

### 3.8 COMPONENT B: ROAD TRANSPORT AND STORMWATER

This component includes: roads and wastewater (storm water drainage). The Roads and Stormwater Department is tasked with the construction and maintenance of all roads and storm water assets within the Cape Agulhas Municipal Area. Master plans for roads and storm water for the whole area were put in place to assist in planning and budgeting. These master plans are upgraded every 4 years.

#### 3.8.1 ROADS

##### a) Introduction to roads

The strategy of the Roads and Storm Water Department is to build a minimum of 1.5 km new roads annually in the Municipal Area. These projects aim to address the backlog and alleviate poverty through labour intensive construction methods, which enable us to employ local unemployed people through EPWP.

In Bredasdorp, new engineering technology was used for the upgrading of gravel roads to labour based asphalt roads. This technology was a pilot project for labour based asphalt. This resulted in additional MIG funds being allocated to the Municipality and the International Labour Organisation were so impressed that they compiled a documentary on the Bredasdorp Roads Project as well as the Napier Project. This documentary is available on request.

##### ▪ Service delivery highlights for 2017/18

- A storm water canal was constructed in Bredasdorp area F using gabions. This was a labour intensive method that facilitated job creation as well as skills development. The project also enabled the Municipality to complete the servicing of the erven in order that a much needed housing project can be developed in 2018/19

##### ▪ Service delivery challenges for 2017/18

- Creating opportunities to create jobs through labour intensive projects. More projects can be done using labour intensive methods.

##### b) Service statistics

TABLE 120 GRAVEL ROAD INFRASTRUCTURE

YEAR	TOTAL GRAVEL ROADS KM	NEW GRAVEL ROADS CONSTRUCTED KM	GRAVEL ROADS UPGRADED TO TAR KM	GRAVEL ROADS GRADED/MAINTAINED KM
2016/17	30.33	0	3.37	26.96
2017/18	26.96	0	1.9	25.06

**TABLE 121 TARRED ROAD INFRASTRUCTURE**

YEAR	TOTAL TARRED ROADS KM	NEW TAR ROADS KM	EXISTING TAR ROADS RE-TARRED KM	EXISTING TAR ROADS RE-SHEETED KM	TAR ROADS MAINTAINED KM
2016/17	181.67	4.45	0	6.94	181.67
2017/18	181.67	5.7	1.9	0	189.27

**TABLE 122 COST OF CONSTRUCTION/MAINTENANCE**

YEAR	GRAVEL			TAR		
	NEW (R' 000)	GRAVEL – TAR (R' 000)	MAINTAINED (R' 000)	NEW (R' 000)	RE-WORKED (R' 000)	MAINTAINED (R' 000)
2016/17	3 550	2 200	650	4 750	1 010	1 200
2017/18	43250	2800	710	5500	1650	1300

**c) Human resources**

**TABLE 123 EMPLOYEES: ROADS AND STORMWATER**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	17	17	16	1	5.88%
04 - 08	17	14	13	1	7.14%
09 - 13	8	10	10	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>43</b>	<b>42</b>	<b>40</b>	<b>2</b>	<b>4.76%</b>

**e) Financial performance: Capital expenditure**

**TABLE 124 CAPITAL EXPENDITURE ROADS**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Roads - GAP Housing		3 360 064	4 452 660.52	-	33%
Bench Angle Grinders & Nexus Extension Reel		9 660	9 660.00	-	0%
SIDEWALKS SBAAI/LA	500 000	500 000	63 147.90	-87%	-87%
Speed Bumps CAM (3 per ward)	200 000	200 000	172 027.70	-14%	-14%
Kerbs Ou Meule street (B/Dorp)	200 000	200 000	200 000.00	0%	0%
3 x Plate Compactors	45 000	38 000	37 253.39	-17%	-2%
2 x Jackhammers Heavy Duty	45 000	23 940	20 817.39	-54%	-13%

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Furniture (Manager Supervisor)	25 000	16 050	16 045.00	-36%	0%
Upgrade Suiderstrand Road	1 000 000	850 000	632 346.60	-37%	-26%
Sidewalks Long Street (B/Dorp)	400 000	390 340	205 672.99	-49%	-47%
Sidewalks Bredasdorp (Wards)	400 000	400 000	191 889.00	-52%	-52%
Industrial Road Struisbaai	750 000	900 000	893 313.06	19%	-1%
Re-gravel Tamatiekraal Street - Napier	200 000	200 000	207 683.84	4%	4%
Nuwerus Streets	1 246 796	1 246 796	1 152 996.73	-8%	-8%
Ou Meule Link to Swellendam Road (B/dorp)	1 315 789	1 315 789	1 315 789.00	0%	0%
<b>TOTAL</b>	<b>6 327 585.00</b>	<b>9 650 639.00</b>	<b>9 571 303.12</b>	<b>51%</b>	<b>-1%</b>

### 3.8.2 WASTE WATER (STORMWATER DRAINAGE)

#### a) Introduction to stormwater

Storm water upgrading and maintenance are essential for any municipality because an “Act of God” (flash flood) can happen at any given time. Municipalities therefor have to ensure that the management of run-off of storm water is effective.

Storm water drainage is still a major challenge due to the existing backlog and inadequate storm water systems. A master plan was drawn up to identify and prioritize the needs for capital budget purposes and focus areas.

All new roads are constructed with storm water drainage and the Municipality aims to construct a minimum of 500m of storm water pipes annually to address the backlog. This is achievable with an adequate budget allowance and support from Council.

In the 2017/18 financial year, several storm water projects were undertaken to address backlogs, as well as alleviate poverty by job creation through utilisation of labour constructive methods as part of the EPWP. In Bredasdorp we have constructed a storm water canal using gabions as a labour-base method and the project was funded by MIG.

- **Service delivery highlights for 2017/18**
  - Stormwater canal for the 1:100 year flood line
- **Service delivery challenges for 2017/18**
  - Insufficient financial resources

#### b) Service statistics

The table below shows the total kilometres of storm water maintained and upgraded as well as the kilometres of new storm water pipes installed:

**TABLE 125 STORMWATER INFRASTRUCTURE**

YEAR KM	TOTAL STORM WATER MEASURES KM	NEW STORM WATER MEASURES KM	STORM WATER MEASURES UPGRADED KM	STORM WATER MEASURES MAINTAINED KM
2016/17	77.8	1.5	0.9	79.3
2017/18	79.3	2.59	0.4	81.89

**TABLE 126 STORM WATER INFRASTRUCTURE COST**

YEAR	STORM WATER MEASURES		
	NEW (R'000)	UPGRADED (R'000)	MAINTAINED (R'000)
2016/17	1 560	820	710
2017/18	1900	970	800

**c) Human resources**

A single team is used for both the roads and storm water functions.

**d) Financial performance: Capital expenditure**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Storm Water Master plan - Struisbaai	200 000	200 000	56 651.65	-72%	-72%
Stormwater Master plan - Bredasdorp	100 000	100 000	76 750.00	-23%	-23%
Stormwater Master plan- Agulhas	200 000	200 000	87 087.91	-56%	-56%
Stormwater pipeline - Area F	5 184 185	5 798 221	5 798 221.00	12%	0%
<b>TOTAL</b>	<b>5 684 185.00</b>	<b>6 298 221.00</b>	<b>6 018 710.56</b>	<b>6%</b>	<b>-4%</b>

### 3.9 COMPONENT C: PLANNING AND ECONOMIC DEVELOPMENT

This component includes integrated development planning, spatial planning, building control and local economic development.

#### 3.9.1 INTEGRATED DEVELOPMENT PLANNING

##### a) Introduction to Integrated development planning

Integrated development planning is a process through which municipalities prepare their strategic plan, which is known as an Integrated Development Plan (IDP), which covers a five-year period. The IDP is the principal strategic planning instrument, which guides and informs all planning, budgeting, management and decision-making processes in a municipality.

##### ▪ **New five-year Integrated Development Plan 2017/18 – 2012/22**

Section 25 of the Municipal Systems Act requires that “*each Municipal Council to adopt a single, inclusive and strategic plan for the development of the Municipality within a prescribed period after the start of its elected term*”.

Section 28 requires that “*each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan*”.

IDP's for the term of office of municipal councils that commenced in 2016 are referred to as a 4<sup>th</sup> generation IDP because it is the 4<sup>th</sup> IDP done by municipalities since promulgation of the Municipal Systems Act in 2000.

The essence of the 3<sup>rd</sup> generation IDP that also applies to the 4<sup>th</sup> generation IDP is that it is a: “*Single window of co-ordination*” for:

- Internal relationships within municipalities;
- Relationships between local and district municipalities, neighbouring municipalities and other spheres of government;
- Relationships between local municipalities, other key stakeholders and the broader community.

The IDP was developed in accordance with a Process Plan and Time Schedule of Key Deadlines was approved by the new Council on 30 August 2016 (Resolution 176/2016), and the new five year IDP (2017/18 – 2012/22) was approved on 31 May 2016 (Resolution 105/2016).

In order to give effect to this, the IDP identifies and prioritises Municipal and Community needs and integrates them into a singular local level plan, which indicates how resources will be allocated to addressing these needs over the five-year cycle of the IDP. The IDP also identifies critical development needs which fall within the functional mandate of the Overberg District Municipality, and other spheres of Government and indicates how these needs will be addressed in the short, medium and long term and how they align to municipal planning.

While the idea behind integrated development plans is to build up a comprehensive integrated plan, municipalities cannot plan everything in detail in the first year. Rather, Integrated Development Plans should empower municipalities to prioritise and strategically focus their activities and resources. An

attempt to plan too comprehensively may result in unrealistic plans that lack the human and financial resources for implementation.

▪ **IDP Assessment**

In terms of the provisions of the Local Government: Municipal Systems Act, 2000 municipality should submit a copy of the Council approved IDP to the MEC for Local Government in the province. The MEC is tasked by legislation to assess the IDP and give comment on its alignment to government programme. The MEC comments have largely provided guidance on the preparation of the IDP.

▪ **First Review of the Integrated Development Plan**

The first review of the 2017/18 - 2021/22 IDP took place during the financial year under review.

The IDP is reviewed annually in accordance with an assessment of its performance measurements and to the extent, that changing circumstances demand. The review process serves as an institutional learning process whereby stakeholders can meet to discuss the performance of the past year. The review is not a replacement of the 5-year IDP, nor is it meant to interfere with the long-term strategic direction of the Municipality to accommodate new whims and additional demands.

As prescribed by Section 34 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the following is legislated:

34. Annual review and amendment of integrated development plan.

*“A municipal council –*

*(a) must review its integrated development plan –*

*(i) annually in accordance with an assessment of its performance measurements in terms of section 41; and*

*(ii) to the extent that changing circumstances so demand; and*

*(b) may amend its integrated development plan in accordance with a prescribed process.”*

The municipality developed an IDP & Budget Time Schedule, which serves as a “plan to plan” for the first review of the 5 year IDP of Cape Agulhas Municipality. It was adopted by Council on 28 August 2017 with resolution number 147/2017 and contains clear deliverables and specific timeframes. The purpose of the time schedule is to indicate and manage the planned activities and strategies that the municipality will follow to review the IDP.

It also co-ordinates the planning cycle between other strategic processes within the municipality such as the budget, SDBIP and the Annual Report of the municipality. Furthermore, this time schedule facilitates improved co-ordination with the planning cycles of other spheres of government. It also identifies key role players such as the local communities, ward committees and other key municipal stakeholders that must be involved in the review of the IDP through an extensive public participation process. This enhances the credibility of the review process and enables the municipality to undertake development plans and render services that are more responsive to the needs and conditions of local communities.

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3.9.2 **SPATIAL PLANNING**

**a) Introduction to spatial planning**

Spatial planning is the responsibility of the Town and Regional Planning section, which is mandated to manage the spatial planning of various land uses such as industrial, institutional, residential and business. The section has three main sub-sections namely: Town Planning, GIS and Environmental Management.

The Town Planning Section oversees:

- Town Planning services i.e. provision of zoning information and processing of various land use applications i.e. rezoning applications.
- Development Enforcement: Enforcement of town planning scheme rules – prosecution of illegal land uses.
- Effective service delivery and networking with the public;
- Issuing zoning certificates, information, business licences;
- Site inspections;
- Dealing with complaints;
- Application considerations;
- Town planning and environmental workshops;

Spatial Planning is central to the development and promotion of an integrated Municipal Area. The Municipality is committed to addressing spatial injustices and ensuring development of vibrant, resilient and sustainable urban and rural areas.

▪ **Implementation of SPLUMA**

The Municipality is currently implementing the Spatial Planning and Land Use Management Act (SPLUMA), Act No. 16 of 2013. Section 156(2) of the Constitution, gives municipalities the right to make by-laws for the matters which they have the right to administer, in this case “municipal planning” as set out in Schedule 4 B of the Constitution, read together with section 11(3)(e) and (m) of the MSA. A Land Use Planning By-Law was gazetted in terms of SPLUMA, which was implemented from the date of promulgation. This by-law is regarded as compliant with the Constitution, SPLUMA, LUPA, Municipal Systems Act and other legislation.

The Municipality has appointed an Authorised Official and successfully constituted its Municipal Planning Tribunal (MPT) and Municipal Appeal Tribunal (MAT), which deals with land use applications and application appeals respectively. This includes applications for rezoning, removal/suspension of restrictive conditions, township establishments, etc. The turnaround time for processing of land use applications has been expedited through this process.

▪ **Spatial Development Framework (SDF)**

Section 26 of the Municipal Systems Act as well as Section 20 of the Spatial Planning and Land Use Management Act require each municipality to have a Spatial Development Framework.

The SDF is one of the core components of the Municipal IDP and gives spatial effect to the vision, goals and objectives of the new 2017/18 – 2021/22 IDP. It indicates spatially the long-term growth and development of the Municipality and co-ordinates the spatial implications of all strategic sector plans (engineering, transport, economic, housing, community services, etc.).

A new Spatial Development Framework was compiled concurrently with the 2017/18 – 2021/22 Integrated Development Plan, which complies with SPLUMA as well as the principles of the National Development Plan (NDP). The SDF was approved on 30 May 2017 (Resolution 103/2017), and will guide the future spatial development of the Municipal Area.

