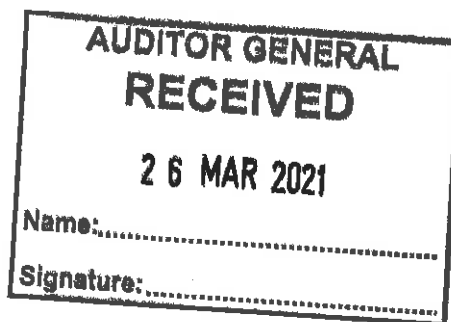
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts comprises of:		
<i>Unspent conditional grants and receipts</i>		
Municipal infrastructure grant - DORA	1 214 033	14 846
Rapid response - DWA	498 615	498 615
MSIG grant	-	54 998
Department of water affairs grant	1 088 109	1 088 109
Municipal Disaster Relief grant	865 835	-
Drought relief grant	-	2 656 323
Total Unspent Conditional Grants	3 666 591	4 312 891
Movement during the year		
Balance at the beginning of the year	4 312 891	1 804 829
Repayment of unspent grant	(69 844)	-
Additions during the year	47 015 289	79 371 184
Income recognition during the year	(47 591 744)	(55 451 526)
Reclassification of unsupported grant	-	(21 411 596)
Balance at the end of the year	3 666 591	4 312 891



An amount of R22 142 275 was restated in prior year mostly related to insufficient cash-backed grants which was reclassified to Payables from Non-Exchange in 2019. Refer to the prior period errors note

Amounts withheld and clawed back by National Treasury during the 2019 financial period amount to R70 000.

See note 28 for reconciliation of grants from National/Provincial Government.

18. PROVISIONS**Reconciliation of provisions - 2020**

	Opening balance	Additions	Total
Legal proceedings	8 674 076	1 160 244	9 834 320
Rehabilitation of landfill sites	22 615 000	(949 000)	21 666 000
Total Provisions	31 289 076	211 244	31 500 320

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Legal proceedings	8 256 878	417 198	8 674 076
Rehabilitation of landfill sites	21 652 000	963 000	22 615 000
Total Provisions	29 908 878	1 380 198	31 289 076

Non-current liabilities	21 666 000	22 615 000
Current liabilities	9 834 320	8 674 076
	31 500 320	31 289 076

Legal proceedings provisions

The legal provisions are in respect of an unsuccessful defence of a court case by an ex-employee instituted against the municipality. This case was awarded based against the municipality on the merits of the case. The quantum was in dispute since then and an estimate has been made by actuaries on the expected outflow. The additions are in relation to legal fees owed by the municipality. These are expected to be paid within the next 12 months.

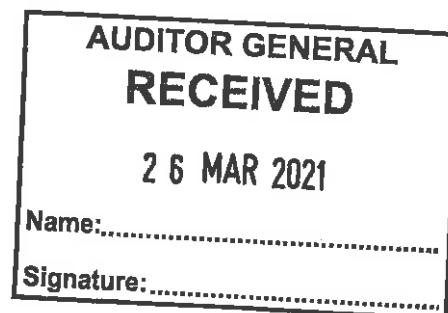
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
18. PROVISIONS (Continued)		
Rehabilitation of landfill sites		
<p>The obligation for the environmental rehabilitation results from the onus imposed by the Environmental Conservation Act no.73 of 1989 to rehabilitate landfill sites after use. Some of the sites are expected to be closed in 2022, after which rehabilitation will take place over the course of the next 9 to 10 years after which the site is expected to be fully rehabilitated. The following assumption were used when calculating the provision for landfill Site rehabilitation: - The CPIX was used to adjust the cost as it is the only determining factor year on year.</p> <p>The landfill sites are nearing the end of their useful lives, the ground and ground water on the entire site are thus considered to be contaminated and not just the portion in use, i.e. the provision provides for the cost of rehabilitating the entire site and not just the portion used up to financial year end. The entire site would need to be rehabilitated due to waste distributed across the entire site over the years since opening thereof. Thus, as provided in GRAP 19 where it states that the provision should only be raised to the extent that the costs would need to be incurred, it is considered that the full cost of rehabilitation would need to be incurred to rehabilitate the sites.</p> <p>The following are the landfill sites of the Dr Beyers Naude LM:</p>		
Sites	Remaining useful live	
Jansenville	5 years remaining	
Klipplaat	9 years remaining	
Steytlerville	11 years remaining	
Willowmore	10 years remaining	
Rietbron	8 years remaining	
Aberdeen	4 years remaining	
Graaff-Reinet	6 years remaining	
Nieu-Bethesda	1 year remaining	
19. EMPLOYEE BENEFIT OBLIGATIONS		
Defined benefit plan		
<p>The plan is a post employment medical benefit plan</p> <p>Post retirement medical aid plan and Long service award</p> <p>The amounts recognised in the statement of financial position are as follows:</p>		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(35 878 000)	(40 239 000)
Present value of long service award	(10 825 000)	(10 580 000)
	(46 703 000)	(50 819 000)
Non-current liabilities	(43 834 000)	(47 828 000)
Current liabilities	(2 869 000)	(2 991 000)
	(46 703 000)	(50 819 000)



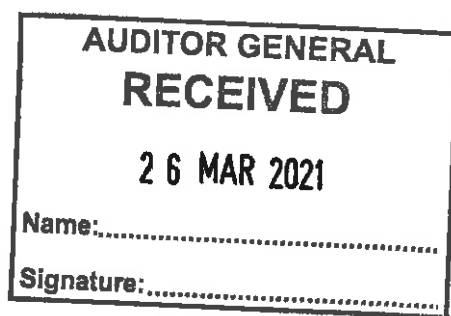
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
19. EMPLOYEE BENEFIT OBLIGATIONS (Continued)		
Changes in the present value of the employee benefit obligation are as follows:		
Opening balance	(50 819 000)	(49 371 770)
Benefits paid	2 991 000	3 199 659
Net expense recognised in the statement of financial performance	1 125 000	(4 646 889)
Balance at end of Year	<u>(46 703 000)</u>	<u>(50 819 000)</u>
Net expense recognised in the statement of financial performance		
Current service cost	(2 860 000)	(2 782 721)
Interest cost	(4 555 000)	(4 589 438)
Actuarial gains/(losses)	8 540 000	2 725 270
	<u>1 125 000</u>	<u>(4 646 889)</u>
Key assumptions used		
Assumptions used at the reporting date:		
Discount Rate used	10,50%	10,50%
Health Care Cost Inflation Rate	6,54%	6,54%
Net Discount Rate used	3,72%	3,72%



The PA 90-2 post-retirement mortality table used for pensioners and SA85-90 (Normal) for active employees.

Proportion married for active employees 60% of married and 90% of single in-service members and for pensioners the actual marital status is used.

Average age of Continuation pensioners at 30 June 2020 was 71.2, with an average employer monthly contribution of R3,337.

Number of active employees: 214

Average age of active employees as at 30 June 2020 was 43.9, with an average employer monthly contribution of R2,526.

Defined contribution plan

The obligation in respect of medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was performed on 30 June 2020 by Arch Actuarial using the Projected Unit Credit Method.

Long Service Award Provision

The Long Service Award is payable after every 5, 10, 15, 20, 25, 30, 35, 40 and 45 years of continuous service. The provision is an estimate of the amounts likely to be paid based on an actuarial valuation performed at the reporting date.

The actuarial valuation of the long service awards accrued liability was carried out by Arch Actuarial expertise & solutions. The assumptions used in the valuation are outlined below:

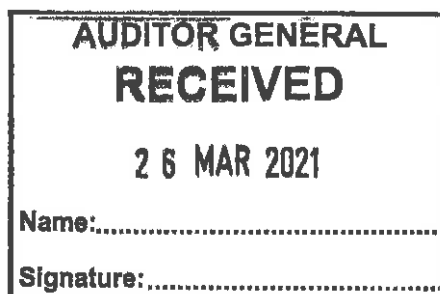
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
19. EMPLOYEE BENEFIT OBLIGATIONS (Continued)		
Key Assumptions:		
1. Salary increase rate at 3.86% (2019 - 5.52%)		
2. The mortality rate of SA 85 - 90.		
3. Normal retirement age of 65 years.		
4. Assumed retirement age is 62 years.		
5. CPI rate is 3.86% (2019 - 5.52%)		
6. Discount rate used 7.19% (2019 - 8.09%).		
7. Net Discount rate used 3.21% (2019 - 2.44%)		
20. SERVICE CHARGES		
Sale of Electricity	105 151 950	103 248 451
Sale of Water	35 965 836	24 869 660
Sewerage and Sanitation Charges	14 651 835	10 422 352
Refuse Removal	17 074 831	11 517 301
Total Service Charges	172 844 452	150 057 764
21. AGENCY SERVICES		
eNatis commission	2 114 561	1 873 578
22. INTEREST EARNED		
Outstanding Debtors:		
Outstanding Billing Debtors	5 705 111	5 409 737
External Investments:		
Bank Account	178 162	633 552
Investments	263 465	-
	441 627	633 552
Total Interest Earned	6 146 738	6 043 289
23. RENTAL OF FACILITIES AND EQUIPMENT		
Premises		
Rental of Facilities and Equipment	702 347	855 164
24. OTHER REVENUE		
Sales - AVGAS & Paraffin	-	281 097
Building plan fees	162 525	171 796
Commission received	255 286	241 263
Tender deposits	93 830	148 529
Connections - Electricity	224 018	810 465
Burial and cemetery fees	89 224	85 048
Library fees	15 791	37 638
Valuation certificates	246 096	242 894
Sundry income	450 962	3 552 427
Total Other Revenue	1 537 733	5 571 157



DR BEYERS NAUDE MUNICIPALITY

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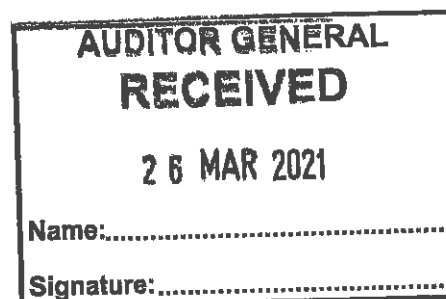
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
25. LICENCES AND PERMITS		
Licences and permits	<u>309 585</u>	<u>1 066 277</u>
Included above are Drivers licence fees and learners licence fees.		
26. PROPERTY RATES		
Rates received		
Residential	11 505 115	18 255 494
Commercial	8 197 498	683 925
State	6 899 034	6 691 290
Small holdings and farms	<u>8 307 633</u>	<u>4 531 601</u>
	<u>34 909 280</u>	<u>30 162 310</u>
Valuations		
Residential	2 400 134 950	1 734 510 220
Commercial	720 034 640	522 570 534
State	658 929 460	469 030 900
Municipal	328 395 560	250 037 600
Agricultural	8 545 728 100	4 864 236 300
Exempt	248 852 700	180 570 746
Industrial	61 909 800	52 477 000
Multiple	<u>19 946 000</u>	<u>14 480 700</u>
Total Property Rates	<u>12 983 931 210</u>	<u>8 087 914 000</u>

The Dr Beyers Naude Local Municipality has been established in terms of section 12 of the local Government Municipal structures act of 199 (Act 117 of 1998), Government Gazette No.3717. Section 7 relating to the Valuation and Supplementary rolls states that the newly established municipality must continue to apply the valuation roll, supplementary roll, property rates policy, property rates By-laws and property rates tariffs that were in force in the former areas of the merging municipalities until it adopts a new general valuation roll in terms of section 30 of the Local Government Municipality Property Act, 2004 (Act 6 of 2004).

27. FINES, PENALTIES AND FORFEITS

Traffic fines	<u>30 627</u>	<u>20 733</u>
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DR BEYERS NAUDE MUNICIPALITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

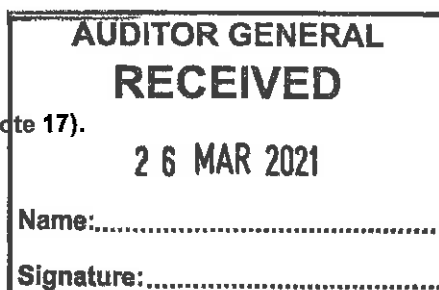
	2020 R	2019 Restated* R
28. GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Equitable Share	90 875 845	83 278 000
Cacadu - fire grant	519 320	2 169 664
DSRAC Library Grant	2 308 000	2 307 816
EPWP integrated grant	1 251 000	1 032 000
Finance management grant	4 000 000	6 085 000
Sarah Baartman District Municipality - Operational Grants	-	300 000
SETA Training Grant	434 270	35 245
Environmental affairs grant	1 429 650	2 179 082
Transitional Grant	-	94 075
Municipal Disaster Relief Grant	266 165	-
Drought relief grant	24 067 917	5 952 069
MSIG grant	-	1 000 002
OTP grant	4 209 676	7 749 960
	129 361 842	112 182 913
Capital grants		
Municipal infrastructure grant	19 393 967	16 252 154
COGTA Grant	6 388 392	-
Water conservation and demand grant	7 000 000	2 621 793
Integrated national electrification grant	-	4 500 000
Other Government: Fonteinbos	-	218 104
Regional bulk infrastructure grant	4 123 361	5 048 128
	36 905 721	28 640 179
Total Government Grants and Subsidies	166 267 563	140 823 092
National: Equitable Share		
Current year receipts	90 806 000	83 278 000
Transferred to Revenue	(90 806 000)	(83 278 000)
	-	-

In terms of Section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it.

The Equitable Share grant also provides funding for the municipality to deliver free basic services to poor households and subsidise the cost of administration and other core services for the municipality.

Municipal infrastructure grant

Balance unspent at beginning of year	14 846	-
Repayment of unspent grant	(14 846)	-
Current year receipts	20 608 000	16 267 000
Conditions met - transferred to Revenue	(19 393 967)	(16 252 154)
Conditions still to be met - remain liabilities (see note 17).	1 214 033	14 846



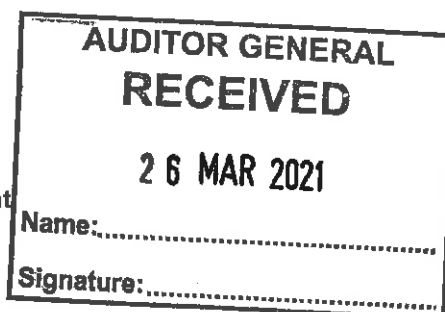
DR BEYERS NAUDE MUNICIPALITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
28. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
Municipal infrastructure grant		
The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.		
Rapid response grant - DWA		
Balance unspent at beginning of year	498 615	498 615
Conditions still to be met - remain liabilities (see note 17).	<u>498 615</u>	<u>498 615</u>
DSRAC libraries grant		
Current year receipts	2 308 000	2 307 816
Conditions met - transferred to Revenue	<u>(2 308 000)</u>	<u>(2 307 816)</u>
	-	-
This grant was received from the Department of Sport, Recreation, Arts and Culture. This grant is used to support the maintenance of the library.		
Regional Bulk Infrastructure Grant		
Current year receipts	4 123 361	5 048 128
Conditions met - transferred to Revenue	<u>(4 123 361)</u>	<u>(5 048 128)</u>
	-	-
SETA Training Grant		
Current year receipts	434 270	35 245
Conditions met - transferred to Revenue	<u>(434 270)</u>	<u>(35 245)</u>
	-	-
Finance Management Grant		
Current year receipts	4 000 000	6 085 000
Conditions met - transferred to Revenue	<u>(4 000 000)</u>	<u>(6 085 000)</u>
	-	-
The municipality utilised the grant for the employment of Financial Interns, training in line with competencies and the compilation of annual financial statements, audit improvement and mSCOA implementations.		
Integrated National Electrification Grant		
Current year receipts	-	4 500 000
Conditions met - transferred to Revenue	-	<u>(4 500 000)</u>
	-	-
Sarah Baartman district - Fire services Grant		
Current year receipts	519 320	2 169 664
Conditions met - transferred to Revenue	<u>(519 320)</u>	<u>(2 169 664)</u>
	-	-



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	2020 R	2019 Restated* R
28. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
MSIG		
Balance unspent at beginning of year	54 998	-
Repayment of unspent grant	(54 998)	-
Current year receipts	-	1 055 000
Conditions met - transferred to Revenue	-	(1 000 002)
Conditions still to be met - remain liabilities (see note 17).	-	54 998
Sarah Baartman District Municipality - Operational Grant		
Current year receipts	-	300 000
Conditions met - transferred to Revenue	-	(300 000)
	-	-
Expanded Public Works Programme Integrated Grant		
Current year receipts	1 251 000	1 032 000
Conditions met - transferred to Revenue	(1 251 000)	(1 032 000)
	-	-
This grant is used pay stipends for unemployed youths through the EPWP programme.		
Department of Water Affairs Grant		
Balance unspent at beginning of year	1 088 109	1 088 109
Conditions still to be met - remain liabilities (see note 17).	1 088 109	1 088 109
Environmental affairs grant		
Current year receipts	1 429 650	2 179 082
Transferred to Revenue	(1 429 650)	(2 179 082)
Transferred to Receivables (see Note 4)	-	-
Transitional Grant		
Current year receipts	-	94 075
Transferred to Revenue	-	(94 075)
	-	-
OTP Grant		
Current year receipts	4 209 676	7 749 960
Transferred to Revenue	(4 209 676)	(7 749 960)
	-	-
Water Conservation and Demand Grant		
Current year receipts	7 000 000	2 621 793
Reclassification from Drought	(816 877)	-
Transferred to Revenue	(6 183 123)	(2 621 793)
	-	-

AUDITOR GENERAL
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26 MAR 2021

Name:.....