Decreasing poverty and inequality is intrinsic in the way the SDF has been designed – communities will be closer to new and improved levels of housing, commercial and industrial areas and a chance to be walking distance from jobs, nature and urban agriculture. The SDF identifies areas where the following is needed:

- integration and restructuring
  - economic growth and investment opportunities and social investment
  - Infill and densification;
  - Future development;
  - Development corridors

It also identifies areas with existing infrastructure capacity to support integration, densification, as a way of ensuring sustainable development.

▪ **Service delivery highlights for 2017/18**

- The development of the Struisbaai Industrial area was approved. These erven will be made available through a public process.
- Various guest accommodation and business applications have been considered favourably.

▪ **Service delivery challenges for 2017/18**

- Identifying areas that need to be protected. These include natural, heritage and environmental key assets as well as agricultural and rural assets;
- Identifying areas with no infrastructure capacity for sustainable development.
- Environmental issues are not dealt with an Environmentalist, though consultants are appointed to assist with Environmental processes.
- The erosion of Roman Beach keep on being a challenge to deal with.
- Illegal house shops and shebeens create social problems and even regular raids / joint operations are not effective.

**b) Service statistics**

TABLE 127 APPLICATIONS FOR LAND USE DEVELOPMENT

DESCRIPTION	FORMALIZATION OF TOWNSHIPS		REZONING		AUTHORISED OFFICIAL		PLANNING APPEAL COMMITTEE: MAYOR		MUNICIPAL PLANNING TRIBUNAL MPT	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Planning applications received	0	0	20	24	88	127	6	2	3	0
Decisions made in year of receipt	0	0	16	24	71	127	6	0	0	0
Decisions made in following year	0	0	0	5	0	8	0	2	0	3
Applications withdrawn	0	0	0	0	0	0	0	0	0	0
Applications outstanding at year end	0	0	4	5	25	8	2	1	3	0

**c) Human resources**

TABLE 128 EMPLOYEES SPATIAL PLANNING



JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	1	0	0	0	0.00%
04 - 08	0	0	0	0	0.00%
09 - 13	1	1	1	0	0.00%
14 - 18	3	3	3	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0.00%</b>

**d) Financial performance: Capital expenditure**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Tablets (OVIOO System updating)	12 600	-	-	-100%	-
<b>TOTAL</b>	<b>12 600.00</b>	<b>-</b>	<b>-</b>	<b>-100%</b>	<b>-</b>

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**3.9.3 BUILDING CONTROL**

**a) Introduction to Building Control**

The Building Control Department resorts within the Infrastructure Services Directorate of the Municipality. Building Control is integral to the generation of revenue for the municipality, through valuations and planning fees. A seamless process for considering building plans is a foundation for local economic development.

The mandate of the department is to ensure implementation of the National Building Regulations and Standards Act Air Quality Control and Noise Management, which in turn ensures a safe and healthy environment.

The functions of the Building Control Department are:

- Networking with the public and provide info.
- The functions are providing recommendations on plans, specifications and documents and to receive instructions in terms of the NBR and perform them on behalf of the Local Authority and take care of related matters and Legislation.
- Every building plan passes through a clearly structured sequence of well-defined milestones from the receipt of the application right through to the verdict of approval or rejection.
- Address illegal building work and signage and issuing the necessary notices for legal action.
- Building inspections as prescribed.
- Handling of correspondence and dealing with complaints.
- Issuing of occupancy certificates
- Dust control.

The BCO is the local representative of the building industry, but equally represent the NBR as an enforcement officer on behalf of the minister who is responsible for the Act. Building control insure that all buildings comply with the NBR.

▪ **Service delivery highlights for 2017/18**

- Systems work well for the approval of building plans;
- Staff are knowledgeable;
- Tasks are completed within the prescribed time framework;
- Complaints are dealt with immediately;
- Legal requirements and processes are adhered to;
- Compliance to the Air Quality Management plan for CAM;
- Noise Control is implemented;
- Assisting the public with building plans where they cannot afford architects;
- Doing site visits and giving advice in terms of building work;
- Annual bathroom projects – provide bathrooms for very sick and old people;
- Participation in the following forums:
  - o Member of the LGSETA (QCTO) working group developing Occupational Qualification for Building Inspectors ;
  - o Member of the National Steering Committee for Building Control SA;
  - o Regional Tourism Liaison Committee (RTLCL)
  - o Overberg Planning Forum;
  - o Overberg Air Quality Control Forum;
  - o Noise Control Forum;
  - o Legislative Task Team Forum;
    - o Provincial Air Quality and Noise Management Forum;
    - o Member of the National Association for clean Air.(NACA)

▪ **Service delivery challenges for 2017/18**

Illegal building operations

**b) Service statistics**

TABLE 129 BUILDING PLANS APPROVED

YEAR	TOTAL	PLANS APPROVED
2008/2009	R251 164 845	400
2009/2010	R165 729 000	586
2010/2011	R134 658 000	401
2011/2012	R124 133 000	403
2012/2013	R124 259 000	354
2013/2014	R111 617 000	318
2014/2015	R258 951 700	468
2015/2016	R284 428 000	364
2016/2017	R353 503 000	446
2017/2018	R346 160 202	428

TABLE 130 VALUE OF BUILDING PLANS

YEAR	TOTAL VALUS	RESIDENTIAL	BUSINESS / INDUSTRIAL	PLANS APPROVED
2008/2009	R251 164 845	384	16	400
2009/2010	R165 729 000	575	11	586
2010/2011	R134 658 000	386	15	401
2011/2012	R124 133 000	387	16	403
2012/2013	R124 259 000	347	7	354

2013/2014	R111 617 000	308	10	318
2014/2015	R258 951 700	457	11	468
2015/2016	R284 428 000	352	12	364
2016/2017	R353 503 000	432	14	446
<b>2017/2018</b>	<b>R346 160 202</b>	<b>428</b>	<b>0</b>	<b>428</b>

**a) Human resources**

**TABLE 131 EMPLOYEES BUILDING CONTROL**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	4	4	3	1	25.00%
09 - 13	1	1	1	0	0.00%
14 - 18	0	0	0	0	0.00%
18 - 20	6	5	4	1	20.00%
TOTAL	0	0	0	0	0.00%

**b) Financial performance: Capital expenditure**

None

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**3.9.4 LOCAL ECONOMIC DEVELOPMENT**

**a) Introduction to local economic development**

The purpose of LED is to improve the vibrancy and sustainability of local economies, which will ultimately lead to better living conditions for the majority of the population. LED is not about direct projects with the poor, but more about recognising the scale of this impact by business on poverty levels, and making this even greater. Working directly with the poor is also important but is called social development, not to be confused with economic development.

The role of the Municipality is to facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy. Government can obviously not plan or implement LED effectively if the private sector, who is the key driver of a local economy, is not included in such development processes.

**b) LED Strategy**

The Municipal Council approved a revised LED Strategy on 27 June 2017. This strategy focuses on initiatives that can be achieved within the short to medium term and is in essence a consolidation of the 2013 revision with updated with other internal and external strategic processes, initiatives and programmes relating to economic development. During 2017/18, this strategy was again revised and specific focus placed on implementation.

During the year under review, there was a significant shift to regional economic development. The Overberg District Municipality commenced the process of developing a Regional Economic Development Strategy (RED), and the Municipality participated in this process.

**c) LED initiatives and job creation**

The primary role of local government is to create a climate that is conducive to local economic development. The Municipality does however seek to create work opportunities wherever it can and the main ways in which the Municipality does this is:

- The Expanded Public Works Programme (EPWP) and Community Works Programme
  - This is a government programme aimed at the alleviation of poverty and unemployment. The programme aims to increase economic growth by improving skills levels through education and training. It also aims to provide an enabling environment for industry to flourish.
- Entrepreneurship development
  - SMME’s/Co-operatives. enterprise support and development which is done in partnership with other stakeholders e.g. SEFA, SEDA, DOA, Casidra and DRD&LR

▪ **Job creation through EPWP projects**

TABLE 132 JOBS CREATED THROUGH EPWP PROJECTS

YEAR	EPWP PROJECTS NO	JOBS CREATED THROUGH EPWP PROJECTS NO	JOBS CREATED THROUGH FTE'S NO
2014/15	62	447	65
2015/16	38	216	44
2016/17	20	371	52
	42	673	118

The Cape Agulhas Municipality was allocated a grant of R 1 131 000.00 which was fully spent.

▪ **Entrepreneurship Development**

The following registrations were done during 2017/18

TABLE 133 ENTREPRENEUR DEVELOPMENT

REGISTRATIONS	2016/17	2017/18
Co-operatives registered	9	5
Companies registered	26	17
SARS related matters	170	113
CIDB	8	7
COIDA	9	20
UIF	16	41
Supplier data bases	120	83
National Credit Regulator	1	0
Access to finance through CASIDRA	2	4

d) **Rural development programmes**

▪ **Comprehensive Rural Development Programme (CRDP)**

Cape Agulhas Municipality works with the Department of Rural Development and Land Reform and Department of Agriculture on the implementation of interventions to uplift the livelihood of rural communities through various development programme. The programme covers the rural towns of Arniston and Struisbaai as development nodes. These programmes include developing rural

infrastructure, facilitating access to land for community gardens, providing support to emerging farmers, facilitating integrated development and social cohesion. The overall objective of the programme is also to address skewed ownership patterns of distribution of wealth and ownership of wealth and assets.

Over the past year, the Municipality has participated in an established Intergovernmental Steering Committee (ISC) to ensure smooth coordination of all development initiatives by various stakeholders and departments. Through the Steering Committee, many development projects have been identified for implementation this financial year and others are in various stages of completion. These projects include road rehabilitation, provision of fish farming equipment to support the fishing communities. The municipality plays a central role in assisting these fish farming communities to register cooperatives and train them as legal entities. We have also revived and empowered the Council of Stakeholders, a community non-profit organisation whose responsibility is to ensure community participation and monitoring in all development initiatives to empower the Council.

- **Napier Small Town Regeneration Strategy**

The Municipality is also involved in a partnership initiative with South African Local Government Association to implement a Small Towns Regeneration programme in Napier. The programme is also aimed at coordinating development initiatives and mobilise resources for the development and beatification of the town and its people. The programme is coordinated through a Steering Committee, which serves as a link between the Municipality and the community. This initiative has identified projects, which need funding for implementation. Some of these projects are now part of the municipality's integrated development plan and budget processes. A farmer's support project, namely a pack shed is almost at the completion stage. This project is funded by the Department of Rural Development and Land Reform to support the local emerging farmers' cooperative operating in the area. The Municipality together with the Steering Committee has identify a potential of starting a Clothing Factory, It is now busy facilitating the registration of a non -profit making entity that will run the factory.

- **Agri- Parks**

The Municipality is also involved in the implementation of Agri-Parks programme, which is a district programme. The Municipality has ear marked land as a site for Agri-Parks initiative and projects. It also participates in the intergovernmental structure, the District Agri-parks Joint Operation Centre whose role is to coordinate and monitor the implementation of the programme across various municipalities within the district. The Agri-Parks programme is a national programme led by the Department of Rural Development and Land Reform, and the Department of Agriculture. The programme is aimed at reigniting Rural Economic Transformation in identified districts across the country. It is aimed at networking innovation systems of agro-production, processing, logistics, marketing, extension services and training within a district. The programme consists of three basic focus areas or units, which are Famers Production Support, Agri-Hubs, and Rural Urban Marketing Centres. The future of the programme within the Province is uncertain at this stage, but as a Municipality, we have been and will remain involved.

- **Agricultural projects on municipal land**

The Municipality has made available pockets of communal land, which it owns to various emerging farmers groups who are organised into cooperatives. This process has assisted them to leverage support from the Department of Agriculture who provides them with farming equipment etc. Although sustainability of our emerging farmers remains a challenge, some are doing very well are

doing very well and can be counted as success stories to learn from. These include Napier Health Gro Vegetable Gardens, Amqhawe Farmers' Cooperative and Isivuno, Farmers Cooperative.

**e) Other programmes and initiatives**

- The first “ Southern tip of Africa” Street Market were held on 1 July 2017. The event was very successful with positive feedback received from the community.
- The Municipality is part of the Fishing Harbours Development Programme of the Department of Public Works and Transport. During the year, the Municipality participated in a Small Harbours Investment conference, which gave us the opportunity to highlight the investment potential of our fishing harbours and surrounding areas.
- The Municipality successfully applied to participate in the Regional Socio Economic Programme (RSEP) and a grant of R4 000 000.00 has been approved for implementation of the project over three years commencing in 2018/19. Identification and planning for the project commenced in 2017/18. The redevelopment of the Ou Meule Street precinct was identified as the project that will be implemented.

**f) Tourism**

Cape Agulhas Tourism (CAT) managed the tourism function on behalf of the Cape Agulhas Municipality. The Municipality provided them with a grant to the amount of R900 900.00 to cover their operational costs during the 2017/18 financial year. The grant was fully spent.

During the year under review, the Municipality reviewed the manner in which tourism was managed, and a decision was taken by council to include tourism as a line function of Cape Agulhas Municipality with effect from 2018/19. In terms of this decision, tourism officials now fall under the direct supervision of the municipality and the lease agreement for the tourism office has been ceded to Cape Agulhas Municipality. The above resolution was accepted in view of a more developmental role that the Municipality envisions for local tourism, within the context of our local economic development framework.

### 3.10 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

This component includes libraries, cemeteries and human development.

#### 3.10.1 LIBRARIES

##### a) Introduction to libraries

The Municipal Library Service consists of nine libraries. Internet is available in seven of the libraries. The usage of internet facilities is free and costs are covered by the Provincial Library Services. The two libraries that do not have internet, namely Elim and Struisbaai have access to the Cape Access Programme.

TABLE 134 MUNICIPAL LIBRARIES

TOWN	NO	LIBRARIES
Bredasdorp	2	Main and Welverdiend Libraries
Napier	2	Napier Library and Nuwerus Libraries
Struisbaai	1	Struisbaai Library
Arniston / Waenhuiskrans	1	Arniston / Waenhuiskrans Library
Protem	1	Protem Library
Klipdale	1	Klipdale Library
Elim	1	Elim Library

Libraries are an important community service because there are limited recreational facilities in the various towns. Services are provided to old age homes and service centres for the elderly and the libraries are used extensively by school learners. We also assist school libraries with their limited collections through the outreach to EducationConnection.

##### ▪ Service delivery highlights for 2017/18

- Security at the Arniston Library was improved through the erection of a spiked fence at the front of the building. This ensures the safety and security of council's property and employees.
- Written confirmation was received from the Department of Cultural Affairs and Sport that they will provide conditional grant funding to set up a modular library for Elim in the 2018/19 financial year.

##### ▪ Service delivery challenges for 2017/18

- The Provincial book budget has been severely cut, but despite this, the libraries still render an excellent service.

##### b) Service statistics

TABLE 135 SERVICE STATISTICS FOR LIBRARIES

TYPE OF SERVICE	2016/17	2017/18
Library members	11315	10440
Books circulated	182274	11315
Exhibitions held	198	220
Internet users	8786	6637

Children programmes	97	12
Visits by school groups	11	26
Book group meetings for adults	16	20
Primary and Secondary book education sessions	29	29

There is a marked decline in both membership and book circulation, which is a Province wide phenomenon, believed to be attributable to the increasing use of technology to obtain reading material.

**c) Human resources**

**TABLE 136 EMPLOYEES: LIBRARIES**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	1	1	0	1	100.00%
04 - 08	9	9	9	0	0.00%
09 - 13	3	3	3	0	0.00%
14 - 18	0	0	0	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	13	13	12	1	7.69%

**c) Financial performance: Capital expenditure**

**TABLE 137 CAPITAL EXPENDITURE: LIBRARIES**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Swing door (counter) - Bredasdorp	4 000	1 600	745.61	-81%	-53%
Fencing - Arniston	127 400	158 400	158 400.00	24%	0%
Safety gates - Arniston	10 000	5 100	5 100.00	-49%	0%
Safety gate - Klipdale	5 000	3 700	3 700.00	-26%	0%
Safety gate – Front porch - Napier	12 500	9 910	9 900.77	-21%	0%
Laminating Machine	2 600	1 680	1 677.00	-36%	0%
Safety gates - Bredasdorp	-	6 000	3 697.00	-	-38%
Front Door - Proteem Library	-	10 000	9 900.77	-	-1%
Air Conditioners - Welverdiend Library	-	40 000	35 012.17	-	-12%
<b>TOTAL</b>	<b>161 500.00</b>	<b>236 390.00</b>	<b>228 133.32</b>	<b>41%</b>	<b>-</b>

**3.10.2 CEMETERIES**

**a) Introduction to cemeteries**

The Municipality has eight cemeteries within its Municipal Area.



TOWN / AREA	NUMBER
Bredasdorp	1
Struisbaai	2
Napier	1
Waenhuiskrans	1
Protem	1
Klipdale	1
Bredasdorp	1

- **Service delivery highlights for 2017/18**
  - Expansion of the Bredasdorp cemetery
- **Service delivery challenges for 2017/18**
  - Vandalism and theft

**b) Service statistics**

TABLE 138 SERVICE STATISTICS FOR CEMETERIES

TYPE OF SERVICE	2016/17	2017/18
Pauper burials	5	7
Ordinary burials	108	151

**c) Human resources**

There are no specific positions assigned to the cemeteries. Cemetery maintenance is done by a singular team of workers who are responsible for community parks and sport and recreation facilities.

**d) Financial performance: Capital expenditure**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Fencing Scrapping of new road - New Bredasdorp cemetery	120 000	120 000	101 522.72	-15%	-15%
<b>TOTAL</b>	<b>120 000.00</b>	<b>120 000.00</b>	<b>101 522.72</b>	<b>-15%</b>	<b>-</b>

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**3.10.3 HUMAN DEVELOPMENT**

**a) Introduction to human development**

Our Human Development vision is to develop a self-reliant society through a comprehensive network of human development partners that will enable and empower the poor, the vulnerable and those with special needs. Human Development is an important component in each individual and is regarded as a planned change process, designed to promote the human well-being of the population (community) together with economic development.

It is a pro-poor strategy that is based on a people centred approach to enhance development and it promote citizen participation in development. It also aims to promote the voice of the less fortunate in decision-making and in building democratic and accountable institutions to achieve social and economic justice, human rights, social solidarity and active citizenship.

▪ **Service delivery highlights for 2017/18**

- Youth Employment
  - o Appointed 4 youth to implement youth development programmes on EPWP for the 2017/2018 financial year
- Facilitation of sport development opportunities
  - o The Department facilitated opportunities for the sporting community to compete at Provincial and National level
- Established 7 soupkitchens
  - o Facilitated the implementation and monitoring of the 7 soup kitchens in the Municipal Area during the winter season
- Youth development Programmes
  - o Established a functional Junior Town Council
- Implemented the annual youth camp with grade 7 learners from the rural areas.
  - o Leadership programmes were implemented to enhance the confidence levels amongst the youth
  - o Personal development program for peer educators at SANPARKS.

▪ **Service delivery challenges for 2017/18**

- A lack of volunteers to facilitate programs in all wards
  - o We need additional human capacity to assist with after school sport and recreation programmes in all the wards to ensure acceleration and sustainability of the programmes.
- Resources to enhance the implementation of human development activities
  - o The Department has to partner with stakeholders with similar objectives to implement sustainable programmes.
  - o Public open spaces need to be environmentally safe so that they can be utilized for sport and recreation activities
  - o Sport facilities need to be accessible and affordable for sport and recreation activities
  - o Infrastructure at community halls to be more user friendly for indoor sport activities

**b) Service Statistics**

**TABLE 139 SERVICE STATISTICS FOR HUMAN DEVELOPMENT PROGRAMMES**

ACTIVITY	2016/2017	2017/18
Soup kitchens established or supported	7	7
Youngsters educated and empowered	Established a functional Junior Town Council Distribution of information for employment and study opportunities distributed amongst the youth Conducted two Youth Leadership camps Facilitated the process for six sports	Established a functional Junior Town Council Distribution of information for employment and study opportunities distributed amongst the youth Conducted two Youth Leadership camps

	clubs to be enrolled on a 3year club development process	
Initiatives to increase awareness on disability	Supported two events for the disabled community	Supported two events for the disabled community
Initiatives to increase awareness on women	Conducted two women empowerment camps with positive impact Participated in the 16 days of activism programme against no violence against women and children Participated in the Women Symposium, which was held for women from all spheres within the Cape Agulhas area.	Conducted two women empowerment camps with positive impact Participated in the 16 days of activism programme against no violence against women and children
Initiatives to increase awareness on HIV/AIDS	1 World Aids Day event	World Aids Day event
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	· Drug awareness campaign with stakeholders during June	· Drug awareness campaign with stakeholders during June
Special events hosted	National Day for the Aged · Youth Day · World AIDS Day · 16 days of activism against women	National Day for the Aged · Youth Day · World AIDS Day · 16 days of activism against women

**c) Human resources**

**TABLE 140 EMPLOYEES: HUMAN DEVELOPMENT**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	0	1	1	0	0.00%
09 - 13	4	4	4	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0.00%</b>

**d) Financial performance: Capital expenditure**

**TABLE 141 CAPITAL EXPENDITURE: HUMAN DEVELOPMENT**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Microwave / Urn / Stove / Vacuum cleaner	11 500	6 700	6 364.95	-45%	-5%
Food preparation surface (kitchen)	10 000	-	-	-100%	-
Thusong Centre		-	661 088.10	-	-

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<b>TOTAL</b>	<b>21 500.00</b>	<b>6 700.00</b>	<b>667 453.05</b>	<b>3004%</b>	-
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### 3.11 COMPONENT E: ENVIRONMENTAL PROTECTION

The Environment is a concurrent National and Provincial competency in terms of Part A of Schedule 4, of the Constitution. The Municipal Systems Act requires municipalities to work together with other organs of state to ensure environmental sustainability. This component includes: air and noise quality control; biodiversity coastal protection and climate change, which are all programmes done in co-operation with other organs of state.

DEADP has finalised a Municipal Environmental Profile for Overberg District Municipality and the document has been given to the District for dissemination to local municipalities. The Municipal Profile provides an overview of the current environmental status quo and current challenges within Overberg District Municipality. The intention of the profile is to deepen awareness of environmental aspects within the District in order to highlight key considerations for future development planning. It covers the following thematic areas: Environmental Management Governance; Environmental Programmes; Biodiversity; Waste Management; Air Quality; Climate Risk and Vulnerability; and Climate Change Mitigation).

#### 3.11.1 AIR QUALITY CONTROL

##### a) Introduction to air quality control

The Constitution defines air pollution as an executive role of local government. This imposes great responsibilities on local municipalities in terms of building capacity, to ensure monitoring and enforcement of air pollution.

The National Environment Management: Air Quality Act, 2004 (Act no. 30 of 2004) was promulgated in 2004. Municipalities have a number of duties in terms of this legislation including:

- Develop an Air Quality Management Plan (AQMP) for inclusion in the Municipality's IDP; and
- To ensure the effective and consistent implementation of sustainable Air Quality management practices by all spheres of government, relevant stake holders and the civil society to progressively and efficiently maintain clean and healthy air in CAM.
- Make sure that all tasks are performed in accordance with the relevant laws.
- Attend all local and provincial forums and meetings, give feedback reports and on community meetings in this regard.

Building Control are responsible for Air Quality at CAM. The Municipality has appointed an Air Quality Officer, as well as an assistant. An Air Quality Management Plan and by-law has been developed and approved by Council. The Air Quality Officer attends the Provincial and District Air Quality Forums as required and we provide information and inputs to the Western Cape State of Air Report.

##### ▪ Service delivery highlights for 2017/18

- Francois du Toit and Patrick Pietersen successfully completed the training in Air Quality Monitoring
- Patrick Pietersen also successfully completed the Ambient Emission Monitoring training course. They did receive their certificates.
- Air Quality awareness banners was made.

##### ▪ Service delivery challenges for 2017/18

- To implement awareness raising and education program for local schools.

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### 3.11.2 NOISE CONTROL

#### a) Introduction to noise control

The Environment Conservation Act, 1989 Western Cape Noise Regulations was promulgated in 2013. The Local Municipality has to ensure compliance with the Noise Regulations for the Western Cape in accordance with the relevant laws.

Building Control are responsible for Noise Control in CAM and work with the ODM. They also attend meetings, handle complaints and enforcement and attend all relevant noise control training.

#### ▪ Service delivery highlights for 2017/18

- Francois du Toit and Patrick Pietersen both successfully completed the course in Environmental Noise and Traffic Noise Control Management (Regulatory) and received their certificates.

#### ▪ Service delivery challenges for 2017/18

- Awareness raising
- Education at local schools for Noise control.

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### 3.11.3 BIO-DIVERSITY AND LANDSCAPE

Biodiversity refers to genes, species (animals and plants), ecosystems, and landscape and the ecological and evolutionary processes that allow these elements of biodiversity to exist.

The Department of Environmental Affairs and Tourism prepared the National Biodiversity Strategy and Action Plan (NBSAP) "...to develop a plan of action for the conservation and sustainable use of the country biological diversity". During the NBSAP preparation, the National Biodiversity Implementation Plan identified objectives, outcomes, and activities required for the NBSAP to achieve its goals.

The Critical Biodiversity Areas (CBA) of the Overberg District Municipality report was prepared in April 2010, and indicates the CBA's for the district. These include protected areas, critical biodiversity areas and ecological support areas. The report indicated that the southern part of the Municipal Area contains an important mosaic of CBA's, and the northern part, the Runes Agricultural Area, contains some Renosterveld remnants identified as CBA's. There is a need to have these critical biodiversity areas mapped and appropriate guidelines developed to guide conservation thereof.

During the year under review, the Municipality spent an amount of R60 000.00 for alien clearing and maintenance of roads and mountain bike trails on the Heuningberg Reserve.

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### 3.11.4 COASTAL PROTECTION

The Cape Agulhas Coast has several large bays of which 43% are sandy beaches, 39% rocky and 18% wave cut rocky platforms. A few of these beaches have been identified as susceptible to sea level rise due to climate change. The De Hoop Nature Reserve has about 50 km of protected coastline.

The Integrated Coastal Management Programme (ICMP) for the Western Cape in 2003 was prepared in terms of the Coastal Zone Management Bill and the Coastal Zone Policy. The objectives of the CMP are to "...facilitate improved planning of coastal resources as well as allow for better targeted investment from government and non-government organisations to support sustainable coastal development".

Consultants were appointed in 2012/13 to draft the Coastal Management Programme for the Overberg District Municipality over a three-year period.

The scope of the Overberg CMP includes:

- Inception Report
- Situation Analysis
- Coastal Management Programme
- Public participation
- Draft Coastal Management By Laws

The Coastal Management Programme was concluded in May 2016 with the inclusion of inputs from interested and affected parties.

The consultants were instructed to draw up an overarching Coastal Management Programme for the Overberg District Municipality as well as specific Coastal Management Programmes focusing on implementation for each of the three Local Municipalities of Cape Agulhas, Swellendam and Overstrand.

The Coastal Management Programme with the specific Coastal Management Programmes was made available during the final public commenting period from 1 December 2015 until 05 February 2016. Prior to releasing the documents to the public for comments, each coastal municipality was given the opportunity to submit comments on their specific Coastal Management Programme.

- a) An interim funding mechanism that is currently being used to assist with implementation is the Working for the Coast Programme. Unfortunately, this funding is allocated to an implementer and not the ODM, which will leave the municipality with little control over the channelling of funding and the addressing of priorities.
- b) The ODM awaits the outcome of the Legal Protocol that is being prepared "*Defining the role of Local Government in Environmental Management and establishing the cost of performing environmental management functions*" (prepared on behalf of DEA and SALGA) will give much needed clarity on Environmental Management and its scope of work together with the cost to provide this cross cutting function, which includes coastal management.

The Suiderstrand Slipway was listed by MEC: Local Government, Environmental Affairs and Development Planning, Anton Bredell, as an official Public Launch Site and Cape Agulhas Municipality identified as the responsible Management Body, in Provincial Gazette 7410, Provincial Notice 193/2015, on 26 June 2015. The users of this site must comply with the provisions of the general duty of care principle and the remediation stipulated in terms of section 28 of the National Environmental Management Act, 1998 (Act No. 107 of 1998), the provisions of the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) as well as all other relevant legislation.