Signature:.....

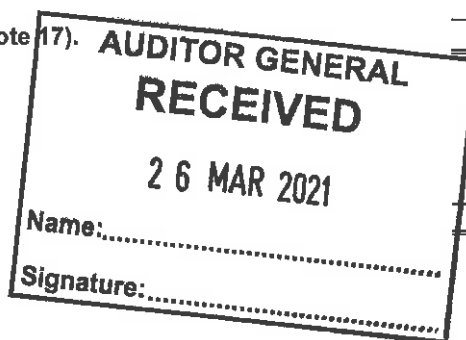
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
28. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
Drought Relief Grant		
Balance unspent at beginning of year	2 656 335	-
Reclassification to Water Conservation and Demand Grant	816 877	-
Current year receipts	-	30 020 000
Transferred to Revenue	(3 473 212)	(5 952 069)
Reclassification of unsupported grant	-	(21 411 596)
Conditions still to be met - remain liabilities (see note 17).	-	2 656 335
COGTA Grant		
Current year receipts	6 388 392	-
Transferred to Revenue	(6 388 392)	-
Municipal Disaster Relief Grant		
Current year receipts	1 132 000	-
Transferred to Revenue	(266 165)	-
Conditions still to be met - remain liabilities (see note 17).	865 835	-
29. PUBLIC CONTRIBUTIONS AND DONATIONS		
Public Contributions and Donations	1 049 503	6 920 279



The Sarah Baartman District Municipality donated two fully equipped fire fighting vehicles to the value of R1,049,503

30. EMPLOYEE RELATED COSTS

Basic Salaries and Wages	116 935 187	118 612 566
Bonus	8 541 994	8 460 981
Medical aid - company contributions	6 391 388	6 009 664
Unemployment insurance fund	867 192	860 738
Skills Development Levy	1 324 298	1 326 311
Pension fund contributions	19 755 711	18 218 568
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 194 752	2 267 490
Overtime Payments	7 015 738	5 579 723
Housing Benefits and Allowances	602 953	1 254 525
Overall allowances	-	17 199
Total Employee Related Costs	163 629 214	162 607 765

During the 2018 and 2019 financial year, the municipality was faced with the challenge of disparity between salaries of employees with equal job titles. Accordingly it was imperative to address the challenge and effect such changes retrospectively since inception of Dr Beyers Naude LM.

The financial impact related to the lump sum payments and respective years are as follows:

LUMP SUM TOTAL	GROSS	PAYE	NET
May 2018	13 518 691	(4 584 980)	8 933 711
July 2018	6 097 055	(2 428 373)	3 668 681
	19 615 746	(7 013 353)	12 602 392

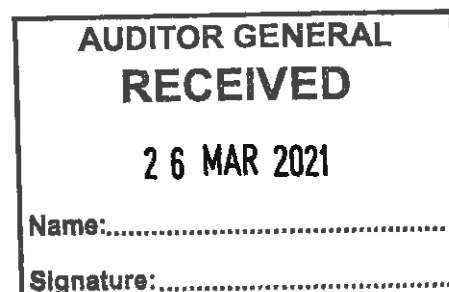
DR BEYERS NAUDE MUNICIPALITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
30. EMPLOYEE RELATED COSTS (Continued)		
Remuneration of Municipal Manager		
Annual Remuneration	969 193	1 060 414
Contributions to UIF, Medical and Pension Funds	135 276	1 784
Allowances	169 400	184 800
	<u>1 273 870</u>	<u>1 246 998</u>
Remuneration of Chief Financial Officer		
Annual Remuneration	1 100 706	1 100 706
Contributions to UIF, Medical and Pension Funds	1 896	1 784
Allowances	40 800	40 800
	<u>1 143 403</u>	<u>1 143 290</u>
Remuneration of Acting Director - Corporate Services		
Annual Remuneration	600 060	485 004
Contributions to UIF, Medical and Pension Funds	112 052	1 785
Allowances	141 246	275 902
	<u>853 359</u>	<u>762 691</u>
Remuneration of the Director - Planning and Engineering		
Annual Remuneration	861 514	1 115 837
Contributions to UIF, Medical and Pension Funds	1 738	115 963
Allowances	147 400	160 800
	<u>1 010 652</u>	<u>1 392 600</u>
Remuneration of Director - Community Services		
Annual Remuneration	816 809	933 169
Contributions to UIF, Medical and Pension Funds	158	1 784
Allowances	15 400	184 800
	<u>832 367</u>	<u>1 119 753</u>
The director for community services' contract of employment was terminated by mutual agreement in August 2019.		
31. REMUNERATION OF COUNCILLORS		
Councillor remuneration and allowances	9 596 697	9 486 098
Skills Development Levy	52 771	85 539
	<u>9 649 467</u>	<u>9 571 637</u>



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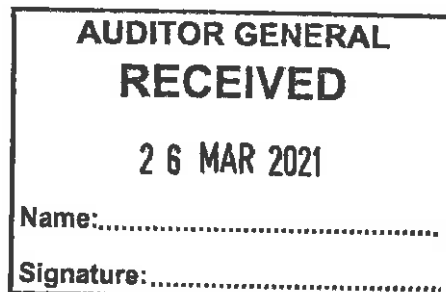
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	Restated* R
31. REMUNERATION OF COUNCILLORS (Continued)		
	Remuneration	Allowances
Councillor		Total 2020
Mayor - Cllr D.W.S De Vos	819 790	44 400
Speaker - Cllr T.L Nonnies	675 016	44 400
Executive committee - Cllr P.W Koeberg	343 008	44 400
Executive committee - Cllr N.P Vanda	343 008	44 400
Executive committee - Cllr E.L Looock	343 008	44 400
Executive committee - Cllr E.A Ruiters	329 079	44 400
MPAC chairperson - Cllr W.J Safers	332 939	44 400
Cllr D Williams	259 433	44 400
Cllr W.Z Le Grange	259 433	44 400
Cllr A. Mboneni	259 433	44 400
Cllr E.A Carolus	259 433	44 400
Cllr A Booysen	259 433	44 400
Cllr H Booysen	259 433	44 400
Cllr B.W Seekoei	259 433	44 400
Cllr K Hoffman	259 433	44 400
Cllr X.N Galada	259 433	44 400
Cllr G.C Mackelina	259 433	44 400
Cllr T.M Tshona	259 433	44 400
Cllr R.B Jacobs	259 433	44 400
Cllr P Bees	259 433	44 400
Cllr L.L Langeveldt	259 433	44 400
Cllr A Arries	259 433	44 400
Cllr D.J Bezuidenhout	259 433	44 400
Cllr E.V.R Rossouw	259 433	44 400
Cllr J.J Williams	259 433	44 400
Cllr R.L Smith	259 433	44 400
Cllr A.L Nortje (appointed July 2019)	282 814	44 400
	8 397 897	1 198 800
		9 596 697

	Remuneration	Allowances	Total 2019
Councillor			
Mayor - Cllr D.W.S De Vos	819 790	44 400	864 190
Speaker - Cllr T.L Nonnies	655 833	44 400	700 233
Executive committee - Cllr P.W Koeberg	343 009	44 400	387 409
Executive committee - Cllr S.J Graham (Resigned June 2019)	308 818	40 700	349 518
Executive committee - Cllr N.P Vanda	343 009	44 400	387 409
Executive committee - Cllr E.L Looock	343 009	44 400	387 409
MPAC chairperson - Cllr W.J Safers	332 939	44 400	377 339
Cllr D Williams	259 433	44 400	303 833
Cllr E.A Ruiters	259 433	44 400	303 833
Cllr W.Z Le Grange	259 433	44 400	303 833
Cllr A. Mboneni	259 433	44 400	303 833
Cllr E.A Carolus	259 433	44 400	303 833
Cllr A Booysen	259 433	44 400	303 833
Cllr H Booysen	259 433	44 400	303 833
Cllr B.W Seekoei	259 433	44 400	303 833



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
31. REMUNERATION OF COUNCILLORS (Continued)		
	Remuneration	Allowances
Councillor		Total 2019
Cllr L.M Botha (resigned April 2019)	175 820	33 300
Cllr K Hoffman	259 433	44 400
Cllr X.N Galada	259 433	44 400
Cllr G.C Mackelina	259 433	44 400
Cllr T.M Tshona	259 433	44 400
Cllr R.B Jacobs	259 433	44 400
Cllr P Bees	259 433	44 400
Cllr L.L Langeveldt	259 433	44 400
Cllr A Arries	259 433	44 400
Cllr D.J Bezuidenhout	259 433	44 400
Cllr E.V.R Rossouw	259 433	44 400
Cllr J.J Williams	259 433	44 400
Cllr R.L Smith (appointed May 2019)	43 239	7 400
	8 294 698	1 191 400
		9 486 098

The Remuneration of Councillors is based on the upper limit as per the Government Gazette.

No in-kind benefits have been received by council

32. DEBT IMPAIRMENT

Debt impairment	44 546 908	29 094 758
Bad debts written off	2 702 625	7 965 512
	47 249 533	37 060 270

Debt impairment is an assessment of the amounts that will not be recovered from the debtors, based on the municipality's policy.

33. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	54 169 706	55 839 960
Amortisation: Intangible Assets	56 987	67 124
Total Depreciation and Amortisation	54 226 693	55 907 084

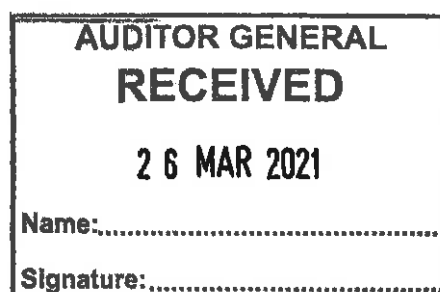
34. IMPAIRMENT LOSS

Property, plant and equipment	-	434 705
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No items of property, plant and equipment were impaired during the current year.

35. FINANCE COST

Long service award	791 000	760 193
Post retirement medical benefit	3 764 000	3 829 245
Trade and other payables	8 657 068	4 607 136
	13 212 068	9 196 574



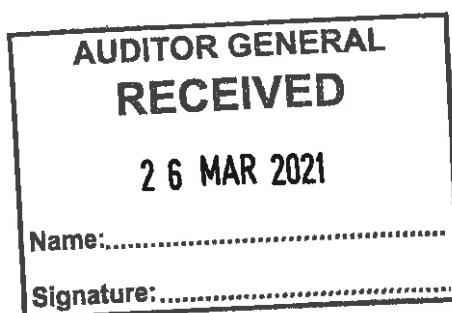
DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
36. BULK PURCHASES		
Electricity	93 023 855	88 142 337
Total Bulk Purchases	93 023 855	88 142 337
37. OPERATIONAL COST		
Adjustment for provision of landfill sites obligation	(949 000)	963 000
Advertising, Publicity and Marketing	225 812	246 684
Audit Fees - External	5 945 875	5 481 234
Bank Charges	783 750	739 410
Cash Shortage	2 343	26 348
Celebrations and Entertainment - Public and Visitors	-	130 540
Chemicals	1 104 333	2 011 478
Cleaning	-	107 524
Commissions	-	224 697
Communication	4 309 721	4 004 094
Consumables	6 059 187	4 001 840
Cost recoveries	116 416	381 948
Courier and Delivery Services	824 374	822 569
External Computer Services	823 467	1 986 900
Grants and Donations Made	18 000	18 000
Insurance underwriting	1 498 662	1 284 307
Inventories losses/write-downs	152 943	915 977
Settlement fees cost	1 044 000	-
Levies	49 941	94 219
Motor vehicle expenses	5 006 957	5 623 979
Municipal service charges	12 966 958	10 859 234
Outreach and Community Assistance	-	1 500
Pauper Burials	-	3 800
Professional Bodies, Membership and Subscription	2 038 000	1 554 219
Remuneration to Ward Committees	700 468	707 398
SPU	-	9 637
Staff welfare	-	16 209
Training and Seminars	54 346	172 894
Travel and subsistence	2 871 332	3 255 866
Total Operational Cost	45 647 884	45 645 504
38. CONTRACTED SERVICES		
Consultants and professional services	1 736 092	11 019 759
Contractors	4 367 452	2 722 310
Outsourced services	15 338 910	7 681 667
Total Contracted Services	21 442 455	21 423 736
39. GAIN ON DISPOSAL OF ASSETS AND LIABILITIES		
Gain on disposal of property, plant and equipment	6 714 891	583 068



The municipality only transfers ownership or otherwise disposes of capital assets after the council, in a meeting open to the public, has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
40. OPERATING LEASES		
Furniture and Office Equipment	656 462	1 377 734
Other Assets		31 893
Transport Assets	6 963 505	5 288 141
Total Operating Leases	7 619 967	6 697 767

Lease of photocopiers

The Municipality is a lessee as it has entered into operating leases for the use of photocopiers and office equipment with Sky Metro Equipment (Pty) Ltd. These leases were negotiated for a three year term from 1 January 2020 to 31 December 2022, with no renewal clauses, purchase options or contingent rent or subleases. The lease payments do not carry any escalations per annum; therefore, the Municipality is required to straight line the lease payments.

The minimum lease payments due under the above lease are as follows: within one year: R753 616 (2019: R0) 2 – 5 years inclusive: R1 130 424 (2019: R0) over 5 years: R Nil (2019: R0)

Lease of vehicles

The Municipality is a lessee as it has entered into operating leases for the use of vehicles with Sky Metro. These leases were negotiated for a six month term from 1 July 2019 to 31 December 2019, with no renewal clauses, purchase options or contingent rent or subleases. The lease payments do not carry any escalations per annum; therefore, the Municipality is required to straight line the lease payments.

The minimum lease payments due under the above lease are as follows: within one year: R0 (2019: R2 970 000).

At the Reporting Date the following minimum lease payments were payable under Non-cancellable operating leases for Property, Plant and Equipment, which are payable as follows:

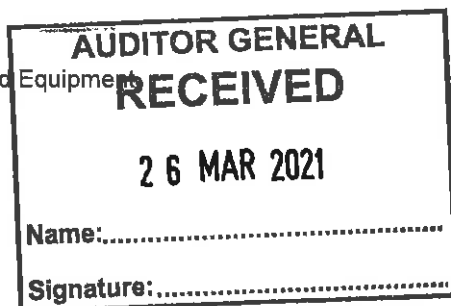
Payable within 1 year	753 616	2 970 000
Payable within 2 to 5 years	1 130 424	-
Payable after 5 years	-	-
	1 884 040	2 970 000

41. ACTUARIAL GAIN / (LOSS) AND RELEASE FROM OBLIGATION

Actuarial gain	8 540 000	3 656 561
Release from obligation	-	152 238
	8 540 000	3 808 799

42. CASH GENERATED BY OPERATIONS

Deficit for the Year	(54 533 857)	(88 901 870)
Adjustment for:		
Depreciation and Amortisation	54 226 693	55 907 084
Losses / (Gains) on Disposal of Property, Plant and Equipment	(6 714 891)	(585 068)
Debt impairment	47 249 533	37 060 270
Actuarial gains	(8 540 000)	(8 667 947)
Public contributions	(1 049 503)	(6 920 279)
Internal charges	12 966 958	10 859 234
Other adjustments	(47 724)	959 418
Current service cost - Employee benefit	2 860 000	(2 782 721)
Adjustment for provision of landfill sites obligation	(949 000)	963 000
Impairment loss	-	434 705
Operating surplus before working capital changes	45 468 210	(1 674 174)



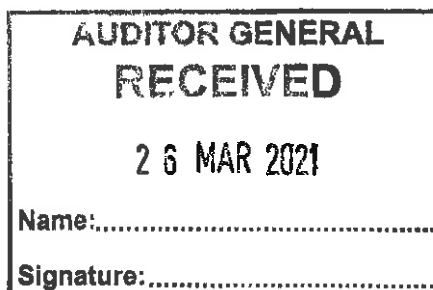
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
42. CASH GENERATED BY OPERATIONS (Continued)		
Changes in working capital:		
Decrease/(Increase) in Inventories	(22 438)	1 514 950
Decrease/(Increase) in Receivables	46 378 011	(21 498 368)
Decrease/(Increase) in Other receivables	(461 423)	(798 908)
Increase/(Decrease) in Payables	46 249 941	48 301 160
Decrease/(Increase) in VAT	3 890 168	(6 384 880)
Increase/(Decrease) in Unspent conditional grants Liability	(646 300)	23 919 660
Increase/(Decrease) in Consumer Deposits	138 139	319 779
Increase/(Decrease) in Provision	1 160 244	417 199
Cash generated by / (utilised in) Operations	49 398 531	44 116 418



43. PRIOR PERIOD ERRORS

During the year the following errors were discovered in both the annual financial statements submitted in the prior year and the financial accounting system. These errors have been corrected retrospectively through restatements of prior year through journals in the financial accounting system and through correcting the misrepresented prior year column on the annual financial statements.