During the year, environmental authorisation was granted in terms of Regulation 25 of the Environmental Impact Assessment Regulations, 2014 for the repair, maintenance and upgrade of the existing

infrastructure and the development of an access road at the Struisbaai Fishing Harbour situated in the Western Cape Province.

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### 3.11.5 CLIMATE CHANGE

There is a need for mainstreaming climate change, specifically the green economy and low carbon transition. The green economy has potential benefits for job creation and reducing poverty through projects aimed at reducing carbon emissions, such as energy efficiency and the Kyoto Protocol's Clean Development Mechanism, while still fulfilling our responsibilities on environmental stewardship and climate change.

Climate Change response and Air Quality are closely linked. The problem itself is not new, but the complexity has compound and has become much more intense and that can be seen in CAM and the Overberg.

At this stage, the Exact Magnitude of Climate Change is largely unknown, but it is reasonably foreseeable that the following changes may and are already occurring in Cape Agulhas:

- Longer dry periods between rainfall events.
- Shifts in seasonality.
- Change of weather patterns.
- Rise in sea levels that can be seen at Struisbaai. The Agulhas coast have several large bays of which 43% are sandy beaches, 39% rocky and 18% wave cut rocky platform. A few of these beaches have been identified as susceptible to sea level rise due to climate change.

All this puts food security in danger. Wheat and grain production in the Overberg is likely to be less effected by global climate change than other production areas.

Cape Agulhas Municipality is working together with all relevant Provincial and National departments, to develop a Climate Change Response strategy/framework for the Overberg. This will help improve planning for climate change adoption and work together to a more sustainable future for Cape Agulhas in the Overberg. Awareness raising, outreach and education programmes on Climate Change must be put in place in the Overberg.

The Department of Environmental Affairs in collaboration with the South African National Biodiversity Institute (SANBI) has also developed a Strategic Framework and Overarching Implementation Plan for EbA (i.e. the EbA Strategy) in 2015. The Strategy is aimed at implementing a programme of activities that will enhance the resilience of ecosystems and communities to adapt to the adverse effects of climate change as part of South Africa's overall climate change adaptation strategy in support of a long-term, just transition to a climate-resilient economy and society.



### 3.12 COMPONENT F: SAFETY AND SECURITY

This component includes traffic services (including law enforcement and licencing), disaster management and fire services. Safety and security is the responsibility of the Protection Services Department, of the Management Services Directorate.

The Department is committed to serving the needs of its diverse community and constantly strives to improve its standing within the community it serves and the profession itself. The strategic focus is to promote the safety and security of the Cape Agulhas Community by:

- Maintaining public order;
- Protecting and securing the inhabitants and their property;
- Combating specific crime generators;
- Improving traffic flow;
- Facilitating the provision of affordable, safe and sustainable transport systems;
- Taking action to reduce the effects of a disaster;
- Implementing measures to reduce long-term risks associated with human activity or natural events.

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#### 3.12.1 TRAFFIC SERVICES, LICENSING AND LAW ENFORCEMENT

##### a) Introduction to traffic services and law enforcement

The purpose of the Traffic and Law Enforcement Service is to ensure the safety and security of everyone in the Cape Agulhas Municipal Area through the provision of efficient service infrastructure and resources to provide licensing, testing, traffic and municipal by-law enforcement services. By promoting safer roads, vehicles and road users who uphold the law the Department will contribute to creating a safer environment.

The objectives of the Department are:

- To reduce critical offence rates that lead to crashes;
- To reduce crashes, fatalities and serious injuries;
- To inculcate safe road user behaviour and encourage voluntary compliance;
- To create heightened awareness of road traffic safety issues;
- To increase detection and prosecution of critical road traffic offences;
- To harmonize and co-ordinate common operations of a high standard in the municipal area;
- To maximize communications and public exposure on law enforcement issues;
- To improve the image of the law enforcement fraternity.

The functions of the Department are:

- Traffic Control
  - Escorting of abnormal loads, funerals, VIP's and other dignitaries;
  - Visible traffic policing;
  - Ensure road safety during events in area;
  - Attending accidents and traffic complaints;
  - Daily point duties at crossings and scholar patrol points;
  - Traffic safety education;
  - Fine processing.
- Law Enforcement

- Attend to complaints regarding animals, hawkers, overgrown erven and other by-law offences;
  - Educate the community about the safe keeping and caring for animals;
  - Protection of the Municipalities councillor's, employees and properties;
  - Ensure crime prevention by detecting and combating crime generators;
  - Community announcements;
  - Promote law and order in municipal area.
- Licensing
    - Drivers testing and licensing;
    - Vehicle fitness;
    - Motor vehicle registration/licensing
    - Managing traffic fines by processing it on internal systems, which ensure that all processes are followed.

Vehicle licensing is a function of the Department of Transport and Public Works, but the Municipality renders this service as an agency of the Department.

- **Service delivery highlights for 2017/18**

- Licensing
  - The appointment of the Natis Helpdesk Clerk in the Licensing Section ensures a faster more efficient client service function. It ensures that licensing transactions run smoothly and less queuing time due to incomplete forms or absentness of prescribe documents.
  - The vacant post of the Superintendent Licensing was also filled during the 2017/18 financial year, which helps with the supervision and assists with the smooth running of the booking system for learner- and driving licence testing.
  - The filling of the Superintendent Licensing post provided an opportunity to upskill the Pit Assistant (skills development) who was an examiner of vehicles.
- Law enforcement - Animal Control
  - Wellness day on Elim and Struisbaai for horses
  - Two sterilization projects were conducted in Struisbaai North for cats and dogs in co-operation with organisation called Love for Pets.
  - Animal Control had a successful snake capture season
  - A new draft Animal By-law has been developed and circulated for comments.

- **Service delivery challenges for 2017/18**

- Safety and Security Challenges
  - The department experiences challenges during the festive season period December /January with overcrowded beach areas such as Duiker Street, Nostra beachfront and parking areas with day campers. More law enforcement officers are needed during the holiday season to assist with the large numbers of holidaymakers and vehicles within our coastal towns.
  - More facilities for day campers.
- Licensing Section Challenges
  - A larger waiting area is needed for the clients waiting for transaction to be process.
- Law enforcement - Animal Control
  - A fully functional pound is needed for all types of animals.

- Staff shortages

**b) Service statistics**

**TABLE 142 TRAFFIC SERVICES AND LAW ENFORCEMENT AVAILABILITY**

DETAIL	2016/17	2017/18
Number of Traffic and Law Enforcement Officers in the field on an average day	13	22
Number of Traffic and Law Enforcement Officers on duty on an average day	13	22
Number of EPWP Law Enforcement Officers in the field on an average day	12	12
Number of K53 Examiners of Drivers Licenses and Examiners of Vehicles on duty on an average day	4	4

**TABLE 143 TRAFFIC SERVICES AND LAW ENFORCEMENT SERVICE STATISTICS**

SERVICE	DESCRIPTION	2016/17	2017/18
Traffic	Number of road traffic accidents during the year	387	771
	Fines issued for traffic offenses	21289	30588
	R-value of fines	6 418 487	11 948 400
	Roadblocks held	140	160
	Special Functions – Escorts	105	108
Law enforcement	Awareness initiatives on public safety	12	14
	Number of by-law infringements attended to	977	847
	Animals impounded	497	51
	Number of Animals handled	1888	1753
Licensing	Motor vehicle licenses processed and registration	86113	28396
	Learner driver licenses processed and issued	17323	1544
	Driver licenses processed	7483	2426
	Driver licenses issued	2742	5003

**c) Human resources**

**TABLE 144 EMPLOYEES: TRAFFIC AND LAW ENFORCEMENT**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	1	0	0	0	0.00%
04 - 08	3	3	3	0	0.00%
09 - 13	21	19	18	1	0.00%
14 - 18	1	0	0	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>26</b>	<b>22</b>	<b>21</b>	<b>1</b>	<b>4.55%</b>

**d) Financial performance: Capital expenditure**

**TABLE 145 CAPITAL EXPENDITURE: TRAFFIC AND LAW ENFORCEMENT AND LICENCING**

PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Zippels	60 000	-	-	-100%	-

Motorcycle Equipment: K53	15 000	-	-	-100%	-
18 Chairs - Reception Area	8 000	4 500	4 500.00	-44%	0%
Vehicles: x1 Sedan (Traffic)	180 000	191 550	191 549.10	6%	0%
Buildings - Renovation of reception area (Entrance)	45 000	-		-100%	-
	<b>308 000.00</b>	<b>196 050.00</b>	<b>196 049.10</b>	<b>-36%</b>	-

**3.12.2 2 DISASTER MANAGEMENT**

**a) Introduction to disaster management**

Disaster management is a continuous integrated, multi-sectored and disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery and rehabilitation (Disaster Management Act. No. 57 of 2002).

Disaster Management is co-ordinated by the Protection Services Department, which is linked to the Overberg Disaster Management Centre, which is used during major incidents to guide, assess, prevent and reduce the risk of disasters.

The Municipality revised its Disaster Management Plan on 27 June 2017, Resolution 154/2017. The Disaster Management Plan confirms the arrangements for managing disaster risk and for preparing for- and responding to disasters within the Cape Agulhas Municipality. It also provides officials and other role players, with an effective guide as to what their roles and responsibilities are in the event of a disaster and focuses on prevention of disasters and minimising the impact of hazards, which cannot be avoided.

When damage or losses occur during a disaster / incident, the following social assistance is provided by the Municipality:

- R1 000 voucher per household to buy food and clothing;
- Each victim is issued with a blanket;
- Used clothing is also provided where sizes are in stock;
- Short term accommodation is available when needed;
- Food is provided for the victims during the emergency period and thereafter they are issued with the voucher;
- Informal settlement material is provided as a starter kit to rebuild a structure;
- Plastic sheeting is available to cover leaking structures.

This assistance is available to anyone who qualifies based on their need for assistance during an incident or the extent of damage to their property.

**b) Service statistics**

**TABLE 146 SOCIAL ASSISTANCE PROVISION STATISTICS**

<b>SOCIAL ASSISTANCE DESCRIPTION</b>	<b>2016/17</b>	<b>2017/18</b>
Total number of families assisted during disasters / incidents	306	215
Number of people receiving social assistance	12	72
Number of people receiving assistance with accommodation	0	35

Number people receiving assistance with structure material after fires	12	52
Number people receiving assistance with plastic sheeting to mitigate leaking structures	285	110

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**3.12.3 3 FIRE SERVICES**

**a) Introduction to fireservices**

Cape Agulhas Municipality renders the Fire Service through a shared service agreement with the Overberg District Municipality (ODM), which obligates them to:

- Prevent the outbreak or spread of a fire;
- Fight and extinguish fires;
- Protect life or property against a fire or other threatening danger;
- Rescue life or property from a fire or other danger.

ODM's objectives in terms of fire services are to:

- Respond promptly to incidents and disasters;
- Ensure that fire fighters comply with the Occupational Health and Safety Act on the provision of personnel protective equipment at all times.
- Do public participation programmes by means of Safety Road Shows, Radio talk shows, development of a website etc.;
- Ensure the establishment of a community fire safety forum;
- Ensure that the community is trained and informed regarding fire safety;
- Make fire safety information available to public.

A high priority is placed on community awareness and training to minimise call outs.

**3.13 COMPONENT G: SPORT AND RECREATION**

This component deals with sport and recreation, which also includes community parks, sports facilities, community halls and resorts, which are collectively managed by the Public Services Department of the Management Services Directorate.

**a) Introduction to sport and recreation**

The Municipal Area currently has 20 parks with playground equipment, as well as a community park in every ward. There are also sports grounds / fields and community halls in every ward as well as campsites / resorts in Bredasdorp, Arniston, Struisbaai and L’Agulhas. Provision for maintenance and upgrading are budgeted for annually in terms of the maintenance plan but is limited to available funds.

▪ **Service delivery highlights for 2017/18**

- The Department of Culture, Arts and Sport selected Bredasdorp as a site for the Overberg Sports Academy, and contributed an amount of R 700 000 for the upgrading of the sportsgrounds, which includes:
  - Dry walling
  - Aluminium dividers and tinted windows
  - Air-conditioning
  - Data projector and electronic screen
  - Toilets for the disabled
  - Gym at hall with rubber tiles
  - Floodlights upgraded
  - Signage
- Outside gym - Hibiscus Park
- Blue flag status – Struisbaai Beach
- Commenced with upgrading of the L’Agulhas tidal pools

▪ **Service delivery challenges for 2017/18**

- Vandalism and theft at all municipal buildings
- Security is a challenge at all municipal buildings

**b) Service statistics**

TABLE 147 SPORT AND RECREATION SERVICE STATISTICS

Type of service	2015/16	2016/17	2017/18
<b>Community parks</b>			
Number of parks with play park equipment	18	17	20
Number of wards with community parks	6	6	6
<b>Camp sites/Resorts</b>			
Number of visitors per annum	95 000	98 000	99 000
R-value collected from visitation and/or accommodation fees	5 456 369.82	R6,181,585	R6 966 651.69
<b>Sport Grounds / Fields</b>			
Number of wards with sport fields	6	6	6
Number of sport associations utilizing sport fields	11	13	10
<b>Community halls</b>			
Number of wards with community halls	6	6	6

Number of sport associations utilizing community halls	11	11	10
R-value collected from rental of sport halls	221 602.48	R12,644	R158 621.47

**c) Human resources**

**TABLE 148 EMPLOYEES: SPORT AND RECREATION**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	16	9	9	0	0.00%
04 - 08	31	32	29	3	9.38%
09 - 13	11	13	13	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>59</b>	<b>55</b>	<b>52</b>	<b>3</b>	<b>5.45%</b>

**d) Financial performance: Capital expenditure**

**TABLE 149 CAPITAL EXPENDITURE: SPORT AND RECREATION**

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
CARPET EXTRACTION UNIT	6 500	2 890	2 535.09	-61%	-12%
Furniture - Community Hall (Struisbaai)	10 000	10 000	6 183.34	-38%	-38%
Ceiling – Struisbaai Community hall	100 000	91 090	91 081.25	-9%	0%
Air conditioners (Replacement) x3	34 000	21 540	21 535.00	-37%	0%
Play park - Public Open spaces (Hibicus Avenue)	150 000	150 000	115 663.00	-23%	-23%
Sport facility - Fencing of Struisbaai sport ground	50 000	29 910	26 232.76	-48%	-12%
Backpack sprayers X2	5 000	3 230	3 228.06	-35%	0%
25HP Kohler CV752 Engine – for Scag grass cutter	47 000	47 000	42 750.00	-9%	-9%
Sport facility - Waenhuiskrans	614 036	-	-	-100%	-
3 x FS450 Brush cutter	40 000	23 290	23 281.50	-42%	0%
Basic Assessment - Soccer Field, Napier	120 000	120 000	118 067.04	-2%	-2%
Beautification of entrance to towns	100 000	93 390	93 388.75	-7%	0%
Upgrade Sport Facilities Academy	700 000	700 000	344 799.79	-51%	-51%
Furniture at Resorts	100 000	100 000	67 421.13	-33%	-33%

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DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Safeguarding of Receptionist area (Waenhuiskrans)	105 000	95 520	95 512.28	-9%	0%
Struisbaai Boardwalk (Move: Repair)	250 000	217 750	214 750.00	-14%	-1%
Upgrading of Entrance Main Building	100 000	35 000	22 400.00	-78%	-36%
Upgrading of Ablution facility (Wheelchair friendly) - Nostra	30 000	30 000	23 250.00	-23%	-23%
Upgrading of Large Tidal Pool	450 000	450 000	554 404.17	23%	23%
Equipment Boreholes - Napier & Suiderstrand	150 000	147 000	129 921.30	-13%	-12%
<b>TOTAL</b>	<b>3 161 536.00</b>	<b>2 367 610.00</b>	<b>1 996 404.46</b>	<b>-37%</b>	<b>-16%</b>



**3.14 COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES**

This component includes Executive and Council, Financial Services, Human Resource and organisational Services and ICT services.

**3.14.1 EXECUTIVE AND COUNCIL**

**a) Introduction to executive and Council**

The Executive and Council comprises the Municipal Council support staff as well as the Office of the Municipal Manager, which includes the Strategic Planning and Administration, Human Resource and Organisational Development and Socio–economic Divisions as well as the Internal Audit Unit. The activities of these divisions are detailed under Governance (Chapter 2) and Organisational performance (Chapter 4).

**b) Human resources**

**TABLE 150 EMPLOYEES: EXECUTIVE AND COUNCIL**

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES
01 - 03	0	1	0	1
04 - 08	0	6	6	0
09 - 13	11	15	12	3
14 - 18	2	4	4	0
18 - 20	0	0	0	0
<b>TOTAL</b>	<b>13</b>	<b>26</b>	<b>22</b>	<b>4</b>

**c) Financial performance: Capital expenditure**

**TABLE 151 CAPITAL EXPENDITURE: EXECUTIVE AND COUNCIL**

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Collab Ward Committee Management Module	26 000	25 910	22 522.44	-13%	-13%
Coreldraw software	8 250	6 240	6 235.00	-24%	0%
Vehicle (LDV) with canopy	220 000	144 130	144 028.55	-35%	0%
Informal Trading Area 272/2015	500 000	-	-	-100%	-
Flipchart Easel	1 000	990	864.91	-14%	-13%
Pull-up banners X6	6 000	5 130	4 500.00	-25%	-12%
Backdrop	1 000	-	-	-100%	-
Photographic lights	10 000	10 000	8 332.46	-17%	-17%
Voice Recording device	6 000	6 000	3 289.00	-45%	-45%
Loud Hailer / Mic Stands	2 600	2 600	1 625.74	-37%	-37%
<b>TOTAL</b>	<b>780 850.00</b>	<b>201 000.00</b>	<b>191 398.10</b>	<b>-75%</b>	<b>-5%</b>

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### 3.14.1.1 PROPERTY ADMINISTRATION

#### a) Introduction to property administration

Property management falls within the Administrative Unit of the Strategic Services Division and its main function is to manage municipal owned immovable property, excluding social / low cost housing properties. This entails the managing of the processes associated with the sale and leasing of municipal immovable property as well as the administration of the valuation appeal board. The activities of this unit are key to the financial viability of the Municipality. During the year under review, the Municipality sold four properties to the value of R5 680 162.00. Lease agreements were concluded for seven properties and a further five lease agreements were extended.

#### ▪ Service delivery highlights for 2017/18

- A new Valuation Appeal Board was appointed by the Minister of Local Government in terms of the Municipal Property Rates Act, no 6 of 2004, for the period 1 March 2018 to 28 February 2022. The following members have been appointed:
  - Chairperson: Adv M Mdludlu
  - Valuer/Member Mr HWiggins
  - Member Mr PJ Gerber
  - Member Mr V Valentine
  - Member Ms MBadenhorst
- The Valuation Appeal Board finalized the general valuation roll during a sitting held in September 2017, where they heard all the appeals and signed off the roll.
- The process of auditing all vacant land commenced. This will assist in determining what land can be sold, rented or made available for economic development.

#### ▪ Service delivery challenges for 2017/18

- A lack of available serviced plots for the middle class.
- Legislative prescripts cause delays and processes for the selling/renting of land become very long and drawn out, and not conducive to promoting development. The lack of public knowledge of these processes also causes frustration.
- The lack of funding for emerging farmers to buy their own property.
- Shortage of staff for the monitoring of all the lease conditions.

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### 3.14.1.2 HUMAN RESOURCE AND ORGANISATIONAL DEVELOPMENT SERVICES

#### a) Introduction to human resource and organisational development services

The primary objective of the Human Resource Department is to render an innovative human resource service that addresses both human resource development and human resource administration. The activities of this section are detailed under Organisational Performance (Chapter 3).

#### ▪ Organisational development highlights for 2017/18

- Organisational Productivity Assessment (Employee Utilisation)
- Employment Equity Plan approved 27 September 2017
- Employment Equity Report submitted to the Department of Labour the 5<sup>th</sup> December 2017

- Organisational Structure approved 7 December 2017 and revised additions approved 22 June 2018

▪ **Organisational development challenges for 2017/18**

- Budget allocated for Employment Equity purposes
- Interventions to improve management of performance

**b) Human resources**

TABLE 152 EMPLOYEES: HUMAN RESOURCES

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	0	4	3	1	25.00%
09 - 13	9	12	12	0	0.00%
14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	10	17	16	1	6.25%

**c) Financial performance: Capital expenditure**

TABLE 153 CAPITAL EXPENDITURE: HUMAN RESOURCES

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Air conditioners (X2)	40 000	15 510	15 508.00	-61%	0%
	<b>40 000.00</b>	<b>15 510.00</b>	<b>15 508.00</b>	<b>-61%</b>	<b>0%</b>

**3.14.2 FINANCIAL SERVICES**

**a) Introduction to financial services**

The Cape Agulhas Municipality remains committed to fulfil its Constitutional Mandate by providing basic services to all the people in its community within the municipality's financial and administrative capacity in a sustainable manner. The year under review was particularly challenging in that it was the first year of implementation of the mSCOA Regulations and the simultaneous conversion to a new mSCOA compliant financial system. The activities of this section are detailed under Financial Performance (Chapter 5).

▪ **Service delivery highlights for 2017/18**

- The Municipality achieved a clean audit in 2017/18 for the fifth consecutive year
- The Municipality maintained a good debt collection rate of 96,50%
- The Municipality's liquidity ratio improved from 1.26:1 (Restated Figure) in the previous financial year to 1.81:1 in the 2017/18 financial year, but despite this we still maintained a sound financial position although less than the National Treasury minimum norm at 1.50:1
- Creditors are being paid within the 30 day limit

- Council approved a revised and updated Long Term Financial Plan Strategy (LTFP) as well as a Revenue Enhancement Strategy implementation plan for rollout per set target date.
  - Despite various challenges experienced with the implementation of mSCOA, the municipality be able to meet National Treasury’s set targets to ensure compliance together with the implementation of a new financial system aligned with the mSCOA requirements.
- **Service delivery challenges for 2017/18**
- Employee related costs are 39,74%, slightly less than National Treasury’s norm of between 30-40% and are an indicator of productivity and / or efficiency within local municipalities. The LTFP proposes a target of 30% for the Municipality to remain financially viable in the long term. The Municipality completed a productivity study during the 2017/18 financial year, and approved a new macro organogram whereby a number of positions not fully utilized became redundant and scrapped from the personnel structure. The Municipality only considers the filling of legislative required and / or service delivery orientated positions.
  - Increasing costs of bulk purchases of electricity from ESKOM coupled limitations on tariffs imposed by NERSA. Ongoing review and update of the current tariff structure aligned with NERSA’s tariff benchmark guideline for electricity and other services continues in in order to be more transparent, fair and equitable.
  - Long term financial sustainability of the Municipality. The Municipality reviews its Long Term Financial Plan Strategy on an annual basis to stay abreast with any new developments to ensure financial sustainability as one of its most critical performance indicators.
  - Increasing of reserves. By applying a mix of other sources for capital funding aligned with the Municipality’s LTFP recommendations, the Municipality embarked on a process to introduce external borrowing as an additional source of funding for infrastructure related capital projects. The Municipality managed to improve its cash position and as a result could increase the capital replacement reserve to R30 million for the financial year under review

**b) Human resources**

TABLE 154 EMPLOYEES: FINANCE

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	2	1	0	1	100.00%
04 - 08	10	13	13	0	0.00%
09 - 13	22	30	29	1	3.33%
14 - 18	4	4	4	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>38</b>	<b>48</b>	<b>46</b>	<b>2</b>	<b>4.17%</b>

**c) Financial performance: Capital expenditure**

TABLE 155 CAPITAL EXPENDITURE: FINANCE

DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL SPENT	VARIANCE TO ORIGINAL BUDGET	VARIANCE TO ADJUSTMENT BUDGET
Vesta - Financial System	1 150 000	1 615 100	1 602 031.18	39%	-1%
Samsung Screens		6 900		-	-100%

Office Chairs (x2)	4 000	3 700	3 692.98	-8%	0%
Heavy Duty High back chair	3 500	3 300	3 300.00	-6%	0%
Voice Recorder	3 000	2 480	2 475.50	-17%	0%
<b>TOTAL</b>	<b>1 160 500.00</b>	<b>1 631 480.00</b>	<b>1 611 499.66</b>	<b>39%</b>	<b>-1%</b>

### 3.14.3 3 INFORMATION COMMUNICATION TECHNOLOGY

#### ▪ Introduction to Information Communication Technology

Over the past 7 years since the ICT division was established we have strived towards adding value to the Municipality. Initially we focused on supporting the officials or end users in the organization and the costs relating to communication mediums.

As we started to grow, we understood that the role of ICT in any organization is vitally important in the effective functioning of the organization as a whole. We set out to better understand the function of each department and how ICT can add value not only related to cost but also to assist each department, to better fulfill its mandate. For the first 5 years we mainly focused on infrastructure and ensuring that the ICT infrastructure not only responds to current requirements, but also enable to us to move forward in the future.

Although ICT governance has always been a big part of this division since inception in 2010, the focus was more on compliance than value add. In the 2016/2017 financial year, we began a drive towards ensuring that we not only comply in terms of Governance, but also add actionable value to the Municipality.

One can easily argue that Governance is just another manner of adding red tape or a strain to the functionality of the Municipality, but once again we found that perceptions are something one can change and by proving the value add of something such as governance can actually be to the benefit of the Municipality.

As previously mentioned, the focus of the past two years was on governance, which in turn lead to an increase in the maturity level of ICT in the organization. A lot of focus was put on processes and security in terms control and access to information. Various strategies were drafted and approved by Council focusing on an integrated or collective goal, as set by the Municipal Council.

#### ▪ Service delivery highlights for 2017/18

- We strive towards getting system and services to talk to each other to provide the best possible information to Management to make informed decisions. In order for us to ensure this however we still need to focus on various infrastructure developments and planning mechanisms.
- We did an external **ICT Security Audit** to determine if adequate security is in place (which one may find is never enough) and what else is required to ensure we safeguard information and the integrity thereof. With the outcome thereof, we started implementing various processes and hardware to address some of the possible risks identified. For security purposes, we cannot elaborate on this, but will always need to ensure that we do everything we can do ensure we stay aware of the security threats that is always changing.
- Disaster recovery and business continuity are one of those Governance issues every organization faces and this entails various processes, hardware and user reliance. With this in mind we started

with the establishment of a fully functionally **Disaster Recovery site** in this financial year, with the capabilities to relocate certain fundamental Officials should a Disaster occur. By the end of this financial year, we were about 80% complete with the physical environment as this is a two-year project. We do however acknowledge that the physical environment is only one of the fundamentals to the success of Disaster recovery and business continuity and a lot more will be done over the coming 2018 / 2019 financial year in order to further the capabilities of such a site.

- Strategies, this is one of those key planning documents one can only hope will find the attention it require. In December 2017, the Municipal Council approved and adopted the **ICT Strategy plan**, which in turn aligned to the Municipal IDP. This is to ensure that ICT support not only users internal to the Municipality, but also to assist the organization as a whole to reach it goals.
- Another strategy, much unexpected, planned or foreseen at the beginning of this financial year was approved by Council in June 2018, just before the end of the financial year, the **Smart City Strategy**. This is one of the most excited and scary projects we from an ICT perspective every attempted and although the idea spawned in the ICT division, it became very quickly; very clear that this was not an ICT strategy. Rather one that is inclusive of the whole Municipality, almost supportive to the mSCOA principles, where it is not an ICT reform but a Municipal reform.