STATEMENT OF FINANCIAL POSITION	Previously reported	Correction of error	Reclassified	Restated 2019
Current Assets				
VAT Receivable	13 684 799	(5 168 853)		8 515 946
Inventories	5 692 015	(1 514 822)		4 177 193
Other receivables	3 624 091	965 875		4 589 966
Non-Current Assets				
Investment Property	67 783 409	1 251 364		69 034 773
Property, Plant and Equipment	1 081 322 802		452 813	1 081 775 615
Heritage Assets	13 452 791	(2 186 331)		11 266 460
Current Liabilities				
Payables from Exchange Transactions	174 228 701	(792 492)		173 436 209
Payables from Non-exchange Transactions	1 543 399	21 411 597		22 954 996
Unspent Conditional Grants and Receipts	26 455 177	(22 142 275)		4 312 902
Provisions	544 502	8 129 575		8 674 077
Employee benefit obligation	2 992 708	(1 708)		2 991 000
Non-Current Liabilities				
Employee benefit obligation	60 303 039	(12 475 039)		47 828 000
TOTAL ASSETS	1 230 113 839	(6 652 767)	452 813	1 223 913 885
TOTAL LIABILITIES	311 999 102	(5 870 342)	-	306 128 760
NET ASSETS	918 114 737	8 349 087	452 813	926 916 637

STATEMENT OF FINANCIAL PERFORMANCE	Previously reported	Correction of error	Reclassified	Restated 2019
Revenue from Exchange Transactions				
Service Charges	149 258 715	799 049		150 057 764

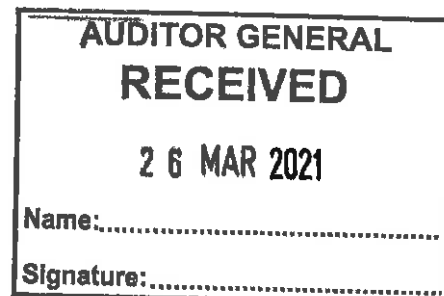
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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

			2020 R	2019 Restated* R
43. PRIOR PERIOD ERRORS (Continued)				
STATEMENT OF FINANCIAL PERFORMANCE	Previously reported	Correction of error	Reclassified	Restated 2019
Revenue from Non-exchange Transactions				
Transfer revenue				
Government grants and subsidies	140 604 988		218 104	140 823 092
Expenditure				
Employee related costs	(159 348 242)	(25 669)	(3 233 854)	(162 607 765)
Remuneration of councillors	(9 369 934)	-	(201 703)	(9 571 637)
Depreciation and amortisation	(55 907 113)	29	-	(55 907 084)
Finance cost	(6 987 979)	(2 208 595)	-	(9 196 574)
Bulk purchases	(89 282 025)	1 139 688	-	(88 142 337)
Operational Cost	(62 333 993)	(13 423)	16 701 912	(45 645 504)
Contracted Services	(15 089 863)	-	(6 333 873)	(21 423 736)
Operating Leases	-	-	(6 697 767)	(6 697 767)
Deficit before actuarial gains / (loss) and release from obligation	(92 854 566)	(308 922)	452 819	(92 710 669)
Actuarial gain / (loss) and release from obligation	(8 667 947)	12 476 746		3 808 799



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

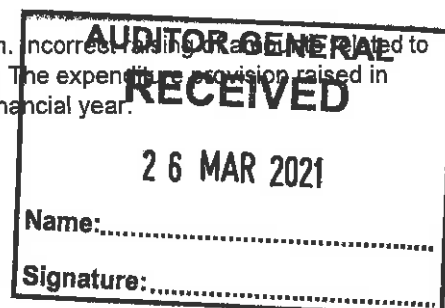
			2020 R	2019 Restated* R
43. PRIOR PERIOD ERRORS (Continued)				
ACCUMULATED SURPLUS adjustments	Previously reported	Correction of error	Reclassified	Restated 2019
Opening balance as previously reported	1 019 637 228	-	-	1 019 637 228
Prior period errors impacting opening balance:				
Land held for sale disposed in 2018 financial year	-	(263 458)	-	(263 458)
Other receivables	-	166 826	-	166 826
Payables adjustments to 2018 financial year	-	(3 268 361)	-	(3 268 361)
Investment property not depreciated	-	-	-	-
Restrictive grant incorrectly disclosed as unconditional	-	730 678	-	730 678
Incorrect heritage assets value	-	(2 186 331)	-	(2 186 331)
Provision not recognised in prior years	-	(8 129 575)	-	(8 129 575)
Balance at 01 July 2018 as restated	1 019 637 228	(12 950 221)	-	1 006 687 007
Deficit for the year	(101 522 513)	-	-	(101 522 513)
Prior period errors impacting deficit for the year:				
Service charges	-	799 049	-	799 049
Government grants and subsidies	-	-	218 104	218 104
Employee related costs	-	(25 669)	(3 233 854)	(3 259 523)
Remuneration of councillors	-	-	(201 703)	(201 703)
Depreciation and amortisation	-	29	-	29
Finance cost	-	(2 208 595)	-	(2 208 595)
Bulk purchases	-	1 139 688	-	1 139 688
General Expenses	-	(13 423)	16 701 912	16 688 489
Contracted Services	-	-	(6 333 873)	(6 333 873)
Operating Leases	-	-	(6 697 767)	(6 697 767)
Actuarial gain / (loss) and release from obligation	-	12 476 746	-	12 476 746
Balance at 01 July 2019 as restated	(101 522 513)	12 167 824	452 819	(88 901 870)

DISCLOSURE PRIOR PERIOD ERROR ADJUSTMENTS	Previously reported	Correction of error	Reclassified	Restated 2019
Unauthorised expenditure (note 45)	306 424 250	22 142 275	-	328 566 525
Irregular expenditure (note 47)	85 623 894	79 462 326	-	165 086 220
Financial assets (note 50,1)	-	45 198 885	-	45 198 885
Financial liabilities (note 50,1)	-	(193 436 208)	-	(193 436 208)
Contingent liabilities (note 54)	(13 067 415)	12 113 524	-	(953 891)

DESCRIPTION OF ERRORS

Payables from Exchange Transactions

Some errors were noted in posting entries related to creditors and expenditure provision. Incorrect posting of a provision raised to Eskom payment arrangement and interest not appropriately raised per Eskom invoices. The expenditure provision raised in 2017/18 was inadequately reversed at a lesser amount than it was raised in the 2018 financial year.

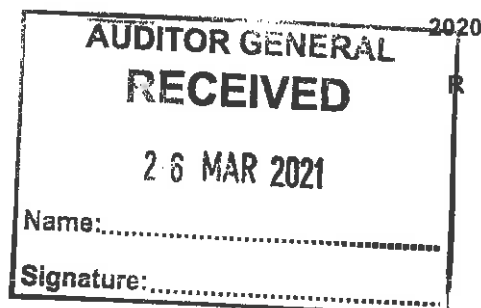


DR BEYERS NAUDE MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020



2019
Restated*
R

43. PRIOR PERIOD ERRORS (Continued)

DESCRIPTION OF ERRORS (Continued)

Other financial statement line items impacted by this error:

- VAT receivable
- Finance cost
- Bulk purchases

Inventories

A list of properties were disposed of during the 2016/17 financial year however never processed in the system. The correction has therefore been made against accumulated surplus account opening balance. A reclassification was necessary due to property on hand was incorrectly accounted for as inventory instead of Investment property.

Investment property

The impact of the inventory error correction is taken into account for the inventory additions.

Heritage assets

In terms of GRAP 103, assets are to be carried at cost however the assets were obtained through a non-exchange transactions shall be measured at fair value unless these are man-made structures where replacement cost is acceptable. The historical buildings was incorrectly valued using the replacement cost as fair value information was available. The fair value of the historical building required an adjustment to the carrying amount on initial measurement.

Unspent conditional grants

During the 2019 financial year, the municipality obtained drought grant however the year end unspent grant was not adequately cash-backed. A reclassification was required from unspent grant to the payables from Non-Exchange transactions for government grant liability at year end 2019.

Payables from Non-Exchange Transactions

The impact of the unspent conditional grant correction on payables from Non-Exchange transactions for government grant liability

Provision - current liability

A former employee was successful in their claim against the municipality. The item was inappropriately classified as a contingent liability but met the recognition criteria for provision in prior years. The correction is therefore to recognise the provision in prior year

Operational cost

The operational cost disclosure wasn't appropriate in terms of GRAP 1 and not reflective of mSCOA reforms and classification. Accordingly there were items reclassified from operational costs to other financial statement line items as follows:

- **Property, plant and equipment:** It was discovered during the review of operational costs that items were inappropriately classified as expense instead of capital. It relates to the upgrading of the IT server room. This impacts on the 2018/19 operational cost financial statement line item.
- **Government grants and subsidies:** A revenue amount was incorrectly recorded as a negative against operational costs
- **Employee related costs:** The costing method allocated employee related cost as repairs and maintenance. Reclassification was necessary to correctly classify the employee related cost by its nature in employee related cost from operational cost.
- **Remuneration of councillors:** An element of councillor remuneration was inappropriately classified as employee related cost instead of remuneration of councillors. Reclassification was necessary to appropriately account for the item by nature.
- **Operating leases:** Reclassification required when revisiting population of operational cost of items to operating leases.
- **Contracted services:** Reclassification required when revisiting population of items to contracted services.

Other receivables

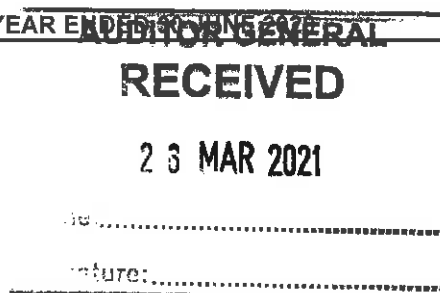
An entry was raised in the system going the opposite direction than the intended movement. Correction of the balance and the corresponding services charges balance which is also affected.

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2020	2019
R	Restated* R

43. PRIOR PERIOD ERRORS (Continued)

DESCRIPTION OF ERRORS (Continued)

Employee benefit obligation

Restatement of liability related to the post retirement medical aid benefit and long service bonus valuation. Errors were noted with the source documentation presented to the actuaries. Other line items impacted by this restatement is:

- Actuarial gain / (loss) and release from obligation

Restatement of disclosure in the notes

Unauthorised expenditure: A restatement of R22,142,252 was necessary to adjust for government grants (Drought grant) which was not adequately cash-backed at year end 2019. Accordingly, the amount which was not adequately cash-backed is considered unauthorised expenditure if not used in line with the conditions attached to the grant.

Irregular expenditure: The restatement in the 2019 closing balance was primarily due to an amount of R79million related to former Ikwezi which was incorrectly disclosed in the financial statements as being written off. Although the amount was considered in council, the requirement is that MPAC should consider the matters and make recommendation to council. Therefore the write-off was reversed and put back into the balance.

Financial assets and liabilities: The financial statements in 2019 omitted key GRAP disclosures. The balances are now disclosed and restated for 2019.

Contingent liabilities: The contingent liabilities of 2019 included balances which were not known by the legal practitioners. The amounts disclosed are therefore updated in this restated financial statements to correctly reflected the balances in terms of the GRAP standards. Most related to a case by former employee which was raised above as a provision of R8million.

44. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment

Total Capital Commitments

64 997 068	46 869 135
------------	------------

64 997 068	46 869 135
------------	------------

The committed expenditure relates to Infrastructure and will be financed by Government Grants and own resources

45. UNAUTHORISED EXPENDITURE

Reconciliation of Unauthorised Expenditure:

Opening balance

328 566 525	182 950 239
-------------	-------------

Add: Unauthorised Expenditure current year

83 238 437	145 616 286
------------	-------------

Unauthorised Expenditure awaiting authorisation

411 804 962	328 566 525
-------------	-------------

The unauthorised expenditure additions are primarily related to the overspending of budget votes as defined in the MFMA:

Budgeted votes exceeded:-	Amount	Status
VOTE 1: COUNCIL	2 916 358	To be investigated and considered by council
VOTE 3: ADMINISTRATION	16 929 677	To be investigated and considered by council
VOTE 4: COMMUNITY SERVICES	8 584 550	To be investigated and considered by council
VOTE 5: PROTECTION SERVICES	361 491	To be investigated and considered by council
VOTE 6: FINANCIAL SERVICES	43 188 658	To be investigated and considered by council
VOTE 7: ENGINEERING SERVICES	11 257 704	To be investigated and considered by council
	83 238 437	

Prior period amounts are related to overspending of budget votes and include the R22,1million in relation to the prior period error note

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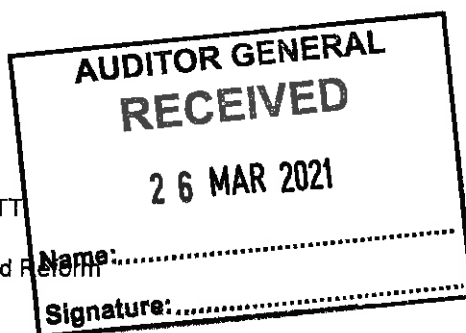
Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	Restated* R
46. FRUITLESS AND WASTEFUL EXPENDITURE		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	16 245 220	8 431 856
Add: Fruitless and Wasteful Expenditure current year	8 491 241	7 813 364
Fruitless and wasteful expenditure awaiting authorisation	24 736 461	16 245 220

Details of Fruitless and Wasteful Expenditure

Interest charged by Telkom	124 519	75 791
Interest charged by Auditor General	-	208 986
Interest Charged by Eskom	4 166 361	5 618 377
SARS penalties and interest	3 711 989	1 665 155
Intelligent irrigation	-	13 932
Government Printing works	2 964	6 909
Interest charged by SALA Pension Fund	44 034	162 272
Penalties charged by Cape Retirement Fund	214 327	118
Interest charged by Gem Garage	104 067	-
Interest charged to J.R NIEUWENHUIZEN	3 993	-
Interest charged by Piet Viljoen Motors	24 596	14 504
Interest charged by TAC Wholesale and supply	55	320
Interest charge by XIPE Totec Technologies - XTT	-	158
Interest charged by SUPA Quick	166	8 702
Interest charged by Rural Development and Land Reform	102	30
Interest charged by REVCO	-	21 444
Interest charged by Mesh Steel and Weld	-	16 433
Interest charged by Momentum	93 572	-
Interest charged by Prodiba	8	29
Interest charged by Midland Ford garage	-	68
Interest charged by Hardware & building supplies	488	136
	8 491 241	7 813 364



47. IRREGULAR EXPENDITURE

Reconciliation of Irregular Expenditure:

Opening balance	165 086 220	141 266 174
Add: Irregular Expenditure current year	23 991 449	24 224 041
Less: Written off by Council or condoned	-	(403 995)
Irregular Expenditure awaiting authorisation	189 077 669	165 086 220

48. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services to the value of R19 412 072 (2019 - R10 849 258) were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	Restated* R
48. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS		
Incidents		
Deviations due to Emergency procurement	10 819 733	937 373
Deviations due to Sole supplier procurement	2 298 938	2 530 811
Deviations due to impracticality of following SCM processes	6 293 402	7 381 074
	<u>19 412 072</u>	<u>10 849 258</u>

49. RELATED PARTIES

Relationships

Mayor

Speaker

Executive committee

Executive committee

Executive committee

Executive committee

MPAC chairperson

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

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Councillor

Councillor

Councillor

Councillor

Councillor

Municipal manager

Director of engineering and planning

Acting Chief financial officer

Acting Director of Corporate Services

Acting Director of Community Services

District Municipality which Dr Beyers Naude Local Municipality is a part of:

Piet Bees - Councillor

Errol Rossouw - Councillor

Clive Warner - Assistant Manager

Ivan Japtha - Law enforcement Officer

Logan Cudjoe - Accountant expenditure

Simthembele Edwin Mbotya - Financial services manager

Heleen Kok - Chief financial officer

Rory Boggendoel - Manager

Cllr D.W.S De Vos

Cllr T.L Nonnies

Cllr P.W Koeberg

Cllr E.A Ruiters

Cllr N.P Vanda

Cllr E.L Looock

Cllr W.J Safers

Cllr D Williams

Cllr E.A Ruiters

Cllr W.Z Le Grange

Cllr A. Mboneni

Cllr E.A Carolus

Cllr A Booysen

Cllr H Booysen

Cllr B.W Seekoei

Cllr K Hoffman

Cllr X.N Galada

Cllr G.C Mackelina

Cllr T.M Tshona

Cllr R.B Jacobs

Cllr P Bees

Cllr L.L Langeveldt

Cllr A Arries

Cllr D.J Bezuidenhout

Cllr E.V.R Rossouw

Cllr J.J Williams

Cllr R.L Smith

Cllr Nortje

Dr. E.M Rankwana

W.I Berrington

D. Thorne

Z. Kali

N Oliphant

Sarah Baartman District Municipality

Wakz Tyre Trading repairs - Member

Ezamampinga Construction - Member

Electrical Motor Rewinders - Son

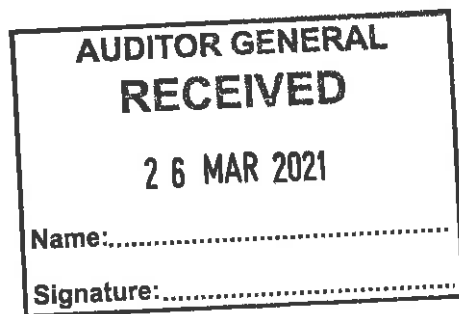
Japtha Transport - Owner

RAC Transport - Spouse

Mbotya Solutions - Owner

JHK Plumbing - Member & Heleen Kok life coach - Owner

RBG Ithema - Owner



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	2020	2019
	R	Restated* R
49. RELATED PARTIES (Continued)		
Ivor Berrington - Director: Planning and Engineering	Berrington Family Trust & Uitkomst Trust - Trustee	
Meianie Berrington - Administration Officer	Berrington Family Trust & Uitkomst Trust - Trustee	
Colin Abels - Health Practitioner	Welkom Yizani - Shareholder	
Cheslyn Bezuidenhout - Official	CEB Transport & CEB Harvest Foundation - Owner	
Gwynne Hermanus - Community service director	Cyril Rose Bed & Breakfast - Owner	
The mayor and councillors only received remuneration as set out in Note 26. Rates and municipal services were in line with other customers, see note 6.		
The Section 57 managers only received remuneration as set out in Note 25. Rates and municipal services were in line with other customers.		
All councillors and employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.		
All related government entities transactions, including the district municipality, such as rates and municipal services were in line with government legislation.		
The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.		
The municipality did not have any transactions with related parties listed during the financial year		
50. FINANCIAL INSTRUMENTS		
50.1 Classification		
The Municipality recognised the following financial instruments at <i>amortised cost</i> :		
<u>Financial Assets</u>		
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:		
Cash and Cash Equivalents	2 277 537	24 312 902
Receivables from Exchange transactions	18 338 927	16 296 017
Other receivables	5 051 390	4 589 966
Total	25 667 854	45 198 885
<u>Financial Liabilities</u>		
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:		
Other financial liabilities	11 755 461	20 000 000
Payables from exchange transactions	239 725 641	173 436 208
Total	251 481 102	193 436 208
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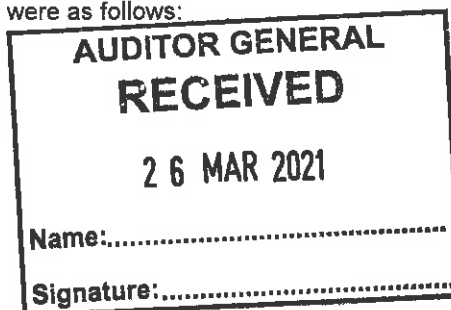
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
50. FINANCIAL INSTRUMENTS (Continued)		
50.2 Risk management		
Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
The municipality aims to maintain flexibility in funding by keeping committed credit lines available. The municipality manages a budget which is updated regularly and reported to the municipal management and the council.		
The table below analyses the municipalities financial liabilities into relevant maturity groupings based on the remaining period at the reporting date 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.		
At 30 June 2020	Maturity less than a year	Total
Payables from exchange transactions	239 725 641	239 725 641
Payables from non-exchange transactions	2 915 504	2 915 504
At 30 June 2019	Maturity less than a year	Total
Payables from exchange transactions	173 436 208	173 436 208
Payables from non-exchange transactions	22 954 995	22 954 995
Liquidity risk is mainly concentrated on the Trade and other payables balance.		
The municipality does not have any collateral and /or credit enhancements that aid in the mitigation of the liquidity risks.		
Credit risk		
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.		
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Cash and cash equivalents	2 277 537	24 312 902
Receivables from exchange transactions	18 338 927	16 296 017



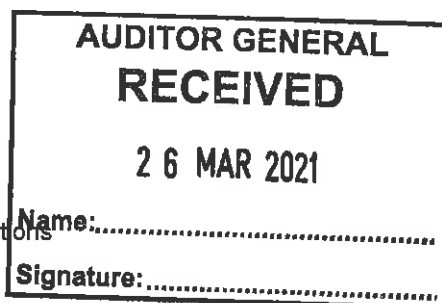
DR BEYERS NAUDE MUNICIPALITY

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
50. FINANCIAL INSTRUMENTS (Continued)		
50.2 Risk management (Continued)		
Market risk		
Interest rate risk		
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Interest rate risk is managed by investing any surplus funds into high yield investments. The resultant interest earned is likely to offset interest paid, as both are linked to prime rates.		
Foreign currency risk		
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The financial instruments of the Municipality is not directly exposed to any currency risk.		
51. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
51.1 Contributions to organised local government - SALGA		
Opening Balance	6 980 905	6 861 042
Current year subscription/fee	1 842 245	1 461 269
Amount Paid - current year	(2 285 777)	(1 341 406)
Balance Unpaid (included in Creditors)	6 537 373	6 980 905
51.2 Audit Fees		
Opening Balance	2 703 625	18 000 704
Current year Audit Fee	9 230 284	6 748 748
Credit note and adjustments	(2 343 195)	(12 696 120)
Amount Paid - current year	(3 980 000)	(9 349 707)
Balance Unpaid (included in Creditors)	5 610 713	2 703 625
The opening balance of 30 June 2019 comprises of balances of former municipalities consolidated. Large credit adjustments reduced the outstanding balance related to the 1% grant donation noted in note 29 of the 2019 balance. Other credit notes were also issued to reverse interest.		
51.3 VAT		
The net of VAT input payables and VAT output receivables are shown in Note 3. All VAT returns have been submitted by the due date throughout the year.		
51.4 PAYE, Skills Development Levy and UIF		
Opening Balance	5 605 589	6 412 507
Current year Payroll Deductions	20 969 614	24 431 630
Amount Paid - current year	(16 132 277)	(25 238 548)
Balance Unpaid (included in Creditors)	10 442 926	5 605 589
51.5 Pension and Medical Aid Deductions		
Opening Balance	7 483 362	1 676 140
Current year Payroll Deductions and Council Contributions	34 911 518	36 248 410
Amount Paid - current year	(26 428 289)	(30 441 188)
Balance Unpaid (included in Creditors)	15 966 591	7 483 362



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019	
	R	Restated* R	
51. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)			
51.6 Councillor's arrear Consumer Accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at 30			
	Outstanding up to 90 days	Outstanding more than 90 days	Total
30 June 2020			
Cllr P.W Koeberg	1 776	-	1 776
Cllr E.A Carolus	313	-	313
Cllr D Williams	1 191	4 456	5 647
Cllr G.C Mackelina	1 507	1 750	3 258
Cllr W.J Safers	1 100	-	1 100
Cllr W.Z Le Grange	807	4 747	5 554
Cllr P Bees	904	3 219	4 122
Cllr E.V.R Rossouw	1 784	10 821	12 605
	9 380	24 994	34 374

51.6 Councillor's arrear Consumer Accounts (continued)

30 June 2019			
Cllr D Williams	-	1 277	1 277
Cllr G.C Mackelina	-	3 419	3 419
Cllr N.E.M Jankovich	-	222	222
Cllr T.L Nonnies	-	4 079	4 079
Cllr W.Z Le Grange	-	2 369	2 369
Cllr B.W Seekoei	-	3 268	3 268
Cllr H Booysen	-	2 965	2 965
Cllr E.V.R Rossouw	-	7 088	7 088
Cllr D.J Bezuidenhout	-	977	977
	-	25 664	25 664

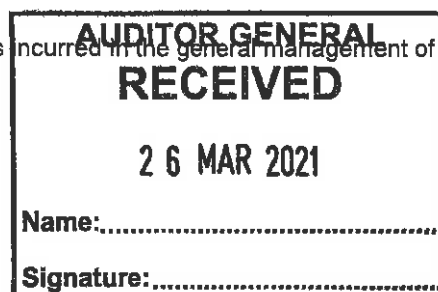
52. DISTRIBUTION LOSSES - ELECTRICITY

Electricity units (kWh) purchased from Eskom	86 459 314	88 242 797
Electricity units (kWh) sold to customers	(64 594 724)	(76 028 159)
	21 864 590	12 214 638

Electricity losses occur due to inter alia, technical and non-technical losses. (Technical losses - Inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections).

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported. Electricity losses for the financial year is 25,29% (2019 - 13,84%) of purchased electricity. The Rand value of the electricity losses for the period ending 30 June 2020 is R13 230 738 (2019 - R13 253 837)

The amounts disclosed above for Electricity and Water Losses are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	Restated* R
53. DISTRIBUTION LOSSES - WATER		
Balance at the beginning of the year in reservoirs and pipes	35 131	35 131
Water Units produced	4 028 749	4 730 638
Water Units sold	(2 846 699)	(3 325 986)
Balance at the end of the year in reservoirs and pipes	(28 783)	(35 131)
	1 188 398	1 404 652

Water losses occur due to inter alia, leakages, tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections.

The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported. Water losses for the financial period amounted to 29.50% (2019 - 26.69%) of water produced. The Rand value of the water losses for the period ending 30 June 2020 is R20 173 949 (R8 574 989). The increase in value is due to drought tariff increases.

54. CONTINGENCIES

Contingencies arise from pending litigation on contractual disputes and damage claims. As the conclusion of the process is dependent on the setting of the dates by the respective courts, the timing of the economic outflow is therefore uncertain:

Minister of water and Sanitationi (EX CLM) vs Dr Beyers Naude Local Municipality - A claim by the Minister of Water & Sanitation instituted Action against the municipality for water use charges. Municipality is unaware and cannot reconcile the alleged amounts owing. The matter will be defended.

Robert Alexander - Robert Alexander instituted action out of GR magistrate court for against the municipality alleging certain damages resulted from the MVA involving a motor vehicle of the Municipality driven by an employee. The matter is unresolved

Vincemus Investments (Pty) Ltd t/a Kempston vehicle leasing vs Dr Beyers Naude Local Municipality - The claim is against former Ikwezi Municipality for vehicle leasing monies owed and damages.

MD Business Solutions (Pty) Ltd t/a Massive Dynamix vs Dr Beyers Naude Local Municipality - The claim is against former Ikwezi Municipality for monies owed. The matter was set to continue in the high however it did not proceed due to the plaintiff legal team who withdrew. Uncertain whether the plaintiff will continue.

Africorp - The municipality served formal demand on Africorp for outstanding rates on taxes and instituted legal action. Legal costs anticipated with uncertainty on the amount when it goes to trial

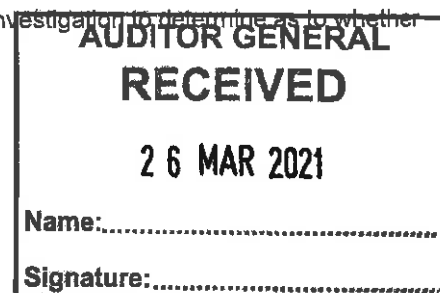
Bay Projects Coastal (Pty) Ltd - Served formal demand on Bay Projects for repayment of R1,269,768. Legal costs anticipated with uncertainty on the amount when it goes to trial

JH Vermaak vs Dr Beyers Naude Local Municipality - A claim by JH Vermaak claiming damages for tripping and falling and getting injured on the Municipal pavement in Jansenville.

SAMRO - A claim by samro was made against the municipality claiming fees for certain infringements

Aurecon - A claim is being made by aurecon for engineering services provided the municipality

Internal investigation - Related to the burglary at Protection Services Building. Internal investigation to determine as to whether internal controls were ignored and responsible party to recover from



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 Restated* R
54. CONTINGENCIES (Continued)		
The table below summarises the potential financial impact of the law suits:		
Contingent Assets		
Bay Projects Coastal (Pty) Ltd	1 269 768	-
Internal investigation - Burglary protection services	100 000	-
	1 369 768	-
Contingent Liabilities		
Samro	138 478	-
YL Booysen vs Dr Beyers Naude Local Municipality *	-	210 000
Aurecon	81 028	-
Miss E. Botha vs Dr Beyers Naude Local Municipality *	-	86 650
Mr A Witbooi vs Dr Beyers Naude Local Municipality *	-	7 241
JH Vermaak vs Dr Beyers Naude Local Municipality	650 000	650 000
	869 505	953 891

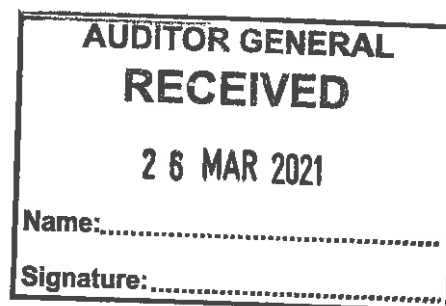
* Matters which has been resolved, finalized or no longer applies

55. EVENTS AFTER REPORTING DATE

An event on 28 January 2021 occurred where a disciplinary hearing was concluded for dismissal of an employee in the municipality against whom a case of gross misconduct was opened. In term of the formal condonation application to the bargaining council, it is alleged that the former employee was charged for gross dishonesty, misrepresentation in the alleged misappropriation of funds. A case was opened with the SAPS to further investigate the claims and the investigation is pending.

The municipal council resolved in July 2020 to formally write-off the debts of the indigent debtors held at 30 June 2020. The write-off is effective in the 2020/21 financial year end and accordingly the entry does not physically impact the 30 June 2020 balances however it provides more information on the collectability of the balances of the indigent debtors at year end 30 June 2020. The total amount of R24,7m for indigent debtors were subject to impairment calculations and management is satisfied that the amount of R24,2m impairment is sufficient.

The municipality has formally communicated in the local newspaper its intention to sell land held by the municipality as part of the financial recovery plan. The municipality has not yet committed to sell any of its assets and merely, in terms of the assets management policy, supply chain management policy and other legislative requirements, have only advertised the intention to sell. The process therefore also allows for the community to object against the intention to sell and this requirement was advertised together with the intention to sell.



DR BEYERS NAUDE MUNICIPALITY

(Registration number: EC101)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2020	2019
R	Restated*
R	R

56. GOING CONCERN

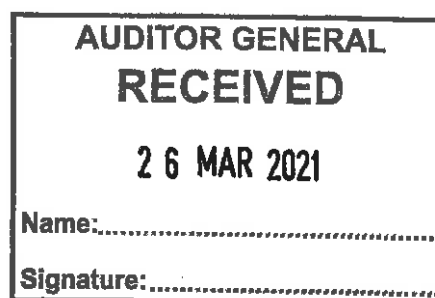
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following elements of the financial statements are noted which casts some doubt on the ability of the municipality's going concern status

The current assets of the municipality of R38 138 035 (2019 - R61 748 603) are exceeded by the current liabilities of R274 221 232 (2019 - R225 685 747). The net current liabilities amounts to R236 083 198 (2019 - R163 937 143) and results in a current ratio of 0,14:1 (2019 - 0,27:1). The position above casts some doubt on the ability to continue as a going concern.

The municipality incurred a deficit of R 54 533 857 during the 2020 financial year and is a reduced deficit from the 2019 financial year of R88 901 870. The positive direction is noted but continued efforts are necessary to reduce cost below revenue.

However, the ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these being the significant grants received by the municipal to execute its legislative service to the community and the accounting officers continued efforts to procure funding for the ongoing operations for the municipality from national and provincial government. Council approved a financial recovery plan which includes the disposal of property not currently utilised by the municipality and is not important to basic service delivery as noted in note 54 above in efforts to reduce the current liabilities.



Report of the auditor-general to the Eastern Cape Provincial Legislature and the council of Dr Beyers Naude Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Dr Beyers Naude Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the impact of the matters described in the basis for the qualified opinion section of this report, the financial statements present fairly, in all material respects the financial position of the Dr Beyers Naude Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended, in accordance with the South African Standards on Generally Recognised Accounting Practice (SA 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, 2019 (Act No. 16 of 2019) (Dora).

Basis for qualified opinion

Investment Property

3. I was unable to obtain sufficient appropriate audit evidence for investment property as the municipality did not maintain adequate records for the majority of its property values reflected in the investment property register. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to investment property stated at R69 million (2019: R69 million) in the financial statements.

Irregular expenditure

4. The municipality did not identify and disclose all irregular expenditure in the financial statements, as required by 125(2) (d) (i) of the MFMA. Expenditure incurred in contravention of the supply chain management (SCM) requirements resulted in irregular expenditure of R12,5 million being identified during the audit, which was not disclosed. Additionally, the corresponding balance for irregular expenditure was misstated by R8,2 million. I was unable to determine the full extent of the irregular expenditure that should have been disclosed as it was impracticable to do so. Accordingly, I could not determine the adjustment required to the irregular expenditure disclosed at R189 million (2019: R165 million) in note 47 to the financial statements.

Receivables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for the corresponding figure for receivables from exchange transactions because I could not inspect the indigent debtors' application forms to determine whether they qualified to be categorised as indigent debtors. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from exchange transactions corresponding figure stated at R16,3 million in the financial statements.

Cash Flow Statement

6. The municipality incorrectly classified and incorrectly calculated various line items in the cash flow statement. This resulted in the following line items being misstated as described:
 - Cash receipts from customers was understated by R39 million (2019: R49,2 million understatement)
 - Cash paid to suppliers and employees overstated by R4 million (2019: R49,8 million understatement)

Context for the opinion

7. 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.
8. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to financial sustainability

10. I draw attention to note 56 to the financial statements, which indicates that the municipality's current liabilities exceed the current assets by R257 million and they have incurred a deficit of R54.5 million. This matter has an impact on the financial viability of the municipality, and may cast doubt on its ability to continue as a going concern. My opinion is not modified in respect of this matter.