▪ **Service delivery challenges for 2017/18**

- In order for ICT to deliver services to both the Municipal Officials, the Municipality as a business and to the communities we serve certain criteria need to be, met. When something happens or an event occur that but a strain on these criteria, challenges emerge.
- We can however state that the support and understanding from Management and the ICT Steering Committee on how we envision the role of ICT in the Municipality, play a big role in why we can face challenges in a controlled manner when they may occur.
- With adequate planning challenges and risks can be mitigated once they may emerge, having said that things still happen and how one react to that may very well be one of the biggest challenges we may face.
- Once again, this year cyber security was one of our biggest challenges. This however was not only limited to Cape Agulhas Municipality as security threats worldwide became more frequent over the past year. We did however see an increase from **846565** (Jun 2017) to
- **291 664** (May 2018) virus attacks on our networks.
- This increase is partially due to internet related access, but one has to consider the manner in which the world evolve and the reliance on Internet related services become more relevant in today's day and age.
- Due to the type of access required to systems and internet related service we actioned a service provider to do an security assessment of our environment and processes in order to determine not only what our current state is, but also to ensure we implement adequate measures to ensure the protection of information and the integrity of our data. On average over 1.2 T (Terabyte) of data is transferred on the network of the Municipality and safeguarding this is key to the success various processes in the organization.

**c) Human resources**

TABLE 156 EMPLOYEES: ICT

JOB LEVEL	POSTS 2016/17	POSTS 2017/18	EMPLOYEES	VACANCIES	VACANCIES (%)
01 - 03	0	0	0	0	0.00%
04 - 08	0	0	0	0	0.00%
09 - 13	2	3	2	1	33.33%

14 - 18	1	1	1	0	0.00%
18 - 20	0	0	0	0	0.00%
<b>TOTAL</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25.00%</b>

**d) Financial performance: Capital expenditure**

**TABLE 157 CAPITAL EXPENDITURE: ICT**

<b>DESCRIPTION</b>	<b>ORIGINAL BUDGET</b>	<b>ADJUSTMENT BUDGET</b>	<b>ACTUAL SPENT</b>	<b>VARIANCE TO ORIGINAL BUDGET</b>	<b>VARIANCE TO ADJUSTMENT BUDGET</b>
New Laptops	203 000	88 692	88 692.50	-56%	0%
Projector	7 000	6 294	6 294.00	-10%	0%
External HDD	6 000	5 860	5 859.65	-2%	0%
Switch POE	48 000	111 700	111 403.38	132%	0%
Two Way Radios	10 500	28 000	26 850.00	156%	-4%
Time Attendance (Access Control) CRR	200 000	203 000	200 294.80	0%	-1%
Whiteboard	1 000	880	877.00	-12%	0%
Chair	2 000	1 850	1 850.00	-8%	0%
Server - mSCOA	400 000	281 749	281 748.96	-30%	0%
Replacement PC's	8 000	65 585	60 405.13	655%	-8%
Screens Replace	17 000	17 000	16 450.87	-3%	-3%
Replacement Laptops (Insurance (x1) - R9510)	101 500	171 191	179 697.01	77%	5%
Upgrade Server room DR Site	300 000	300 000	299 999.91	0%	0%
<b>TOTAL</b>	<b>1 304 000.00</b>	<b>1 281 801.00</b>	<b>1 280 423.21</b>	<b>-2%</b>	<b>0%</b>

**3.15 COMPONENT I: DEVELOPMENT AND SERVICE DELIVERY PRIORITIES FOR 2018/19**

**3.15.1 STRATEGIC GOAL 1: TO ENSURE GOOD GOVERNANCE**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL9	Development of a business plan for the Smart City Concept	Number of business plans completed	All	1
TL38	Implement the RBAP for 2017/18 by 30 June 2019{(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100}	%of audits and tasks completed in terms of the RBAP	All	85%
TL43	Review the mSCOA action plan for 2018/19 and distribute to all divisions in the department by 31 July 2018	Action plan reviewed and submitted to all divisions	All	1
TL47	Spend 95% of the total approved management services capital budget by 30 June	% of budget spent	All	95%

**3.15.2 STRATEGIC GOAL 2: TO ENSURE INSTITUTIONAL SUSTAINABILITY**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL35	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	Number of people from employment equity target groups employed in vacancies that arise in the three highest levels of management	All	1
TL36	The percentage of the municipality's personnel budget actually spent on implementing its Workplace Skills Plan by 30 June 2019 in terms of the WSDL Act. {(Actual amount spent on training/total personnel budget)x100}	%of the personnel budget spent on training	All	1%



**3.15.3 STRATEGIC GOAL 3: TO PROMOTE LOCAL ECONOMIC DEVELOPMENT IN THE CAPE AGULHAS MUNICIPAL AREA**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL34	Create FTE's through government expenditure with the EPWP by 30 June 2019	Number of FTE's created	All	58
TL39	Implement RSEP/ VPUU Programme phase 1 (Ou Meule Street)	Number of projects approved by the RSEP Adjudication Committee of DEADP by 30 December 2018.	2	1
TL46	Develop a municipal tourism strategy by 31 December 2018	Number of municipal tourism strategies submitted for approval	All	1

**3.15.4 STRATEGIC GOAL 4: TO IMPROVE THE FINANCIAL VIABILITY OF THE MUNICIPALITY AND ENSURE ITS LONG TERM FINANCIAL SUSTAINABILITY**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL8	The percentage of the municipality's capital budget actually spent on capital projects by 30 June 2019 $\{(Actual\ amount\ spent\ on\ projects / Total\ amount\ budgeted\ for\ capital\ projects) \times 100\}$	% of the municipal capital budget spent	All	95%
TL10	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% Debt to Revenue	All	10%
TL11	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 (Total outstanding service debtors/ revenue received for services) (Target is maximum))	% Service debtors to revenue	All	10%
TL12	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure	Cost coverage	All	1.3

	excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))			
<b>TL13</b>	Achieve a debtors payment percentage of at least 96% by 30 June 2019 $\{(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue\} \times 100\}$	%debtors payment ratio achieved	All	96%

**3.15.5 STRATEGIC GOAL 5: TO ENSURE ACCESS TO EQUITABLE AFFORDABLE AND SUSTAINABLE MUNICIPAL SERVICES FOR ALL CITIZENS**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
<b>TL1</b>	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2019	Number of residential properties which are billed for water or have pre-paid meters	All	8,677
<b>TL2</b>	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2019	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	9,033
<b>TL3</b>	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service (inclusive of septic tanks), irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2019	Number of residential properties which are billed for sewerage	All	8,995
<b>TL4</b>	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2019	Number of residential properties which are billed for refuse removal	All	9,614
<b>TL5</b>	Provide 6kl free basic water per month to all formal households during the 2018/19 financial year	Number of HH receiving free basic water	All	8,677
<b>TL6</b>	Provide 50 kwh free basic electricity per month to indigent households in terms of the	Number of indigent households receiving free basic electricity	All	3,161

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REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
	equitable share requirements during the 2018/19 financial year			
TL7	Provide free basic sanitation and refuse to indigent households in terms of the equitable share requirements during the 2018/19 financial year	Number of indigent households receiving free basic sanitation and refuse in terms of Councils indigent policy	All	3,161
TL14	Provide electricity to 300 RDP houses by 30 June 2019 (INEP Funds)	Number of houses electrified	2	300
TL15	95% of the roads and storm water capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved roads and storm water capital budget) x 100}	% of roads and storm water capital budget spent	All	95%
TL16	Reseal roads within the municipal area as per PMS 2009 by 30 March 2019	Square metres of road sealed	All	70,000
TL17	Upgrade paving in Struisbaai / L'Agulhas by 31 December 2018	Square metres of paving upgraded	5	4,000
TL18	Improve sidewalk in Bredasdorp by 31 December 2018	Square metres of sidewalk upgraded (Tar / paving)	2; 3; 4; 6	2,500
TL19	Construct a storm water pipeline for Area F by 30 September 2018	Number of projects completed	2	1
TL20	95% of the approved refuse removal capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved refuse removal capital budget) x 100}	% of refuse removal capital budget spent	All	95%
TL21	95% of the approved water capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved water capital budget) x 100}	% of water capital budget spent	All	95%
TL22	Limit unaccounted for water to less than 18% by 30 June 2019 {(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl. free basic water) / Number of Kilolitres Water Purchased or Purified x 100}	% unaccounted water	All	18%
TL23	95% average water quality level obtained as per SANS 241 on micro parameters for all water supply areas during the 2018/19 financial year	% water quality level obtained	All	95%
TL24	Update the Water Services Development Plan by 30 March 2019	Number of WSDP's submitted to Council	All	1

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REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL25	65% waste water discharge quality obtained for Bredasdorp WWTW	% quality of waste water discharge obtained	All	65%
TL26	Complete the equipping of boreholes in Napier and Suiderstrand by 30 December 2018	Number of boreholes equipped	1; 5	2
TL27	Compile design and tender documentation for the rehabilitation of the Waste Water Treatment Works in Bredasdorp by 30 June 2019	% of the approved project spent	2; 3; 4; 6	95%
TL28	Limit unaccounted for electricity to less than 8% by 30 June 2019 {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl. Free basic electricity)) / Number of Electricity Units Purchased and/or Generated} x 100}	% unaccounted electricity	All	8%
TL29	95% of the electricity capital budget spent by 30 June 2019 {(Actual expenditure divided by the total approved capital budget) x 100} as per individual project plans	% of electricity capital budget spent	All	95%
TL30	Install 1474 EEDSM Street lights by 30 June 2019	Number of EEDS Street lights installed	All	1,474
TL31	Revise the Human Settlement Plan and submit to Council by 31 March 2019	Revised Human Settlement Plan developed and submitted to Council	All	1
TL37	Development of an infrastructure maintenance and development plan by 30 June 2019	Number of IMDP's submitted to Council	All	1
TL40	95% of the INEP funds received spent by 30 June 2019 for the electrification of 69 IRDP houses {(Actual expenditure divided by the total received INEP allocation) x 100}	% of the INEP funds received spent	2	95%
TL41	Implement wheelie bin project through the purchase of 6000 wheelie bins by 30 June 2019	Number of wheelie bins purchase	All	6,000
TL42	Establish a regional steering committee for the implementation of the shared landfill site report by 30 September 2018	Number of steering committees and meetings	All	1
TL44	Implement Human Settlement Plan through the construction of top structures in Area F by 30 June 2019	No of top structures completed and handed over to beneficiaries	2	300

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL45	Implement Human Settlement Plan through the construction of top structures in Area H (PHP) by 30 June 2019	No of top structures completed and handed over to beneficiaries	2	158

**3.15.6 STRATEGIC GOAL 6: TO CREATE A SAFE AND HEALTHY ENVIRONMENT FOR ALL CITIZENS AND VISITORS TO THE CAPE AGULHAS MUNICIPALITY**

REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
TL32	Obtain full Blue Flag status for Duiker Street Beach Struisbaai by 30 November 2018	Number of beaches for which full blue flag status is achieved.	5	1
TL33	Complete phase 1 of the upgrading of the Waenhuiskrans Sport Facility by 30 June 2019	% of project budget spent	6	95%

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REF	KPI	UNIT OF MEASUREMENT	WARDS	ANNUAL TARGET
<b>TL32</b>	Obtain full Blue Flag status for Duiker Street Beach Struisbaai by 30 November 2018	Number of beaches for which full blue flag status is achieved.	5	1
<b>TL33</b>	Complete phase 1 of the upgrading of the Waenhuiskrans Sport Facility by 30 June 2019	% of project budget spent	6	95%

## CHAPTER 4: ORGANISATIONAL PERFORMANCE

This Chapter aligns to the National Key Performance Areas (KPA's) of *Municipal Transformation and Organisational Development* as contained in the Local Government: Municipal Planning and Performance Management Regulations of 2001 read together with Section 43 of the MSA.

### 4.1 INTRODUCTION

The Cape Agulhas Municipality currently employs 347 people (excluding non-permanent employees), who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of the Human Resource Department is to render an innovative human resource service that addresses both human resource development and human resource administration.

#### ▪ Job creation

Cape Agulhas Municipality continues to collaborate with the Expanded Public Works Programme (EPWP), the Community Works Programme (CWP). Also creating employment through the Coastal Management Programme. In this financial year, 42 EPWP Projects were implemented. Cape Agulhas Municipality's job opportunities targets for the unemployed were as follows:

TABLE 158 JOB CREATION THROUGH EPWP PROJECTS

OPPORTUNITIES	TARGET	ACTUAL ACHIEVED	ACHIEVEMENT %
Job Opportunities	187	673	358%
Full time Equivalents	40	118	295%

#### ▪ Training and development

Cape Agulhas Municipality continues to capacitate employees and encourages job specific skills training and development to deliver quality services to the community. The priority focus this financial year was on technical skills training, management development and project management. A Recognition for Prior Learning (RPL) Programme funded internally and externally in partnership with North Link TVET College was implemented. Approximately 67 Infrastructure Services and Management Services employees were initially assessed and the table below indicates the candidates that are now eligible to be trained as artisans on various skillsets.

TABLE 159 EMPLOYEES ELIGIBLE FOR ARTISAN TRAINING

PROGRAMME	ROAD & STORM WATER	WATER & SANITATION SERVICES	SOLID WASTE	PUBLIC WORKS MAINTENANCE	ELECTRICAL SERVICES
RPL	12	14	6	8	7
Artisan :Plumbing	N/A	8	N/A	N/A	N/A
Project Management	N/A	N/A	N/A	N/A	N/A

TABLE 160 EXECUTIVE, SENIOR AND MIDDLE MANAGEMENT DEVELOPMENT TRAINING

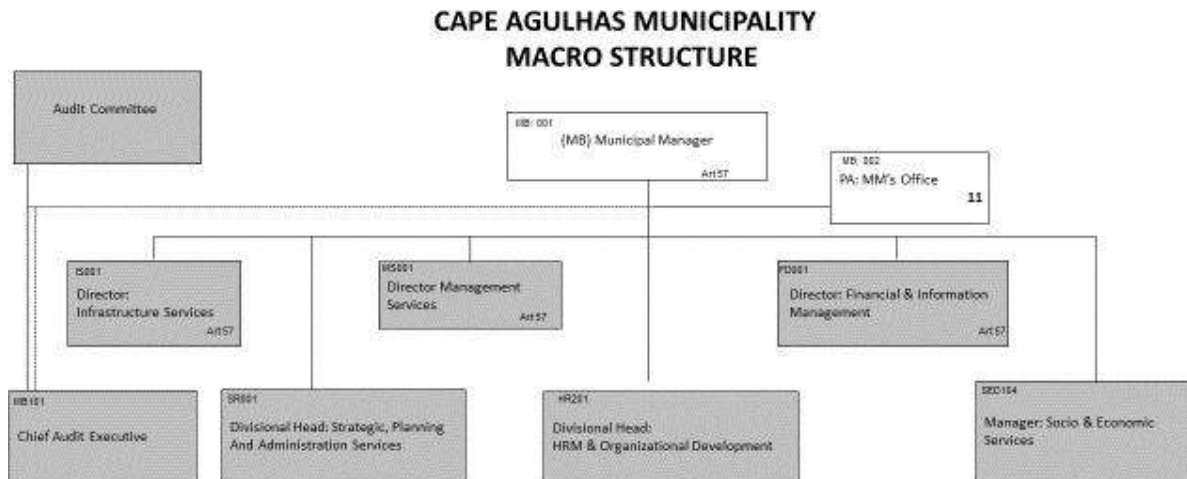
PROGRAMME	Mayoral Committee members	Snr & Middle Management	Junior Management
Mentorship & Coaching	4	15	15
Performance Management	N/A	17	13

The training & development drive is to ensure that our employees are adequately skilled and there is a pool of skilled and semi-skilled workers internally. This was done through funding received from various Sector Education and Training Authorities (SETA's) namely the Local Government SETA and the Construction SETA and Internal Funding. The Anene Booysen Skills Centre opened opportunities for technical and administrative training to our officials in various disciplines in terms of both academic and skills training. The Municipality and other Government Department utilise the Skills Training to deliver Training for the Community and Government Employees.

▪ **Organisational Structure**

The 2017/18 financial year Organisational Structure was approved by Council in June 2017. The design of the Macro Structure (see below) was designed to respond to the needs of the community and respond to the financial sustainability needs as stipulated in the Cape Agulhas Municipality Integrated Development Plan.

The position of Director: Corporate Services was abolished, from the Organisational Macro Structure and the three Strategic Services Divisions were created reporting to the Municipal Manager including a new Socio & Economic Services division.



▪ **Productivity Assessment**

This project was initiated by Cape Agulhas Municipality and co-funded by the Western Cape Department of Local Government. Productivity South Africa, a government agency, conducted the assessments. The project focused on a sample of positions where there was a need to assess the utilisation of our workforce. Council accepted the results.



A transfer of Skills Workshop facilitated by Productivity South Africa was conducted for Managers and Senior Managers to impart this skill, to conduct the utilisation productivity assessments internally. Currently Senior Management and Managers are skilled and knowledgeable enough to conduct utilisation assessments at their Departments.

## 4.2 THE MUNICIPAL WORKFORCE

### 4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed, to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to “Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality’s approved employment equity plan”.

Cape Agulhas Municipality developed an Employment Equity Plan for the period 2017 – 2020, with specific racial and gender specified targets and goals, for this period, to ensure equity within the Municipality. The new Employment Equity Plan was approved on 27 September 2018. This is a three-year Employment Equity Plan, which will give us the opportunity to revise the plan to meet our targets and adhere to any changes in legislation.

#### a) Employment Equity targets

The Organizational Structure made provision for the occupational level of two African males in the Senior Management Category. A vacancy occurred which required an African Male, due to the scarcity and proximity of Cape Agulhas we could not attract targeted candidates. A Colored male from the previously disadvantaged group was appointed. Cape Agulhas Municipality still needs to reach the target at this level. The approved Employment Equity Plan 2017-2020 makes provision for targets by racial classification for the Top Three Levels of Management.

TABLE 161 EMPLOYMENT EQUITY TARGETS BY RACIAL CLASSIFICATION: TOP THREE LEVELS OF MANAGEMENT

OCCUPATIONAL LEVELS	TASK NUMERICAL TARGETS AND GOALS 2017-2020								TOTAL PERMANENT	VACANCIES	TOTAL POSTS
	Male				Female						
	A	C	I	W	A	C	I	W			
<b>Top Management</b>	1	5	0	4	1	3	0	0	14	5	14
Goals: 2017 to 2018					1					1	
Goals: 2018 to 2019	2									2	
Goals: 2019 to 2020					1	1				2	
<b>Senior Management</b>	0	2	0	1	1	0	0	1	5	1	5
Goals: 2017 to 2018											
Goals: 2018 to 2019						1				1	
Goals: 2019 to 2020											
<b>Professionally qualified</b>	1	8	0	10	3	3	0	1	26	13	26

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Goals: 2017 to 2018	2			1	1		1		5	
Goals: 2018 to 2019	1			1	1		1		4	
Goals: 2019 to 2020	1	1		1	1				4	

TABLE 162 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY RACIAL CLASSIFICATION FOR TOP THREE LEVELS OF MANAGEMENT

AFRICAN			COLOURED			INDIAN			WHITE		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
4	0	0	1	1	100	0	0	0	1	0	0

TABLE 163 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY RACIAL CLASSIFICATION (All employees)

AFRICAN			COLOURED			INDIAN			WHITE		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
22	2	9.09%	17	4	0%	1	0	0%	4	1	25%

TABLE 164 2017/18 EMPLOYMENT EQUITY TARGETS/ACTUAL BY GENDER CLASSIFICATION

MALE			FEMALE			DISABLED		
TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED	TARGET JUNE	ACTUAL JUNE	TARGET REACHED
18	6	33.33%	23	1	4.38%	2	1	50%

**b) Employment Equity occupational levels by race**

The determination of employment equity targets and the appointment of staff in terms of those targets is set out in the table below, and is based on the population composition of the Western Cape Province. The local population demographics are no longer applied.

TABLE 165 EMPLOYMENT EQUITY AS MEASURED AGAINST THE POPULATION

DESCRIPTION	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL
Population numbers	1 912 547	2 840 404	60 761	915 053	5 728 765
% Population	<b>33.70</b>	<b>49.60</b>	<b>1.06</b>	<b>15.97</b>	<b>100</b>
Number for positions filled	2	4	0	1	7
<b>Total workforce</b>	54	252	0	41	347
<b>% for Positions filled</b>	<b>3.7%</b>	<b>1.58%</b>	<b>0%</b>	<b>2.4%</b>	<b>2.0%</b>

**c) Occupational levels and departments by race**

The table below categorises the number of employees by race within the occupational levels (including councillors):

TABLE 166 OCCUPATIONAL LEVELS (INCLUDES COUNCILLORS)

OCCUPATIONAL Levels	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Top Management	1	6	0	4	1	3	0	0	15
Senior management		0	0	1	1		0	1	3
Professionally qualified and	1	11	0	10	1	3	0	1	27

experienced specialists and mid-management									
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	49	0	8	6	37	0	15	120
Semi-skilled and discretionary decision making	10	56	0	3	4	31	0	1	105
Unskilled and defined decision making	22	48	0	0	3	15	0	0	88
<b>Total permanent</b>	<b>39</b>	<b>170</b>	<b>0</b>	<b>26</b>	<b>16</b>	<b>89</b>	<b>0</b>	<b>18</b>	<b>358</b>

The following table categories the number of employees by race within the different departments (excluding Councillors):

**TABLE 167 DEPARTMENT – RACE (EXCLUDES COUNCILLORS)**

DEPARTMENT	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	3	10	0	4	3	25	0	3	48
Financial Services	1	20	0	4	5	12	0	8	50
Management Services	7	36	0	6	6	38	0	5	98
Infrastructure Services	28	100	0	9	1	11	0	2	151
<b>TOTAL</b>	<b>39</b>	<b>166</b>	<b>0</b>	<b>23</b>	<b>15</b>	<b>86</b>	<b>0</b>	<b>19</b>	<b>347</b>

#### 4.2.2 VACANCY RATE

The approved organogram for the Municipality has 393 posts for the 2017/18 financial year of which 362 are funded. In 2013, at the start of the implementation of the Employment Equity Plan. The vacancy rate was 43%. The vacancy rate has declined steadily since. At the end of the 2017/18 financial year, it was 4.41% (excluding unfunded posts). The vacancy rate per post level and functional level are indicated below:

**TABLE 168 ANNUAL VACANCY RATE**

PER POST LEVEL	2016/17		2017/18	
	FILLED	VACANT	FILLED	VACANT
MM & MSA section 57 & 56 (Top Management)	5	0	4	0
Senior Management	5	1	3	0
Professionally qualified and experienced specialists and middle management	26	0	27	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	111	6	120	5
Semi-skilled and discretionary decision making	107	2	105	3
Unskilled and defined decision making	96	3	88	6
<b>TOTAL</b>	<b>350</b>	<b>12</b>	<b>347</b>	<b>15</b>

PER FUNCTIONAL LEVEL	2016/17		2017/18	
	FILLED	VACANT	FILLED	VACANT
Office of the Municipal Manager	10	1	48	5
Corporate Services	44	1	0	0
Financial Services	38	0	50	2

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Community Services	109	2	98	4
Infrastructure Services	149	8	151	4
<b>TOTAL</b>	<b>350</b>	<b>12</b>	<b>347</b>	<b>15</b>
*Excluding CDW posts				

The table below indicates the vacancy rate during the financial year:

**TABLE 169 VACANCY RATE PER MONTH**

MONTH	TOTAL FUNDED POSTS	FILLED POSTS	VACANCIES	% VACANCY RATE
July 2017	362	349	13	3.59%
August 2017	362	347	15	4.14%
September 2017	362	348	14	3.87%
October 2017	362	344	18	4.97%
November 2017	362	344	18	4.97%
December 2017	362	344	18	4.97%
January 2018	362	345	17	4.70%
February 2018	362	345	17	4.70%
March 2018	362	345	17	4.70%
April 2018	362	345	17	4.70%
May 2018	362	345	17	4.70%
June 2018	362	347	15	4.41%

The table below indicates the number of staff per level expressed as total positions and current vacancies expressed as full time staff equivalents:

**TABLE 170 VACANCY RATE HIGHEST LEVELS OF MANAGEMENT**

SALARY LEVEL	NUMBER OF CURRENT CRITICAL VACANCIES	NUMBER TOTAL POSTS AS PER ORGANOGRAM	VACANCY JOB TITLE	% VACANCIES (AS A PROPORTION OF TOTAL POSTS PER CATEGORY)
Municipal Manager	0	1	n/a	n/a
Chief Financial Officer	0	1	n/a	n/a
Other Section 57 Managers	0	2	n/a	n/a
Senior management	0	3	n/a	n/a
Professionally qualified and mid management	0	27	n/a	n/a
<b>TOTAL</b>	<b>0</b>	<b>34</b>	<b>n/a</b>	<b>0%</b>

#### 4.2.3 STAFF TURNOVER RATE

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organisational knowledge. A low turnover rate is indicative of a stable employment environment.

The staff turnover rate showed an increase from 2.86% in 2016/17 to 3.17% in 2017/18. Turnover is primarily due incapacity cases, resignations due to better prospects and a few retirements. As a result, we have lost

our Employment Equity Targets. In closing this gap, we need to focus on getting the lost targets regained by replacing these occupational levels accordingly.

The table below indicates the staff turnover rate over the last two years:

**TABLE 171: TURNOVER RATE**

<b>FINANCIAL YEAR</b>	<b>TOTAL NUMBER OF APPOINTMENTS AT THE END OF EACH FINANCIAL YEAR</b>	<b>NEW APPOINTMENTS</b>	<b>NUMBER OF TERMINATIONS DURING THE YEAR</b>	<b>STAFF TURNOVER RATE</b>
2015/16	346	54	24	6.94%
2016/17	350	14	10	2.86%
2017/18	347	7	11	3.17

### 4.3 MANAGING THE MUNICIPAL WORKFORCE

The success or failure of a municipality depends on the quality of its political leadership, sound governance of its finances, the strength of its institutions and the calibre of staff working for the municipality.

#### 4.3.1 INJURIES

All injuries and incidents must in terms of OHSA reported immediately or as soon as practically possible for assessment, recording or possible investigation.

The injury rate shows a slight increase of 30.34% for 2017/18 as compared to 2016/17. This means that 13.18% of our workforce was injured on duty during 2017/18 financial year

An injury frequency rate is the number of injuries per 1,000,000 employee-hours worked. During 2018/19, we will be applying this formula to calculate the injury on duty rate. It is an indicator of the state of health and safety at a workplace. It provides an idea about the organization's efforts to protect the workers from work related hazards. Injury frequency rate can be calculated by the following formula:

$$\text{Injury frequency rate} = \frac{\text{Number of injuries in the period} \times 1,000,000}{\text{Number of hours worked in the period}}$$

The two departments with the highest number of injuries are Management Services and Infrastructure Services, but there is a decrease in occupational injuries in both departments.

This is due to more emphasis being placed on safe work procedures and safety awareness and training. Random safety inspections are also conducted by the OHS officer and the Safety Representatives of departments. Protective clothing awareness is a standing item on the Local Labour Forum Monthly meetings, where issues pertaining to quality PPE and budgets are raised and addressed.

The table below indicates the total number of injuries within the different directorates:

**TABLE 172 INJURIES ON DUTY**

DIRECTORATES	2015/16	2016/17	2017/18
Office of the Municipal Manager	2	2	5
Financial Services	2	2	0
Management Services	22	16	10
Infrastructure Services	40	26	33
<b>TOTAL</b>	<b>66</b>	<b>46</b>	<b>48</b>

The following table distinguishes between minor and major injuries for 2017/18 A is any that has the potential to cause prolonged disability or death. A minor injury is an injury that is not serious that can be manage by a nurse).

**TABLE 173 CLASSIFICATION OF INJURIES ON DUTY**

DIRECTORATES	Minor injuries	Major injuries.
Office of the Municipal Manager	5	0
Financial Services	0	0
Management Services	10	0
Infrastructure Services	33	0
<b>TOTAL</b>	<b>48</b>	<b>0</b>

The total rand value of injuries on duty for 2017/18 is R261 446.02.

**4.3.2 SICK LEAVE**

The number of day’s sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of sick leave days taken during the **2017/18** financial year shows an overall **decrease** of 23.7%. There is substantial increase in the sick leave of the Office of the Municipal Manager that can be attributed to the review of the Organisational structure that resulted in a number of the former Corporate Services Departments being merged into divisions reporting to the Municipal Manager.