Emphasis of matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Fruitless and Wasteful Expenditure

11. As disclosed in note 46 to the financial statements, the municipality accumulated R24,75 million (2019: R16,3 million) in fruitless and wasteful expenditure that has not been recovered, written off or condoned. Fruitless and wasteful expenditure of R24,75 million (2019: R16,3 million) incurred during the current year is included in the amount disclosed as a result of the interest incurred or paid to suppliers.

Unauthorised Expenditure

12. As disclosed in note 45 to the financial statements, the municipality accumulated R431,8 million (2019: R328,6 million) in unauthorised expenditure that has not been recovered, written off or condoned. Unauthorised expenditure of R431,8 million (2019: R328,6 million), incurred during the current year is included in the amount disclosed as a result of overspending of votes within the approved budget.

Debt Impairment

13. As disclosed in note 32 to the financial statements, debt impairments of R47,2 million (2019: R37 million) were made to receivables from exchange and non-exchange transactions.

Restatement of corresponding figures

14. As disclosed in note 43 to the financial statements, the corresponding figures for the year ended 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Distribution Losses – Electricity

15. As disclosed in Note 52 to the financial statements, material electricity losses of R13,2 million (2019 – R13,2 million) were incurred, which represents 25.29% (2019 – 13.84%) of total electricity purchased.

Distribution Losses – Water

16. As disclosed in Note 53 to the financial statements, material water losses of R20,2 million (2019 – R8.6 million) were incurred, which represents 29.50% (2019 – 26.69%) of total water production.

Other matter

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

18. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

19. 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.
20. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

21. 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.
22. 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

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
24. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do 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.

25. 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 programmes presented in the municipality's annual performance report for the year ended 30 June 2020:

Programme	Pages in the annual performance report
Basic Service Delivery and Infrastructure Development	x – x

26. 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.

27. I did not identify any material findings on the usefulness and reliability of the reported performance information for these development priorities:

- Basic Service Delivery and Infrastructure Development

Other matters

28. I draw attention to the matter below.

Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Basic Service Delivery and Infrastructure Development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

30. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

31. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(2) of the MFMA. Material

misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, which and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or the supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure Management

33. Money owed by the municipality was not always paid within 30 days, as required by section 65(2) (e) of the MFMA.
34. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by contravention of SCM legislation. Irregular expenditure amounting to R 11 824 227 was incurred on Tender 66/2018: Supply and delivery of new lease vehicles.
35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R8,4 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by contravention of section 65(2) (e) of the MFMA. Fruitless and wasteful expenditure amounting to R 4 882 269 was incurred on late payments for electricity purchases (Eskom).
36. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 83, 2 million, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the amount appropriated in the municipality's approved budget.

Procurement and contract management

37. Some of the contracts were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by MFMA sec 62(1)(a) and MFMA sec 95(a)
38. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
39. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.
40. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.

41. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA.

Conditional Grants

42. Performance in respect of programmes funded by the Municipal Disaster Relief Grant, Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 16 of 2019).

Consequence management

43. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
44. Some of the irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
45. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

46. 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 those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
47. 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 on it.
48. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

50. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified audit opinion, the findings on the basic service delivery and infrastructure development programme and the findings on compliance with legislation included in this report.
51. Management did not adequately perform their oversight responsibility over the internal controls of the municipality on a regular basis. This is evidenced by the significant errors on the annual financial statements (AFS) and annual performance report (APR) submitted for audit.
52. Material non-compliances with key legislations and policies of the municipality were identified during the audit. This indicates that the action plan was not effective as matters communicated to management were raised in the prior year.
53. In addition, the internal audit unit was not fully effective during the year due to capacity constraints, this resulted in a poor control environment where internal controls have not been entirely implemented over the monthly financial and performance reporting processes, including year-end reporting, as a number of disclosures in the financial statements were misstated.

Auditor General
East-London

31 March 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme 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 relating to events or conditions that may cast significant doubt on the ability of the municipality 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 my 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 operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, the actions taken to eliminate threats or the safeguards applied.

**DR. BEYER'S NAUDE LOCAL
MUNICIPALITY**

2019/2020



**ANNUAL
PERFORMANCE
REPORT
(YEAR ENDED
30TH JUNE 2020)**

This Annual Performance Report is drafted in terms of Section 46 of the Local Government: Municipal Systems Act, 32 of 2000. The Annual Performance Report 2019/2020 is based on reported information only, and is un-audited. The report is subject to change during and after the audit from the Auditor-General of South Africa (AGSA).

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INTRODUCTION

The function of Performance Management within the municipality is performed in the office of the municipal manager, and includes monitoring the implementation of the Integrated Development Plan (IDP) through the SDBIP. Legislation states that key performance indicators and targets must be implemented to enable continual monitoring of the municipality and its administration. These indicators pin point areas of focus for each financial year and are included in the IDP. Once approved the IDP is married to the budget in a document called the Service Delivery and Budget Implementation Plan (SDBIP) which provides a workable management tool from which to operate under and monitor progress. The SDBIP is then used to develop agreed performance plans for the Municipal Manager and Directors which should be evaluated quarterly.

The Annual Performance Report is hereby submitted to the Dr. Beyers Naudé Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular No.11

This report covers the performance information from 01 July 2019 to 30 June 2020 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Integrated Development Plans (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Service Delivery and Budget Implementation Plan (SDBIP) for 2019/2020.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. This report will also endeavor to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic key Performance Areas for local government, which are (1) Infrastructure Development; (2) Municipal Institutional Transformation and Development; (3) Community Development ;(4) Local Economic Development and (5) Back to Basics (Good Governance and Sound Financial Management)

In Summary

In summary the purpose of this report is as follows:

- To analyze the Capital Budget Projects status at the end of the financial year of 2019/20
- To track quarterly progress against the targets set in the SDBIP. This will in turn inform decision making and future goal setting
- To identify problems regarding performance of implementing Capital Budget Projects and Service Delivery Targets, with a view to obtain solutions
- To determine whether the objectives and strategies of the IDP have been met.
- To report on the overall Governance, Service Delivery and Supply Chain Management Performance of the Municipality.

LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000. Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players.” Performance management is not only relevant to the organization as a whole, but also to the individuals employed in the organization as well as the external service providers. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and Organizational performance.

MUNICIPAL OVERVIEW

Dr Beyers Naudé Local Municipality, the third largest Local Municipality in the country, is well-positioned as a portal to the mystical Karoo, in a region renowned for its pristine natural environment, rich heritage, diverse peoples and cultures. The vast area (28,653 km² in extent) includes the towns of Graaff-Reinet, Willowmore, Aberdeen, Jansenville, Steytlerville, Nieu-Bethesda, Klipplaat and Rietbron; plus a number of smaller settlements and surrounding farms. It boasts several very popular tourist attractions, beautiful landscapes and a healthy climate. The town of Graaff-Reinet, 4th oldest in South-Africa and referred to as the “Gem of the Karoo”, is a hub of agri-tourism activity; it is the seat of the Municipal Council and is the centre where the biggest concentration of the population lives and works. The second largest town is Willowmore, also with a strong and vibrant tourism and agricultural sector. Willowmore should be viewed as a strategically situated centre for managing and co-ordinating service-delivery and public participation in the southernmost part of the Municipal area.

Dr Beyers Naudé LM was established as a result of a merger between the former Municipalities of Camdeboo, Ikwezi and Baviaans – on 8 August 2016 – after the Local Government Elections held on 3 August 2016. Geographically the new Municipality makes up 49.19% of the Sarah Baartman District Municipality’s landmass, with a low population density of 2.8 persons per km², which is much lower than the District average of 7.7 persons per km². The area is characterised by large tracts of commercial farmlands that are sparsely populated. The most densely populated areas are found in and around the established main towns.

There are vast distances between main centres; some of the smaller towns and settlements can only be reached by unsurfaced (gravel) roads, not all of which are being maintained on a regular basis. The most difficult areas to access are situated within the Baviaanskloof. The towns in the region have their own unique dynamics and attractions that draw visitors from far and wide, many of whom have made this their home. Well-known personalities that have carved a niche in our country's history and are closely associated with the Dr Beyers Naudé LM, include the likes of Robert Mangaliso Sobukwe, Dr Anton Rupert & Dr Beyers Naudé, Rev. Andrew Murray, Prof James Kitching, Athol Fugard, Anna Neethling Pohl, DF Malan, Helen Martins, Andries Pretorius...

Key features of the area include :

Agriculture

Biggest mohair producer in South Africa, wool and red meat production (sheep, beef, goats), poultry, game and crop farming.

Public Amenities

Libraries; sport, recreational and educational facilities; banks & post offices in the main centres.

Health Care Facilities

Primary Health Care clinics in most towns, hospitals and other medical facilities in the larger towns and mobile clinics servicing rural areas.

Commerce & Industry

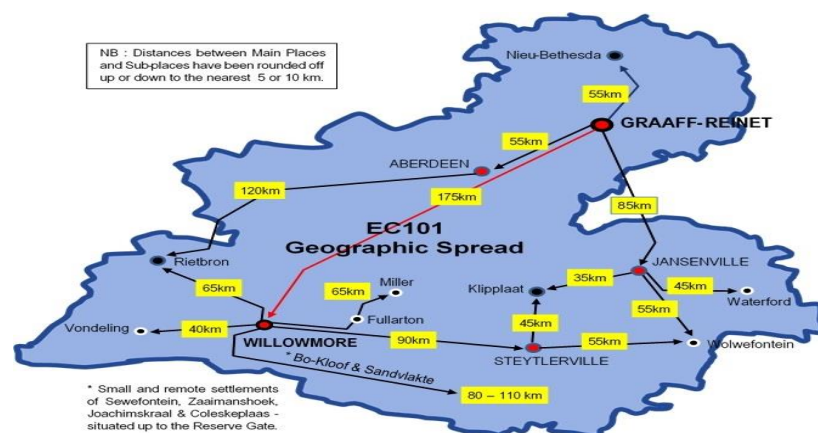
Mostly small businesses in most of the towns, with some larger industry and government departments in the bigger towns, such as Graaff-Reinet.

Infrastructure & Services

Good infrastructure and basic services (water, electricity, sanitation and refuse removal) in urban areas, with free basic services and subsidized support to qualifying indigent households.

Being situated in an arid area within the Sarah Baartman District, Dr Beyer's Naudé LM faces many challenges, the biggest of which is water. Aberdeen and Nieu-Bethesda are in the fortunate position of having perennial springs that supply adequate and good quality water, which is used for both domestic consumption and irrigation. Graaff-Reinet gets its supply from the Nqweba Dam; when dry, the town is dependent on borehole water ~ an unreliable source as the water table drops drastically when the rain stays away. Other towns, such as Willowmore is supplied with water from Wanhoop which is a private property. Water quality is a problem in areas, such as Jansenville. The lack of a sustainable and permanent water supply is probably the most inhibiting factor in the area's economic development, as it restricts both agricultural and industrial activities. Continuous upgrading of sources and systems commence, however at this stage cannot be permanently rectified.

In accordance with the Municipal Structures Act 117/1998, Dr. Beyer's Naudé has been classified as a Category B Municipality; a collective executive system limits the exercise of executive authority to the Municipal Council itself and a Ward participatory system allows for matters of local concern to be dealt with by Ward committees. There are 14 Ward Councillors and 13 Proportional Representatives, whereby the Mayor and Speaker have been allocated full-time status.



PERFORMANCE MANAGEMENT OVERVIEW

In order to improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions;

- Key performance indicators has been reviewed and the SMART principle has been applied, so that there is effective monitoring and measurement of Key performance indicators.
- The Performance Management Policy that is the guiding tool for the Municipality has been reviewed and approved by the Dr. Beyers Naude Municipality Council.
- There is a key performance indicator column added to Capital Budget Projects so that projects are more clearly defined.
- Within the scorecard sent out quarterly for performance evaluations, a column provision has been made for targets not met or lagging behind.
- The Performance Management is in the process of being cascaded to Management level with in the Municipality and the intention is that individual performance will be evaluated in the 2020/2021 financial year.

	Performance Management guiding policy	All s54/56 Performance contracts signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Reporting to Council
In place?	√	√	√	√	√	√

Performance Management System Checklist

SERVICE DELIVERY AND BUDGET IMLEMENTATION PLAN OVERVIEW

The organizational performance is evaluated through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned;
- The budget must address the strategic priorities;
- The SDBIP should indicate what the municipality is going to do during next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.
- The SDBIP was prepared as described in the paragraphs below and approved by the Mayor.

The SDBIP consolidate service delivery targets set by Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the SDBIP include:

One-year detailed plan,

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators;
- Non-financial measurable performance objectives in the form of targets and indicators; and detailed capital project plan broken down by ward.

PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2019/2020 FINANCIAL YEAR

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's SDBIP.

Performance against the National Key Performance Indicators

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

Municipal Transformation and Institutional Development

INDICATOR	MUNICIPAL ACHIEVEMENT 2019/2020
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Approved staff establishment – No Appointments made
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	1%

Basic Service Delivery

INDICATOR	MUNICIPAL ACHIEVEMENT 2019/2020
The percentage of households with access to basic level of water	98%
The percentage of households with access to basic level of sanitation	96%
The percentage of households with access to basic level of electricity	95%
The percentage of households with access to basic level of refuse removal	98%

Local Economic Development

INDICATOR	MUNICIPAL ACHIEVEMENT 2019/2020
The Number of jobs created through the Municipality EPWP Labour intensive programme to address high unemployment rate	541

Good Governance and Public Participation

INDICATOR	MUNICIPAL ACHIEVEMENT 2019/2020
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	99.95%

SDBIP REPORT FOR 2019/2020

• CAPITAL BUDGET PROJECTS - 2019/2020

Infrastructure Development

Number of projects: 16

Number of projects Completed/ On Target: 10

Number of projects Not on Target: 6

Percentage on Target: 63%

Institutional Development

Number of projects: 3

Number of projects Completed/ On Target: 1

Number of projects Not on Target: 2

Percentage on Target: 33%

OVERALL CAPITAL BUDGET PROJECT ACHIEVEMENT

Total Number of Capital Budget Projects per KPA = 19

Number of Key Performance Indicators on Target/Completed = 11

Number of Key Performance Indicators Not on Target = 8

Percentage on Target = 58%

SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATOR- 2019/20

Development Priority: Infrastructure Development

Number of Indicators: 5

Number of indicators on Target: 1

Number of indicators Not on Target: 4

Percentage on Target: 20%

Development Priority: Community Development

Number of Indicators: 4

Number of indicators on Target: 0

Number of indicators Not on Target: 4

Percentage on Target: 0%

Development Priority: Institutional Development

Number of Indicators: 14

Number of indicators on Target: 6

Number of indicators Not on Target: 8

Percentage on Target: 43%

Development Priority: Local Economic Development

Number of Indicators: 7

Number of indicators on Target: 3

Number of indicators Not on Target: 4

Percentage on Target: 43%

Development Priority: Back to Basics – Good Governance

Number of Indicators: 11
Number of indicators on Target: 2
Number of indicators Not on Target: 9
Percentage on Target: 18%

Development Priority: Back to Basics – Sound Financial Management

Number of Indicators: 11
Number of indicators on Target: 5
Number of indicators Not on Target: 6
Percentage on Target: 45%

OVERALL SERVICE DELIVERY KEY PERFORMANCE INDICATOR ACHIEVEMENT

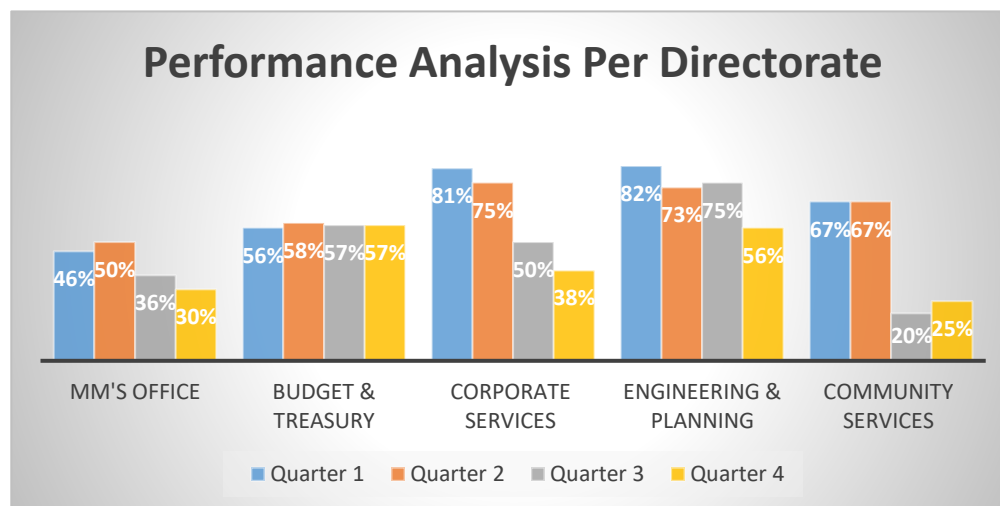
Total Number of Key Performance Indicators per KPA = 52
Number of Key Performance Indicators on Target/Completed = 17
Number of Key Performance Indicators Not on Target = 35
Percentage on Target = 33%

OVERALL KEY PERFORMANCE INDICATOR TARGET ACHIEVEMENT

Total Number of Key Performance Indicators = 71
Number of Key Performance Indicators on Target = 28
Number of Key Performance Indicators Not on Target = 43
Percentage on Target = 39%

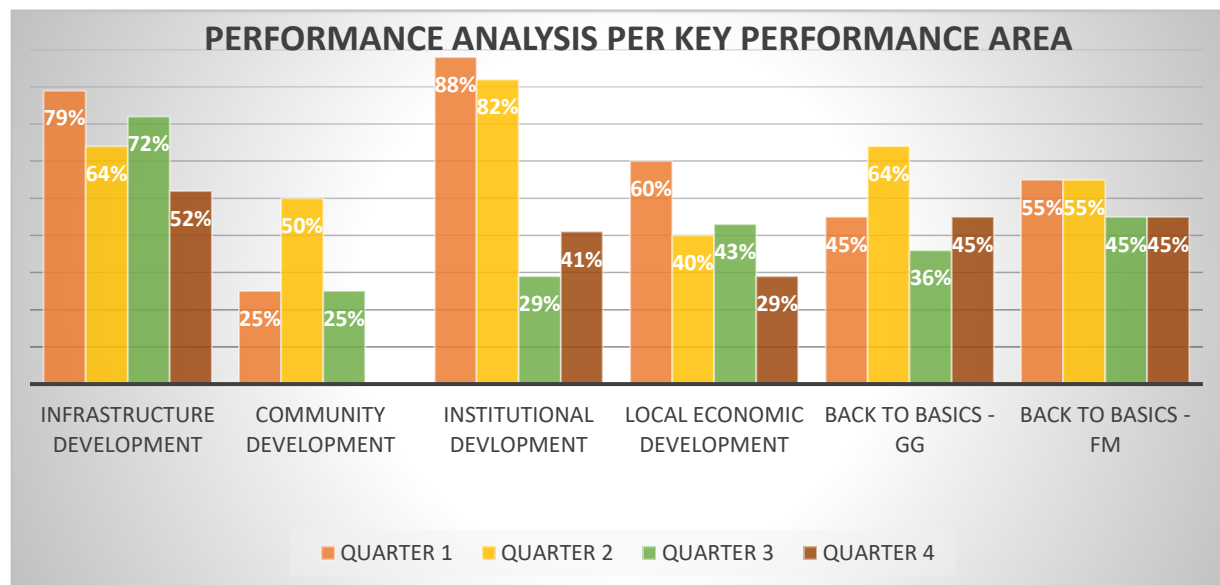
DEPARTMENTAL SDBIP OVERALL PERFORMANCE

The graph illustrates the SDBIP performance per directorate for the four quarters of the financial year



NATIONAL KPA OVERALL PERFORMANCE

The graph illustrates the SDBIP Organizational performance per Key Performance Area



CAPITAL BUDGET PROJECT ANALYSIS

SDBIP ANALYSIS REPORT – CAPITAL BUDGET PROJECTS - 2019/2020

Infrastructure Development

Number of projects: 16

Number of projects Completed/ On Target: 10

Number of projects Not on Target: 6

Percentage On Target: **63%**

Total budget per focus area versus expenditure:

Objective	Strategy	KPI	Wards	Responsible Person	Funding Source	Budget	Expenditure	Expenditure %	OVERALL PERFORMANCE 2019/2020				
									Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for variance and plan of action
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Installation of pipelines and equipping of 2 boreholes by 30 th June 2020.	1	Engineering and Planning	External MIG	4,740,839.00	4,740,831,30	99.99%	3000m pipeline installed and 2 boreholes equipped.	Not on Target	Contractor appointed and 3030m pipeline installed. boreholes to be equipped in new FY, Budget cut due to COVID 19	2 boreholes not equipped	Budget cut from R6,040,839 to R4,740,839. due to COVID 19. boreholes to be equipped in new FY
To adequately increase bulk water storage, upgrade	Upgrade reticulation system by systematically replacing old	Rehabilitation of 1 existing borehole by 31 March 2020.	8, 9 & 13	Engineering and Planning	External OTP	4,209,676	4,209,676.01	100%	1 Borehole rehabilitated	On Target	4 Boreholes rehabilitated. Project complete	Additional 3 boreholes rehabilitated	n/a

reticulation systems, secure permanent water supply and properly maintain all infrastructure	installations .												
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Number of hydrological survey's and census conducted to determine future development in Graaff-Reinet by 30 th June 2020.	3,4,5,6, 14	Engineering and Planning	External DWS - WSIG	7,000,000.00	7,000,000	100%	1 Hydrological survey	On Target	1 Hydrological survey report. Project completed	n/a	n/a
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Number of hydrological survey's and census conducted to determine future development in Rietbron by 30 th June 2020.	8	Engineering and Planning	External DWS-WSIG	1,291,562.00	1,291,562	100%	1 Hydrological survey	On Target	1 Hydrological survey report. Project completed	Drilled to test boreholes.	n/a

To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Installation and equipment of 5 new boreholes by 30 th June 2020.	3,4,5,6, 14	Engineering and Planning	External DWS - RBIG	6,000.000	4,123,361	68.7%	5 Boreholes equipped.	On Target	5 Boreholes equipped. Project completed	n/a	n/a
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Number of boreholes drilled and equipped in the National Park, Graaff-Reinet by 30 th June 2020.	3,4,5,6, 14	Engineering and Planning	External – WSIG DROUGHT	9,988,305.00	7,000,000	70%	3 boreholes drilled and equipped.	Not on Target	4 boreholes drilled 1 equipped	3 boreholes not equipped, due to scope change and funding shortage.	Continue in New financial year under RBIG funding stream
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Number of boreholes drilled and equipped in Graaff-Reinet by 30 th June 2020.	3,4,5,6, 14	Engineering and Planning	External COGTA	6,400,000.00	6,388,391.63	99.8%	6 boreholes drilled and equipped.	Not On Target	6 boreholes drilled and only 3 equipped.	3 outstanding boreholes could not be equipped due to poor water quality and yield test.	n/a

To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Upgrade 350m pipeline (various diameters – 70 -160mm) in Jansenville by 30 th June 2020.	11	Engineering and Planning	External DWS	373,928.00	441,428	118%	350m pipeline (various diameters)	On Target	404m of 110mm UPVC pipeline upgraded	+54m upgraded	Pipe size
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Development of an operational manual to manage the electronic telemetry system in Steytlerville, by 30 th June 2020	12 , 13	Engineering and Planning	External DWS	2,163,799.00	2,524,459	116%	1 operational manual	On Target	Operational manual completed.	2 boreholes and pump refurbished, all stations new telemetry installed with new communication tower.	n/a
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Number of pumps procured for Steytlerville and Aberdeen by 30 th June 2020.	1,12,13	Engineering and Planning	External COGTA Covid Relief	280,000.00	0	0%	2 pumps	Not on Target	Project not implemented.	2 pumps not procured.	Business plan was submitted under the Municipal disaster relief grant for the procurement of 2 pumps. Received correspondence from NDC that we cannot utilise funds for capital

													projects. Funding could only be for procurement of PPE.
To adequately increase bulk water storage, upgrade reticulation systems, secure permanent water supply and properly maintain all infrastructure	Upgrade reticulation system by systematically replacing old installations .	Installation of 4 pumps and motors at Nqweba Dam in Graaff-Reinet by 30 th June 2020	3,4,5,6, 14	Engineering and Planning	External MIG (Reprioritization)	2,026,000.00	2,418,364.90	119%	4 pumps installed	On Target	Installation of 4 pumps	n/a	n/a
To adequately upgrade, and or construct waste water treatment works and maintain them on a regular basis.	Upgrade reticulation system by systematically replacing old installations .	Installation of 15 concrete toilet structures and 20 portable toilets in Graaff-Reinet by 30 th June 2020	3,4,5,6, 14	Engineering and Planning	External MIG (Reprioritization)	648,390.00	0	0%	15 concrete toilet structure and 20 portable toilets.	Not on Target	Project not implemented.	15 concrete toilet structure and 20 portable toilets.	Time constraints and approvals.
Solid Waste Disposal Sites (Landfills), that are compliant, have adequate capacity and are properly managed and	Systematically upgrade existing infrastructure; replace and rehabilitate where applicable.	Drilling of 2 new monitoring boreholes and supply of 700m security fence by 30 th June 2020.	12,13	Community Services	External MIG	2,896,465.00	2,072,800.25	71.56%	2 boreholes drilled and 700m security fence supplied.	On Target	3 boreholes drilled and 715m security fence supplied. Project completed.	n/a	n/a

maintained.													
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Develop a Streets & Stormwater Management Plan that also contains an Implementation & Action Plan that will systematically address the issue of especially Stormwater in the Dr Beyers Naudé LM.	Paving of 2500m ² for identified streets by 30 th June 2020.	3,4,5,6, 14	Engineering and Planning	External MIG	3,039,534.00	2,921,069	99%	2500m ² paved.	Not on Target	No paving laid, layer works on road only.	2500m ²	Original budget was reduced. Slow progress from contractor. COVID 19 and 3 months delayed. All road works layer works complete, no paving placed, will be completed in new FY.
To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Develop a Streets & Stormwater Management Plan that also contains an Implementation & Action Plan that will systematically address the issue of especially Stormwater in the Dr Beyers Naudé LM.	Paving of 1600m ² for identified streets in Jansenville by 30 th June 2020.	10,11	Engineering and Planning	External MIG	2,146,400.00	2,146,400	100%	1600m ² paved	On Target	Contractor appointed and 3556m ² of paving done.	+1956m ²	n/a

To adequately construct, upgrade or install Streets & Stormwater networks and to maintain them on a regular basis	Develop a Streets & Stormwater Management Plan that also contains an Implementation & Action Plan that will systematically address the issue of especially Stormwater in the Dr Beyer's Naudé LM.	Paving of 2000m ² for identified streets in Willowmore by 30 th June 2020.	8,9,13	Engineering and Planning	External MIG	2,314,200.00	2,314,200.00	100%	2000m ² paved	On Target	2411 m ² paved. Project completed.	+411m ²	n/a
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Institutional Development

Number of projects: 3

Number of projects Completed/ On Target: 1

Number of projects Not on Target: 2

Percentage On Target: **33%**

Total budget per focus area versus expenditure:

Objective	Strategy	KPI	Wards	Responsible Person	Funding Source	Budget	Expenditure	Expenditure %	OVERALL PERFORMANCE 2019/2020				
									Annual Target	On Target/ Not on Target	Brief Description of actual output	Variance	Reason for variance and plan of action
To improve service	Equip offices and	Number of tractors	Institutional	Community Services	External COGTA	310,000.00	0	0%	1	Not on Target	No output	1 tractor	Correspondence received

delivery by replacing the current fleet with more reliable vehicles.	areas of service delivery with adequate resources.	procured by 30 th June 2020.			Covid Relief								from NDMC, that the Municipality cannot procure a tractor against this grant. An application for roll-over was submitted to use this funding on PPE.
To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	Equip offices and areas of service delivery with adequate resources.	Number of laptops procured by 30 th June 2020.	Institutional	Budget & Treasury	External FMG	250,000.00	233,070.00	93%	10	On Target	10 laptops procured	n/a	n/a
To provide sufficient operational requirements, furnish and equip the	Equip offices and areas of service delivery with	Number of office furniture procured for Jansenville and	Institutional	Budget & Treasury	External FMG	100,000.00	2,864	3%	5 furniture items.	Not on Target	2 items purchased	3 furniture items	n/a

relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	adequate resources.	Steytlerville offices by 30 th June 2020.											
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SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS PERFORMANCE ANALYSIS

INFRASTRUCTURE DEVELOPMENT					OVERALL PERFORMANCE 2019/2020				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Infrastructure and Service Delivery	For all households to have uninterrupted access to good quality, potable water.	Implement Action Plans contained in WSDP and ensure that proper controls and monitoring measures are in place	Engineering and Planning	Monitor water quality through taking 13 Samples per month.	156	On Target	241 samples taken	+85	The Municipality was assisted by the Nelson Mandela Municipality with testing of water quality, due to lack of funding. Measures in place includes: Additional budget to ensure sampling. Appoint a service provider for compliance monitoring, sampling and analysis of drinking water including wastewater determinants.
Infrastructure and Service Delivery	For all households to have uninterrupted access to good	Implement Action Plans contained in WSDP and	Engineering and Planning	Percentage compliance with drinking water quality	85%	Not on Target	1 st quarter: 84.6% 2 nd quarter: 33.3% 3 rd quarter: 82.3% 4 th quarter: 99.9%	10%	Measures in place includes: Upgrading of water supply

	quality, potable water.	ensure that proper controls and monitoring measures are in place		standards (micro-bacteriological) quarterly.			Annual output: 75%		systems. Purchasing and calibration of water testing equipment for daily operational monitoring.
Infrastructure and Service Delivery	To have all Municipal water-supply consumers connected to a metering system and registered on the debtor's database for monthly billing purposes.	Systematically upgrade existing infrastructure; replace and rehabilitate where applicable.	Engineering and Planning	Number of water meters replaced in DBNLM to reduce water losses in by 30 th June 2020.	618	Not on Target	3622 domestic water meters and 16 bulk water meters replaced, however completion site inspection only occurred after year end. Close-out report and completion certificate received after 30 th June 2020.	+3020	Project completed after year end, therefore will be reported in the next financial year.
Infrastructure and Service Delivery	The eradication of illegal dumping and littering and creation of clean and healthy urban areas and surrounding environment.	Develop a new Integrated waste management plan for Dr. Beyers Naude Municipality and review it regularly	Community Services	Number of waste management plans developed by 30 th June 2020	1	Not on Target	No output	Waste management plan in draft form. Public participation is required.	Draft plan to be developed and public participation to commence.
Infrastructure and Service Delivery	Effective recycling programmes that will reduce waste volumes at landfill site and create economic opportunities for the Community.	Step up educational campaigns to encourage all citizens to take pride in their areas and keep them	Community Services	Number of Waste management Campaigns held by 30 th June 2020.	4	Not On Target	Waste Management campaigns not held throughout the year.	Cleaning of illegal dumping sites occurred in all wards. Ongoing process.	Waste Management campaigns to be held with cleaning of wards and illegal dumping sites.

		clean; to recycle at source.							
COMMUNITY DEVELOPMENT					OVERALL PERFORMANCE 2019/2020				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage the participation of the SPU sector, especially the Disabled, Youth and Women.	SPU Unit	Number of Council established in Dr. Beyer's Naudé Local Municipality by 30 June 2020.	4	Not on Target	Town based sports and youth council elected in Steytleville. Due to Covid-19 restrictions on gatherings and travel, outstanding Council/forum establishment could not occur.	4	Due to Covid-19 restrictions on gatherings and travel, outstanding Council/forum establishment could not occur.
Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage the participation of the SPU sector, especially the Disabled, Youth and Women.	SPU Unit	Monitor Functionality of SPU consultative councils/ Forums by providing a quarterly reports to the office of the Municipal Manager and Council.	4	Not on Target	During the 4 th quarter, no SPU reports were provided to Council, as forums need to be established or revived in certain instances.	2	SPU councils/forum s to be established /revived.

Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage the participation of the SPU sector, especially the Disabled, Youth and Women.	SPU Unit	Number of training programmes for vulnerable groups especially youth and disabled citizens by 30 th June 2020.	12	Not On Target	Not all training programmes occurred. Mass Participation Programme in partnership with Environmental Affairs: Tuma Mina, Good Green Deeds Youth Ambassadors programme took place.	11	none
Good Governance	To fully involve, capacitate and empower the SPU Sector, with special focus on the Disabled, Youth	Design programmes and arrange events that will encourage the participation of the SPU sector, especially the Disabled, Youth and Women.	SPU Unit	Number of Public Holidays commemorated in 2019/2020	10	Not On Target	16 days of activism/ World aids day held on the 3 rd December in partnership with the department of social development in Steytlerville. Lights in each town was switched on as per the schedule timeframe. No other commemorations occurred due to Covid-19 restrictions on gatherings.	9	none

INSTITUTIONAL DEVELOPMENT					OVERALL PERFORMANCE 2019/2020				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/Not On target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Organisational Transformation & Institutional Development	To recruit staff with adequate qualifications, skills, training and experience.	Review the organogram annually.	Corporate Services	Review organizational structure and table before council by 30 June 2020.	1	Not on Target	Still busy with recruitment & selection processes on the current organisational structure	No review of organogram	Recruitment & Selection process will be finalised end of September 2020. Review of organogram will commence in January 2021 to be approved in May 2021
Organisational Transformation & Institutional Development	To recruit staff with adequate qualifications, skills, training and experience.	Commence with placement process.	Corporate Services	100% Implementation of placement policy through placement of staff, based on approved Staff establishment by 31 September 2019.	100%	On Target	Target was to be achieved during the first quarter. One on One session commenced with staff, during the 1 st quarter. Objection Committee report received. Commence with recruitment and selection process	n/a	Commence with recruitment and selection process
Organisational Transformation & Institutional Development	Commence with placement process.	No job descriptions developed in 2018/2019	Corporate Services	% of job description developed for all filled post on the staff establishment by 31 st	100%	Not on target	Waiting for the placement (recruitment and selection) process to be finalised	Job descriptions not developed.	Waiting for the placement (recruitment and selection) process to be finalised

				December 2019					
Organisational Transformation & Institutional Development	To recruit staff with adequate qualifications, skills, training and experience.	Commence with placement process.	Corporate Services	% of job evaluations completed for all filled post on the staff establishment by 30 th June 2020	100%	Not on Target	Waiting for the placement (recruitment and selection) process to be finalised	No job evaluations completed	Waiting for the placement (recruitment and selection) process to be finalised
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as legally compliant	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services	Number of employment equity plans developed by 30 June 2020.	1	On Target	EEP was tabled and approved by Council	n/a	n/a
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as legally compliant	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services	Number of HR plans developed by 31 December 2019.	1	Not on Target	HR Plan in draft form.	HR Plan in draft form.	To be workshopped with relevant stakeholders

Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services	Develop a workplace skills plan with an annual training report by 31 March 2020.	1	On Target	WSP Submitted on 30 May 2020	n/a	n/a
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Finance Department	Number of municipal policies reviewed 30 June 2020.	12	On Target	Final reviewed budget related policies approved: Credit control and debt collection Tariff policy Supply Chain Management Policy Asset management policy Cash Management, banking & investment policy Budget policy Virement policy Funding and reserve policy Borrowing policy Indigent support policy Rates Policy	n/a	n/a

							Contract Management Policy Unauthorised, Fruitless & Wasteful and Irregular Expenditure policy Rewards, gifts and favours policy Inventory management policy Transport and fleet management policy By-laws approved: Tariff by-law Credit control and debt collection by-law Rates by-law		
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and	Finance Department	Prepare Supply Chain Management Implementation Compliance through 4 quarterly reports by 30 June 2020.	4	On Target	Quarterly reports developed.	n/a	n/a

	compliant.	correctly							
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Finance Department	Develop and Monitor Contract register for all service providers and provide quarterly reports by 30 June 2020.	4	On Target	Quarterly reports developed.	n/a	n/a
Organisational Transformation & Institutional Development	To develop a performance management culture within the Municipality	Quarterly institutional performance reports to Council.	Municipal Manager/ PMS unit	4 quarterly SDBIP Performance reports submitted to Council by 30 July 2020, to inform Council of Institutional Performance.	4	Not On Target	All quarterly reports tabled before Council. Fourth quarter SDBIP performance report to be tabled before Committee's and Council in August 2020.	1 SDBIP report	4 th quarter report to be tabled before portfolio committee's and Council during August 2020.
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and	Municipal Manager/ Corporate Services	Monitor Council resolutions by providing 4 quarterly reports on the implementation of council resolutions.	4	Not on Target	No Ordinary Council meeting in the 4 th quarter to present resolution register due to total lockdown	3 quarterly reports submitted to council.	No Ordinary Council meeting in the 4 th quarter to present resolution register due to total lockdown

	compliant.	correctly							
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services	Ensure an updated Lease Register on a quarterly basis.	1	Not on Target	Draft lease register	Draft lease register	Market related and property values to be finalized.
Organisational Transformation & Institutional Development	To provide sufficient operational requirements, furnish and equip the relevant offices and venues, in order to improve efficiency of all departments, their staff and the Municipality's levels of service delivery, as well as be legally compliant.	Implement Plan & Policies and upgrade systems accordingly; provide suitable training to enable staff to utilize these systems optimally and correctly.	Corporate Services	Report on all disciplinary hearings on a quarterly basis to EXCO.	4	Not on Target	No report tabled during the 4 th quarter of the financial year.	3 reports tabled to EXCO during the financial year.	The last disciplinary report was tabled in February 2020. Due to total shutdown announced in March 2020 no quarterly standing committees took place. The 1 st virtual standing committee is scheduled for August 2020

LOCAL ECONOMIC DEVELOPMENT					OVERALL PERFORMANCE 2019/2020				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/Not On target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Local Economic Development	Job Creation, BEE & Partnerships, SMME, Industrial and Sector Development, Skills Development, Mainstreaming of 2 nd Economy, Youth and Women	Support, encourage and facilitate value-adding initiatives, programmes and projects.	Municipal Manager/ LED unit	Number of people employed through EPWP to address high unemployment rate in Dr. Beyers Naudé Local Municipality by 30 June 2020.	188	On Target	541	+353	More people employed through the programme.
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Support, encourage and facilitate value-adding initiatives, programmes and projects	Municipal Manager/ LED Unit	Assistance and development of SMME's by 30 June 2020.	15	On Target	Over 20 SMME's have been identified for the incubator Program by FNB and COGTA. Application has been approved. 38 emerging farmers and SMME's were assisted with Covid-19 relief funding applications.	+43	Assisted all SMME's that required assistance.
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT	Support, encourage and facilitate value-adding initiatives, programmes and projects	Municipal Manager/ LED Unit	Number of resource mobilisation initiatives conducted to support local businesses by	2	On Target	1 resource mobilisation initiative occurred: A road show with Isiqalo Youth fund conducted during November.	n/a	n/a

	MENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN			30 th June 2020.			SMME's and Emerging farmers were assisted with applications and submission of Covid-Relief funding.		
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOP- MENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Develop LED Strategic Plan with an economic Vision for the Municipality.	Municipal Manager /LED Unit	LED strategy developed and approved by 31 December 2019.	1	Not on Target	The Socio Economic Profile (1 st chapter of the development of the strategy has been completed and has been workshopped with Councillors and Management on the 28 th October 2019. Stakeholder consultation session on the socio-economic profile could not commence due to COVID-19 lockdown regulations.	Strategy not completed.	Public participation to commence.
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOP- MENT ♦ MAINSTREAMING OF 2ND ECONOMY,	Develop LED Strategic Plan with an economic Vision for the Municipality.	Municipal Manager /LED Unit	Tourism and Marketing strategy developed and approved by council by 31 March 2020.	1	Not on Target	Tourism and Marketing strategy developed, however consultation to commence with stakeholders and workshop with Council.	Tourism strategy not approved by Council.	Consultation to commence with stakeholders and a workshop to be scheduled with Council.

	YOUTH, DISABLED & WOMEN								
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Develop LED Strategic Plan with an economic Vision for the Municipality.	Municipal Manager /LED Unit	Number of policies developed, aimed at increasing Participation in local economy by 30 th June 2020.	2	Not On Target	No Output. In order to develop these policies, the LED Strategy first needs to be finalized, The LED strategy gives effect to all other policies that need to be developed within the Local Economic Development Unit.	2 policies not developed.	In order to develop these policies, the LED Strategy first needs to be finalized, The LED strategy gives effect to all other policies that need to be developed within the Local Economic Development Unit.
Local Economic Development	SUSTAINABLE JOB CREATION ♦ BEE & PARTNERSHIPS ♦ SMME, INDUSTRIAL AND SECTOR DEVELOPMENT ♦ SKILLS DEVELOPMENT ♦ MAINSTREAMING OF 2ND ECONOMY, YOUTH, DISABLED & WOMEN	Support, encourage and facilitate value-adding initiatives, programmes and projects	Municipal Manager /LED Unit	Number of Business forums within Dr. Beyers Naudé Municipality established by 30 June 2020.	1	Not on Target	All sector forums per town are legalised, however challenges are being experienced with the established of a mother body.	Business Forum (Mother Body) not established.	none

BACK TO BASICS - KPA – Good Governance & Public Participation					OVERALL PERFORMANCE 2019/2020				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/Not On target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Developing a credible Integrated Development Plan that will address the developmental needs of our Community.	Municipal Manager/ IDP Unit	A reviewed, amended and credible IDP for 2020/21 by 31 May 2020.	1	Not On Target	<p>Draft 2020/21 IDP was tabled & adopted on 27/05/2020, Resolution SCOUN-026.2/20.</p> <p>(a) 8 x PP Open Days (one in each Town, from 8 to 12 June 2020) – during 21-day Public Inspection & Comments period 2 to 22 June 2020.</p> <p>Final approval of 2020/21 IDP on 29th June 2020.</p>	IDP Steering committee and rep forum meeting had to be cancelled due to Covid-19 lockdown.	All scheduled activities and processes running from last week of March through to end of May 2020 were delayed or had to be cancelled as a result of National State of Disaster declaration and COVID-19 lockdown regulations, prohibiting certain activities. BNLM required time to upgrade IT systems for Virtual Meetings, and to put measures in

									place for optimal utilization of printed and digital media platforms – for purpose of promoting community participation and effective information-sharing
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Having a fully functional Council, with Standing Committees, Fora and other structures.	Corporate Services (Administration	Number of Meetings held in terms of year planner by 30 June 2020. (4 Ordinary Council Meetings and 4 Standing Committee meetings)	8	Not on Target	All meetings took place as per year planner up until 4 th quarter. No Standing Committees held during the 4 th quarter due to lockdown. No Ordinary Council meeting for the quarter due to lockdown Special Council Meetings –27 May, 12, 29 & 30 June 2020 EXCO – 26 June	No Standing Committees held during the 4 th quarter due to lockdown. No Ordinary Council meeting for the quarter due to lockdown	n/a
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Having a fully functional Council, with Standing Committees,	Corporate Services (Administration	Number of MPAC meetings to assist with oversight	4	On Target	4 MPAC meeting held during the financial year.	n/a	n/a

		Fora and other structures.		function until 30 June 2020.					
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Having a fully functional Council, with Standing Committees, Fora and other structures.	Corporate Services (Administration)	.Number of Audit Committee meetings to assist with oversight function until 30 June 2020.	4	On Target	4 Audit committee meetings held during the financial year.	n/a	n/a
Good Governance & Public Participation	To become the best performing Municipality, in all respects	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation and promote socio-economic development.	Corporate Services (HR)	Ensure that the LLF is functioning properly and fulfilling its mandate by having 6 Meetings annually	6	Not On Target	4 meetings held during the financial year.	2	To ensure that LLF meetings commence as per the year planner.
Good Governance & Public Participation	To become the best performing Municipality, in all respects	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation	Municipal Manager /Communications	Number of quarterly External Newsletters distributed to stakeholders by 30 June 2020	26 000	Not on Target	1 quarterly newsletter was distributed to all town within DBNLM, and in municipal libraries. Communication shared externally via media platforms	3 quarterly newsletters not developed or distributed.	Ensure that a quarterly newsletter is developed and distributed.

		and promote socio-economic development.							
Good Governance & Public Participation	To become the best performing Municipality, in all respects	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation and promote socio-economic development.	Municipal Manager /Communications	Revise communication s policy and strategy with quarterly implementation reports	3	Not on Target	Communication policy not revised.	No implementation reports	Communication policy to be revised, workshopped and quarterly implementation reports to be tabled before EXCO and Council.
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation and promote socio-economic development.	Corporate services	Maintain updated housing beneficiary list and submit to Corporate service standing committee on a quarterly basis by 30 June 2020.	4	Not on Target	No standing committee was held during the 4 th quarter.	3 reports sent to standing committee during the financial year.	Due to total shutdown announced in March 2020 no quarterly standing committees took place. The 1 st virtual standing committee is scheduled for August 2020.

Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Installing and maintaining effective and efficient communications and other systems that will improve information-sharing, enhance public participation and promote socio-economic development.	Municipal Manager	Number of Service Delivery Roadshows held, to provide feedback to communities by 30 th June 2020	2	Not on Target	No roadshows commenced.	2	Media platforms to be utilised.
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Ensuring that Ward Committees have been established and are functioning properly, and that a CDW has been appointed in each Ward.	Municipal Manager/ Ward Co-ordinator	Quarterly Ward Committee meetings with consolidated quarterly reports to council until 30 June 2020.	4	Not on Target	No consolidated quarterly report as not all ward are having meetings.	4	Ward councillors to ensure quarterly ward meetings are held.
Good Governance & Public Participation	To become the best performing Municipality, in all respects.	Installing and maintaining effective and efficient communications and other systems that	Corporate Services	Quarterly reports from the customer care call centre submitted to EXCO.	4	Not on Target	No standing committee meeting for the quarter	3 reports sent to standing committee's during the financial year.	Due to total shutdown announced in March 2020 no quarterly standing committees

		will improve information-sharing, enhance public participation and promote socio-economic development.							took place. The 1 st virtual standing committee is scheduled for August 2020.
BACK TO BASICS – KPA – Sound Financial Management					OVERALL PERFORMANCE 2019/2020				
KPA	Objective	Strategy	Depart	KPI	Annual Target	On Target/ Not on Target	Brief description of actual output	Variance	Reason for Variance and Plan of Action
Sound Financial Management	To become a financially viable and sustainable Municipality.	The development and implementation of a Funding Strategy.	Finance	100% expenditure of Municipal Grants by 30 June 2020.	100%	Not on Target	99.95%	n/a	n/a
Sound Financial Management	To receive a Clean Audit Opinion from the Auditor-General.	Implementation and execution of an Audit Action Plan.	Finance	100% Reporting compliance by submitting s71, s72 and s52d reports within legislated timeframes 30 June 2020.	100%	On Target	100% reporting compliance by submitting s71, s72 and s52d reports within legislated timeframes.	n/a	n/a
Sound Financial Management	To receive a Clean Audit Opinion from the Auditor-General.	Implementation and execution of an Audit Action Plan.	Finance	Improve Outcome of the AG report: 100% implementation of action plan to address previous	100%	On Target	All actions to address findings with target dates 30 th June 2020, has been implemented.	n/a	n/a

				findings by 30 June 2020.					
Sound Financial Management	To receive a Clean Audit Opinion from the Auditor-General.	Implementation and execution of an Audit Action Plan.	Finance (Assets)	Verification of the completeness of the Asset Register (Asset Register compliant to GRAP standards)	100%	Not On Target	All purchases captured on the asset register. Delay by national lockdown to finalise review of useful life of assets, as per 4 th quarter target.	Review of useful life of assets.	Review of useful life of assets to be finalised.
Sound Financial Management	To become a financially viable and sustainable Municipality.	Alignment of the Budget to the IDP's Development Priorities.	Municipal Manager/ Finance	Percentage CAPEX of budget spend by 30 th June 2020.	100%	Not on Target	99.95%	n/a	n/a
Sound Financial Management	To become a financially viable and sustainable Municipality.	Alignment of the Budget to the IDP's Development Priorities.	Municipal Manager/ Finance	Percentage OPEX of budget spend by 30 th June 2020.	80%	On Target	96%	n/a	n/a
Sound Financial Management	To adopt a realistic, credible and funded Annual Budget	Alignment of the Budget to the IDP's Development Priorities.	Municipal Manager/ Finance	2019//2020 Budget approved by Council by 31 May 2020.	1	Not on Target	Budget approved by Council on 30 th June 2020 and re-submitted on the 13 th July 2020	Budget not approved by target date.	The coronavirus pandemic resulted in difficulty to comply with normal budget process for the 2020/2021-2023 MTREF processes
Sound Financial Management	To become a financially viable and sustainable	Implementation and execution of	Finance	Improve collection rate on service	90%	On Target	92%	n/a	n/a

	Municipality.	the Financial Recovery Plan – robust plans for the repayment of debt and/or maintain a healthy level of cash reserves and assets in order to meet unexpected costs.		debtors to address cash flow constraints by 30 June 2020 (Service debtors/service debt collected)					
Sound Financial Management	To become a financially viable and sustainable Municipality.	Implementation and execution of the Financial Recovery Plan – robust plans for the repayment of debt and/or maintain a healthy level of cash reserves and assets in order to meet unexpected costs.	Finance	Financial recovery plan implemented and monitored by submissions quarterly to EXCO by 30 th June 2020.	4	Not on Target	No output	Financial recovery implementation plan not submitted quarterly to EXCO.	Financial recovery plan to be revised and implementation reports to be submitted to EXCO and Council.
Sound Financial Management	To become a financially viable and sustainable Municipality.	Stringent implementation and execution of the Municipality's Credit Control & Debt Collection	Finance	Effective control over 80% collection of property rates: by 30 June 2020. Property rates	Ensure average 80% recovery rate of property rates billed by 30 June	On Target	81.59%	n/a	n/a

		Policy.		collected/ property rate debtors.	2020.				
Sound Financial Management	To receive a clean audit opinion from the Auditor General.	Implementation and execution of the Financial Recovery Plan – robust plans for the repayment of debt and/or maintain a healthy level of cash reserves and assets in order to meet unexpected costs.	Finance	Average number of days taken for creditors to be paid: Creditors Payment Period Creditors Outstanding/Credit Purchases (Operating & Capital) x 365 (Norm is 30 days)	30 days	Not on Target	341 days	311 days	The municipality is experiencing cash flow problems and creditors cannot be paid within the legislatively required 30 days. The municipality has reviewed its Financial Recovery plan to ensure improved financial health and is currently busy with developing a revenue enhancement strategy.

2018/2019 PERFORMANCE – TARGET ACHIEVEMENT VS 2019/2020 PERFORMANCE – TARGET ACHIEVEMENT

2018/2019 - CAPITAL BUDGET PROJECTS	2019/2020 – CAPITAL BUDGET PROJECT
<p><u>Infrastructure Development</u></p> <p>Number of projects: 8 Number of projects completed/ on target: 5 Number of projects Not on Target: 3 Percentage on targets: 63%</p> <p><u>Community Development</u></p> <p>Number of projects: 1 Number of projects completed/ on target: 1 Number of projects Not on Target: 0 Percentage on target: 100%</p> <p><u>Institutional Development</u></p> <p>Number of projects: 8 Number of projects completed/ on target: 4 Number of projects Not on Target: 4 Percentage on targets: 50%</p> <p>Total Number of Capital Budget Projects per KPA = 17 Number of Key Performance Indicators on Target/Completed = 10 Number of Key Performance Indicators Not on Target = 7 Percentage on Target = 59%</p>	<p><u>Infrastructure Development</u></p> <p>Number of projects: 16 Number of projects completed/ on target: 10 Number of projects Not on Target: 6 Percentage on targets: 63%</p> <p><u>Institutional Development</u></p> <p>Number of projects: 3 Number of projects completed/ on target: 1 Number of projects Not on Target: 2 Percentage on targets: 33%</p> <p>Total Number of Capital Budget Projects per KPA = 19 Number of Key Performance Indicators on Target/Completed = 11 Number of Key Performance Indicators Not on Target = 8 Percentage on Target = 58%</p>

2018/2019 - OPERATIONAL KPI'S / PROJECTS	2019/2020 – OPERATIONAL KPI'S / PROJECTS
<p>Development Priority: Infrastructure Development Number of Indicators: 10 Number of indicators on target: 8 Number of indicators not on target: 2 Percentage on target: 80%</p> <p>Development Priority: Community Development Number of Indicators: 5 Number of indicators on target: 1 Number of indicators not on target: 4 Percentage on target: 20%</p> <p>Development Priority: Institutional Development Number of Indicators: 12 Number of indicators on target: 7 Number of indicators not on target: 5 Percentage on target: 58%</p> <p>Development Priority: Local Economic Development Number of Indicators: 5 Number of indicators on target: 2 Number of indicators not on target: 3 Percentage on target: 40%</p> <p>Development Priority: Back to Basics – Good Governance Number of Indicators: 8 Number of indicators on target: 5 Number of indicators not on target: 3 Percentage on target: 63%</p> <p>Development Priority: Sound Financial Management Number of Indicators: 11 Number of indicators on target: 2 Number of indicators not on target: 9</p>	<p>Development Priority: Infrastructure Development Number of Indicators: 5 Number of indicators on target: 1 Number of indicators not on target: 4 Percentage on target: 20%</p> <p>Development Priority: Community Development Number of Indicators: 4 Number of indicators on target: 0 Number of indicators not on target: 4 Percentage on target: 0%</p> <p>Development Priority: Institutional Development Number of Indicators: 14 Number of indicators on target: 6 Number of indicators not on target: 8 Percentage on target: 43%</p> <p>Development Priority: Local Economic Development Number of Indicators: 7 Number of indicators on target: 3 Number of indicators not on target: 4 Percentage on target: 43%</p> <p>Development Priority: Back to Basics - Good Governance Number of Indicators: 11 Number of indicators on target: 2 Number of indicators not on target: 9 Percentage on target: 18%</p> <p>Development Priority: Back to Basics - Sound Financial Management Number of Indicators: 11 Number of indicators on target: 5 Number of indicators not on target: 6</p>

<p>Percentage on target: 18%</p> <p>Total Number of Key Performance Indicators per KPA = 68 Number of Key Performance Indicators on Target/Completed = 25 Number of Key Performance Indicators Not on Target = 43 Percentage on Target = 37%</p> <p>OVERALL ORGANISATIONAL PERFORMANCE BASED ON SDBIP : 37%</p>	<p>Percentage on target: 45%</p> <p>Total Number of Key Performance Indicators per KPA = 71 Number of Key Performance Indicators on Target/Completed = 28 Number of Key Performance Indicators Not on Target = 43 Percentage on Target = 39%</p> <p>OVERALL ORGANISATIONAL PERFORMANCE BASED ON SDBIP: 39%</p>
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SERVICE PROVIDER PERFORMANCE 2019/2020

Service providers are appointed to undertake work on behalf of the municipality. As such, the work to be undertaken is for the benefit of the community and must be monitored to ensure that payment for services is warranted and well spent. Service providers employed to complete projects specified in the IDP are, by implication, monitored through the SDBIP and PMS, due to the fact that a budgeted amount is agreed for the work.

As a guide, all officials engaging the services of an outside body must ensure that clear terms of reference are used for all appointments and that clear indicators specifying agreed timeframes and deliverables are agreed and included in the appointment letter. The appointment letter must also indicate the recourse for non-delivery of agreed deliverables of the required standard.

On a monthly basis, the performance of service providers are monitored. The project owner/manager is issued with a performance report to complete, and indicate the performance of the service provider for that particular month after a site visit is conducted. This report is signed by the service provider and the manager to indicate agreement of target achievement and filed.

IMPROVING PERFORMANCE – AUDIT IMPLEMENTATION ACTION PLAN

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date	Status	Progress
Employee related cost R159,348,242 (PY- R138,159,291) - para 3,4	During the audit of equalization, the AG identified differences on the total amount paid for equalization between the supporting schedules and the report to EXCO.	Lack of management oversight and detailed review of supporting documents for equalisation	1.	Obtain all payments made through the bank related to equalization and relevant listings. The financial system must reflect the payments actually made. The supporting schedule to the equalization to be reviewed in detail to ensure that the amounts are accurate and that all amounts disclosed in the annual financial statements are supported by credible and accurate underlying records.	BTO	31-Jan-20	Complete	Obtained the reports from the committee for equalization. Reports has been summarized and listings agrees to the bank payment with a few queries. Submitted to the equalization committee awaiting feedback.
	The AG identified that the employees listed in the table below were not compensated according to their contracts	Lack of proper review and detection controls in the HR and payroll departments to ensure that all contracts are properly drafted and that all employees are fairly compensated in terms of their of their employment contracts.	2.	Compile a list of all contract workers (EPWP/Fonteinbos etc). Confirm that the matters are isolated and not a recurring error by review all their existing contracts.	Corporate services	29-Feb-20	Complete	Reviewed the contracts referred to by the AG. The amounts has been verified to be correct as the contracts appropriately agrees with the amounts which was paid. Finding was retained by the AG due to non-response to COAF raised
	The salary equalization for both 2017/18 and 2018/19 was not presented on the face of statement of financial performance, and notes to the financial statements did not did not include the salary equalization. This is a material transaction and a note or narrative to explain the salary equalization should also have been included.	Inadequate reviews of the financial statements to ensure that the financial statement is prepared in accordance with GRAP.	3.	Ensure that the effect of the equalization payments are disclosed in the annual financial statements where applicable	BTO	30-Apr-20	Complete	Refer to 1 above for collation of information and summarizing the data. The disclosure will be updated upon completion of item 1

	The AG discovered that the municipality have not made any contribution on the bonus amount neither have they withheld any contribution on the amount paid to the employee	Misinterpretation of the policy by the payroll and HR team	4.	Obtain relevant authority for such deductions to be made on the 13th cheque.	Corporate services	31-Jan-20	Complete	Discussed the finding with HR. This matter had no material impact on the previous years however may grow with future years. This matter must be discussed at the relevant labour platforms as the implications effect both the employee and the employer which will most probably only be resolved in the new financial year
Employee related cost R159,348,242 (PY-R138,159,291) - para 3,4	The AG noted differences in the prior years figures and the current year AFS corresponding figures without the relevant GRAP 3 prior period note adjustment	Lack of reviews to ensure that all the reclassifications and corrections to prior year figures are disclosed in the note relating to prior period errors and reclassification	5.	The corresponding figures should agree with the prior period figures unless there is a prior period note which supports any adjustments or reasons for reclassifying items in the AFS are disclosed clearly and properly in order for the users of financial statements to understand the reasons for the changes in the comparatives figures.	BTO	31-Jul-20	Complete	

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date	Status	Progress
Employee related cost R159,348,242 (PY-R138,159,291) - para 3,4	The AG identified differences between the payroll system and the GL which could not be explained	Lack of review and detection controls to ensure that the underlying supporting records to the AFS are complete and accurate	6.	Reperform the 2018/19 payroll reconciliation and confirm that explanations are provided for all differences.	BTO	31-Jan-20	Complete	The payroll reconciliation has been performed between the payroll reports and the GL. The reconciling items are explained and journals are on file
Payables R174,136,370 - para 5	The valuation and accuracy of Eskom balance amount reported by the municipality could not be confirmed. The list of all the June statement submitted amounted to R18 296 045,73 while the Municipality records shows an amount of R70 121 461,96.	Eskom account not reconciled with our records. Eskom does not provide the municipality with statement, only invoices	7.	Obtain statement or balance confirmation from Eskom. If unable to, the Eskom account must be reconciled with the invoices, payments and adjustments made by Eskom since amalgamation.	BTO	31-Mar-20	Complete	All charges, VAT, Interest and wheeling of the invoices of Eskom for the year has been reconciled to system. Necessary adjustments done.
	Differences were noted between the amounts disclosed in the financial statements and the amounts in the creditors listing.	Poor records management	8.	All amounts in the AFS should be supported with agreeing listings and reasons for differences should be noted	BTO	31-Jul-20	Complete	
	The AG noted that an electricity expense relating to June 2018 (2017/18 financial year) was recorded in the current financial period (2018/19 financial year)	Poor records management	9.	Apportion the accounts running over year end appropriately to ensure correct cut-off. All calculations for such adjustments should be maintained with supporting documentation in the audit file	BTO	31-Mar-20	Complete	Refer to nr 7 above

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Expenditure - Bulk purchases R89,282,025 (PY- R81,207,643) - para 6	It has been noted that for Bulk purchases there is no meter reading report approved by the municipality supporting the consumption or usage of electricity reflected on the invoice from Eskom.	The municipality does not have meter readings installed to keep track of the consumption/ usage, they rely on Eskom invoices for the details on the consumption/usage.	10	Reconciliation of the invoices with the system reports to be performed by technical advisers. Representative of the municipality to take the meter reading with the Eskom representative and sign the meter reading report and have their own copy to use when they receive and invoice from Eskom. The electrician prior signing the requisitions should then agree consumption on the invoice to the consumption per the meter reading, and all that information should support the payment voucher.	Engineering and planning	31-Mar-20	In progress	The municipality does not possess meters to take independent readings and therefore will rely on reasonability analysis of the frequent Eskom reports. Completed 10 August 2020
Expenditure - General expenditure R62,333,993 (PY- R88,342,657) - para 7	During the audit of expenditure, it was noted that the below transactions were incorrectly classified in the sub-categories of expenditure	Lack of review of the financial statements by management	11	Scrutiny of the general expenses votes to ensure that the classification of transactions are correctly disclosed (mSCOA) in terms of GRAP 1	BTO	31-Mar-20	Complete	Remake of the general expenses was necessary to be in line with mSCOA, GRAP and similar sized municipalities. An item of PPE to be appropriately added to FAR
Expenditure - finance cost R6,987,979 (PY- R7,238,459) - para 8	Related to employee benefit obligation							

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date	Status	Progress
Irregular expenditure R79,432,784 - para 9	The municipality did not adequately investigate the irregular expenditure written off in the notes of the financial statements, as required by section 32(2)(b) of the MFMA	Management did not implement the recommendations of the MPAC before writing it off	12	Ensure that every amount written off is supported with relevant documentation which demonstrates that - investigations took place (minutes) - council approved write off (resolution)	MM	29-Feb-20	Complete	
Employee benefit obligation R60,303,039 + R2,992,708 (PY-R46,172,111 + R3,199,659)	AG could not trace employees eligible for Postemployment medical aid benefits to the list of eligible employees submitted to the actuaries. Duplicate employees were noted. Employees on the list were not eligible for benefits	Reports pulled off the system was not adequately reviewed to ensure that all and only those eligible employees were included on the list	13	PY - Review the full list of eligible employees (2017/18 and 2018/19) to ensure that all (and only) eligible employees are considered for the calculations.	Corporate services	31-Jan-20	Complete	Errors have been corrected and updated for other exceptions

- para 10	AG could not trace employees eligible for Postemployment medical aid benefits to the list of eligible employees submitted to the actuaries. Duplicate employees were noted. Employees on the list were not eligible for benefits	Reports pulled off the system was not adequately reviewed to ensure that all and only those eligible employees were included on the list	14	CY - Review the full list of eligible employees (2019/20) to ensure that all (and only) eligible employees are considered for the calculations.	Corporate services	30-Jun-20	Complete	We have based our initial submissions on the 31 May 2020 information and accordingly reviewed the list. End of June 2020 will be considered for any movement and resubmitted to the service provider
	AG could not trace employees eligible for Postemployment medical aid benefits to the list of eligible employees submitted to the actuaries. Duplicate employees were noted. Employees on the list were not eligible for benefits	Reports pulled off the system was not adequately reviewed to ensure that all and only those eligible employees were included on the list	15	Source the service provider by 31 May 2020	BTO	31-May-20	Complete	
Investment property R67,783,409 - para 11	The accuracy of the Investment Property amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	16	Obtain confirmation of the registration of the valuer with South African Council for the Property Valuers Profession (SACPVP) for investment property and during the time of the valuations	BTO	29-Feb-20	Complete	The confirmation of the registration obtained. We have obtained confirmation from the relevant body that the valuer was always registered with the body.
	The accuracy of the Investment Property amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	17	Obtain the workings for the valuations and confirm that the methodology and calculations are in terms of the requirements of GRAP 16 and 103	BTO	29-Feb-20	Complete	
Unspent conditional grants R22,169,154 - para12	During the review of unspent grants and scrutiny of the banks statement disclosed in the AFS, we performed a reconciliation between cash and cash equivalents and the unspent grants and the unknown difference of R22m was identified	Money management controls within the municipality are not adequately implemented	18.	Monitor the spending in the current year of the projects listed as "unspent" in 2018/19 financial year. Implement separate bank accounts for grants funding	BTO	29-May-20	Complete	Reconciliation of prior year complete. Current year spending also reconciled.

Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date	Status	Progress
Unauthorised expenditure R22,169,154 - para 13	Related to the unspent grants of R22,169,154 above							

Receivables from exchange transactions R16,296,017 - para 14	During the audit of the receivables - indigent debtors, the requested application forms and supporting documents were not provided for the indigent debtors. The AG could not confirm compliance with the policy and the criteria specified in the policy was adhered to classify the debtor as indigent.	Lack of proper document management and filing to ensure that information is readily available when requested by the auditors.	19.	Review the indigent debtors list to ensure that the relevant documentation is maintained on file. Also ensure that the consumer coding etc is correct for each debtor	BTO	31-May-20	Complete	The finding couldve been resolved in prior years if it was not submitted late. Application forms were found but late. However we are discussing ways to ensure that our documentation is easily found
	During the audit of the receivables, differences were noted between the amounts disclosed in the financial statements and the amounts in the debtors listing	The debtors with creditors balances were eliminated and reclassified to creditors.	20.	The impact of the negative balances should be reflected on the listings in order to agree with the AFS	BTO	10-Jul-20	Not yet due at 30 June 2020	Completed 10 July 2020
	During the audit of the receivables it was noted that the debtors below are not on the municipality's debtors' listing.	Lack of proper review of financial statements by management	21.	Perform reconciliation of all erven per the valuation to the debtors listing to ensure that all debtors are accounted for	BTO	29-Feb-20	Complete	
VAT receivable R13,684,799 - para 15	Related to bulk purchases							
Heritage assets R13,452,791 - para 16	The accuracy of the heritage assets amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert. The accounting policy is not consistent with GRAP 103 as the measurement basis is not disclosed.	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	22.	Obtain confirmation of the registration of the valuer with South African Council for the Property Valuers Profession (SACPVP) for heritage assets during the time of the valuations	BTO	29-Feb-20	Complete	The confirmation of the registration obtained. We have obtained confirmation from the relevant body that the valuer was always registered with the body.
	The accuracy of the heritage assets amounts could not be confirmed as AG could not place reliance on the amounts calculated by the expert. The accounting policy is not consistent with GRAP 103 as the measurement basis is not disclosed.	Lack of review and detection controls because management failed to ensure the accuracy and sufficiency of the submitted information and application laws/regulations.	23.	Obtain the workings for the valuations and confirm that the methodology, calculations and policies are in terms of the requirements of GRAP 103	BTO	29-Feb-20	Complete	
Distribution losses - electricity/water R12,214,638 R8,574,989 - para 17/19	Related to bulk purchases and employee related cost							

Actuarial loss/gain and release from obligation R8,667,947 (PY-R3,556,944) - para 18	Related to employee benefit obligation						
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Area	Audit finding	Root cause	Nr	Action to address finding	Responsible HOD	Due date	Status	Progress
Cash flow statement - para 20	Differences were identified during the audit of statement of cash flows for both 2018/19 and 2017/18	Lack of review and management oversight in preparation of financial statements.	24.	Ensure that the cash flow statement figures agrees with the amounts in the AFS	BTO	31-Aug-20	Not yet due on 30 June 2020	N/A
Payables	The provisions account is overstated by an amount of about R15million due to the incorrect treatment of the accruals accounting.	- The 2017/18 accruals provision of R61m was not fully eliminated as some accruals were either incorrectly recorded against another vote or not yet recorded - The VAT treatment is incorrect since the provisions were raised inclusive of VAT and reversed exclusive of VAT	25	The 2017/18 accruals provision for year end of not yet reversed will be investigated to ensure that all the remaining provisions is reversed to only reflect the 2018/19 accruals provision at year end of 2018/19. VAT treatment to be correctly accounted for and declared with SARS	BTO	31-Mar-20	Complete	Able to match many of the 2017/18 accruals provision to the reversals in the 2018/19 year. Necessary adjustments has been compiled