The implementation of an electronic leave management system (Employee Self Service) from PayDay has assisted in ensuring good management of sick leave, as leave is accounted for in areas where it was previously difficult to obtain supporting documentation for leave reconciliations. This has enabled us to identify trends and improve leave management as a whole.

**TABLE 174 SICK LEAVE**

DEPARTMENT	2015/16	2016/17	2017/18
Office of the Municipal Manager	9	32.50	338.81
Financial Services	405	294	258.50
Management Services	815	1035	912.09
Infrastructure Services	851	1128.50	1008.25
<b>TOTAL</b>	<b>2480</b>	<b>3070</b>	<b>2517.65</b>

**4.3.3 HUMAN RESOURCE POLICIES AND PLANS**

Human Resources policies and procedures are important as they provide structure, control, consistency, fairness in any company. They also ensure compliance with employment legislation and inform employees of their responsibilities and the employer’s expectations.

**TABLE 175 HR POLICIES AND PLANS**

	<b>DATE APPROVED</b>	<b>WILL BE REVISED</b>
Anti-Fraud and Corruption Policy	September 2017	2019
Anti-Fraud and Corruption Plan	September 2017	2019
Anti-Fraud and Corruption Strategy	September 2017	2019
Code of Ethics	September 2017	2019
Remuneration Policy	December 2017	2019
Uniform/ Protective Clothing Policy	December 2017	2019

**4.3.4 EMPLOYEE PERFORMANCE REWARDS**

In accordance with Regulation 805, a performance bonus, based on affordability, may be paid to an employee, after -

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

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance. Section 57 managers are those individuals that are appointed by the municipality on a contract basis and who reports directly to the Municipal Manager of the municipality. The table below shows the total number of S57 managers that received performance rewards during the financial year in respect of the previous year performance after all performance evaluations were dealt with:

**TABLE 176 PERFORMANCE REWARDS**

<b>RACE</b>	<b>GENDER</b>	<b>NUMBER OF BENEFICIARIES</b>	<b>TOTAL NUMBER OF EMPLOYEES RECEIVED PERFORMANCE REWARDS</b>	<b>% EMPLOYEES RECEIVED PERFORMANCE REWARDS</b>
African	Female	0	0	0
	Male	2	1	25
Asian	Female	0	0	0
	Male	0	0	0
Coloured	Female	0	0	0
	Male	1	1	25
White	Female	0	0	0
	Male	1	1	25
Disability	Female	0	0	0
	Male	0	0	0

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<b>TOTAL</b>	<b>4</b>	<b>3</b>	<b>75</b>
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**4.4 CAPACITATING THE MUNICIPAL WORKFORCE**

Section 68(1) of the Municipal Systems Act states that municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

The Municipality was able to implement its 2016/17 Workplace Skills Plan (WSP). Funding was received from the Local Government SETA and the Construction SETA, which was utilised for most of the technical and administrative training provided for in the 2016/17 Workplace skills plan. The Local Government SETA also funded bursaries for Municipal Employees to pursue local government related academic studies at all levels

**4.4.1 SKILLS MATRIX**

The table below indicates the number of employees that received training in the year under review:

**TABLE 177 SKILLS MATRIX**

<b>Management level</b>	<b>Gender</b>	<b>Number of employees identified for training at start of the year</b>	<b>Number of Employees that received training</b>
Legislators	Female	0	2
	Male	0	2
MM and S57, snr Managers	Female	2	15
	Male	3	4
Professionals	Female	4	11
	Male	5	5
Technicians and Associate Professionals	Female	5	7
	Male	5	15
Clerical Support Workers	Female	5	10
	Male	0	3
Service and Sales Workers	Female	2	1
	Male	6	3
Skilled Agricultural, forestry, Fishery, Craft and related Trade workers	Female	0	0
	Male	4	0
Plant and Machine Operators and Assemblers	Female	0	1
	Male	9	2
Elementary Occupations	Female	18	2
	Male	102	51
<b>Sub total</b>	<b>Female</b>	<b>36</b>	<b>49</b>
	<b>Male</b>	<b>134</b>	<b>85</b>
<b>Total</b>		<b>170</b>	<b>134</b>

**4.4.2 SKILLS DEVELOPMENT – TRAINING**

The Skills Development Act (1998) and the MSA require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1) (f) states that, as Head of Administration, the Municipal Manager is responsible for the management, utilization and training of staff.

The table below shows the occupational categories in terms of targeted and actual numbers of employees who received training.

**TABLE 178 SKILLS DEVELOPMENT**

OCCUPATIONAL CATEGORY	GENDER	EMPLOYEE COUNT	LEARNERSHIP			SKILLS			OTHER			TOTAL TARGET	TOTAL ACTUAL
			ACTUAL PREVIOUS	TARGET	ACTUAL CURRENT	ACTUAL PREVIOUS	TARGET	ACTUAL CURRENT	ACTUAL PREVIOUS	TARGET	ACTUAL CURRENT		
Legislators	Female	4	0	0	0	2	0	2	0	0	0	0	4
	Male	7	0	0	0	2	0	2	0	0	0	0	7
MM and S57, Snr Managers	Female	6	0	0	0	15	2	4	0	0	0	0	4
	Male	17	0	0	0	4	5	15	0	0	0	0	15
Professionals	Female	14	0	0	0	4	7	11	0	0	0	0	11
	Male	11	0	0	0	3	4	5	0	0	0	0	5
Technicians and Associate Professionals	Female	1	0	0	0	6	0	4	0	0	0	0	4
	Male	23	0	0	0	15	10	11	0	0	0	0	11
Clerical Support and Workers	Female	59	0	0	0	10	0	27	0	0	0	0	27
	Male	19	0	0	0	3	0	7	0	0	0	0	7
Services and Sales	Female	0	0	0	0	0	0	6	0	0	0	0	6
	Male	0	0	0	0	0	7	4	0	0	0	0	4
Skilled Agricultural, forestry, Fishery, Craft and related Trade workers	Female	14	0	0	0	0	0	0	0	0	0	0	0
	Male	12	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	Female	0	0	0	0	0	0	0	0	0	0	0	0
	Male	34	0	0	0	2	0	3	0	0	0	0	3
Elementary	Female	33	0	0	0	2		2	0	0	0	0	2
	Male	112	0	0	0	14		14	0	0	0		18
<b>TOTAL</b>		<b>366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82</b>	<b>35</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>123</b>

#### 4.4.3 GENDER MAINSTREAMING IN TERMS OF SKILLS DEVELOPMENT

The table below illustrates how many employees have been given training opportunities, by gender. Of the employees identified for training in 2017/18 financial year, 37% were females and 63% were males. This shows that more male employees than female employees received training opportunities. To have a Gender Sensitive Training Budget we need to ensure that there is a balance in gender when planning for development of females and males. The Municipality will in the future need to focus on Gender Sensitive Training Budget.

TABLE 179 EMPLOYEE ORGANISATIONAL TRAINING AND DEVELOPMENT OPPORTUNITIES

STAFF COMPLEMENT	NUMBER	%
Females	49	37
Males	105	63
<b>TOTAL</b>	<b>154</b>	<b>100</b>

#### 4.4.5 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcome-based NQF Level 6 qualification in Municipal Finance Management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The plan of action dated 29 August 2012 sent to Treasury (special merit cases), has been achieved over and above the requirement. Our first group of 26 completed their training in January 2013 and the second group of 21 completed their training in July 2014. A third group started in September 2014 and a fourth group in April 2015 that are not part of special merit cases, and mainly comprise newly appointed officials, interns and non-financial officers. This financial year three only staff members are completing the finance minimum competency. New senior management, Finance officials and financial Interns appointed, are currently on training.

The table below provides details of the financial competency development progress as required by the notice:

TABLE 180 FINANCIAL COMPETENCY DEVELOPMENT PROGRESS REPORT

DESCRIPTION	A. TOTAL NUMBER OF OFFICIALS EMPLOYED	B. TOTAL NUMBER OF OFFICIALS EMPLOYED	CONSOLIDATED: TOTAL OF A AND B	CONSOLIDATED: COMPETENCY ASSESSMENTS COMPLETED FOR A AND B	CONSOLIDATED: TOTAL NUMBER OF OFFICIALS WHOSE PERFORMANCE	CONSOLIDATED: TOTAL NUMBER OF OFFICIALS THAT MEET PRESCRIBED
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	BY MUNICIPALITY (REGULATION 14(4)(A) AND (C))	BY MUNICIPAL ENTITIES (REGULATION 14(4)(A) AND (C))		(REGULATION 14(4)(B) AND (D))	AGREEMENTS COMPLY WITH REGULATION 16 (REGULATION 14(4)(F))	COMPETENCY LEVELS (REGULATION 14(4)(E))
<b>Financial Officials</b>						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	3	0	3	3	3	3
Any other financial officials	34	0	34	30	na	30
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	1	0	1	1	na	1
Supply chain management senior managers	0	0	0	0	na	0

#### 4.4.6 SKILLS DEVELOPMENT – BUDGET ALLOCATION

An amount of R1 450 000.00 of the allocated budget of R1 398 351.05 was spent on training. Funding was also received from the Sector Education and Training Authority (SETA). All planned skills training was done and we utilised the funding received from the SETA to provide technical and administrative training. The training budget for this financial year was successfully utilised for CAM employees.

TABLE 181 BUDGET ALLOCATED AND SPENT FOR SKILLS DEVELOPMENT

YEAR	TOTAL OPERATIONAL BUDGET	TOTAL ALLOCATED FOR TRAINING	TOTAL SPENT	% SPEND
2016/17	R 279 470 030.00	1 450 000.00	R1 222 683.00	0.43%
2017/18	R 115,542,164.00	1450 000.00	R1 398 351.05	1.19%

**4.5 MUNICIPAL WORKFORCE EXPENDITURE**

The percentage personnel expenditure is essential to the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the Municipality is at the national norm of between 35 to 40%:

**TABLE 182 TOTAL PERSONNEL EXPENDITURE**

FINANCIAL YEAR	TOTAL EXPENDITURE SALARY AND ALLOWANCES R'000	TOTAL OPERATING EXPENDITURE R'000	PERCENTAGE %
2016/17	112 675	2 677 040	40.32
2017/18	115 542	290 724	39.74

Below is a summary of Councillor and staff benefits for the year under review. The increase in salary expenditure year-on-year is due to the filling of critical service delivery positions.

**TABLE 183 DETAIL OF PERSONNEL EXPENDITURE**

FINANCIAL YEAR	2016/17	2017/18		
DESCRIPTION	ACTUAL R'000	ORIGINAL BUDGET R'000	ADJUSTED BUDGET R'000	ACTUAL R'000
<b>Councillors (Political Office Bearers plus Other)</b>				
Salary	2,820	3,063	3 063	3 080
Pension contributions	541	545	545	515
Medical aid contributions		48	48	60
Motor vehicle allowance	1,112	1,218	1 218	1 163
Cell phone allowance	270	270	270	241
Other allowance				
<b>Sub Total</b>	<b>4,743</b>	<b>5,145</b>	<b>5 145</b>	<b>5 059</b>
<b>% increase/ (decrease)</b>	<b>23.59%</b>	<b>8.47%</b>		
<b>Key Personnel</b>				
Basic salaries and wages	4434	3 916	3 4 14	4 347
Pension and medical aid and UIF contributions	1079	901	901	472
Motor vehicle allowance	399	292	292	314
Cell phone allowance	40	14	14	28
Housing allowance				
Performance bonus	627	524	524	260
Other benefits or allowances	187	449	449	543
<b>Sub Total</b>	<b>6767</b>	<b>6 096</b>	<b>5 595</b>	<b>5 965</b>
<b>% increase/ (decrease)</b>	<b>6.18%</b>			
<b>Other Staff</b>				
Basic salaries and wages	68 838	73 805	73 383	74 159
Pension and UIF contributions	10 828	11 861	11 861	11 907
Medical aid contributions	3 706	3 844	3 844	4 124
Motor vehicle allowance	5 023	5 067	5 067	5 277
Cell phone allowance	376	364	364	411
Housing allowance	1 014	951	951	1 002
Overtime	3 398	3 402	3 402	3 613

Performance bonus	0			
Other benefits or allowances	7402	11 789	10 748	9 084
<b>Sub Total</b>	<b>100 586</b>	<b>111 083</b>	<b>111 008</b>	<b>109 577</b>
<b>Total Municipality</b>	<b>112 096</b>	<b>117 179</b>	<b>116 603</b>	<b>115 542</b>
<b>Total managers and staff</b>	2,820			

## CHAPTER 5: FINANCIAL PERFORMANCE

This Chapter provides an overview of the Municipality's performance in terms of the National Key Performance Area (KPA) of **financial viability** as contained in the Local Government: Municipal Planning and Performance Management Regulations of 2001 read together with Section 43 of the MSA.

### 5.1 OVERVIEW BY THE CHIEF FINANCIAL OFFICER

#### a) Introduction

The 2017/18 financial year was one of the most challenging financial years in local government history, due to the implementation of the financial reforms - municipal standard chart of accounts (mSCOA) effective from 1 July 2017 as well as the new financial system to accommodate these reforms. Despite this, Cape Agulhas Municipality remains focused and committed to ensuring good governance through sound financial management in an effort to provide affordable, quality and sustainable services within its legislative mandate.

South Africa has experienced a period of protracted economic weakness, which diminishes private investment, which could be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy slightly recovered after a short recession in early 2017; however, the improvement was insufficient due to the continued risks associated with the economic outlook in terms of policy uncertainty and the deterioration in the finances of state-owned entities. The drought that was experienced in several provinces also had a significant impact on the agriculture and tourism industry, which may threaten jobs in these sectors. The GDP growth rate is forecasted at 1.5 per cent in 2018, 1.8 per cent in 2019 and 2.1 per cent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely because of growth in agriculture and mining.

The latest IHS Global Insight update of the Cape Agulhas economy reveals that the average economic growth rate during the past 5 years was 1.7% per annum which reflected slightly less than the anticipated growth rate forecasted by National Treasury of between 1.8 per cent and 2.1 per cent over the next medium term period of three years. These economic challenges will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is required for revenue projections and improved efforts to limit non-priority spending. The municipality through its Long Term Financial Plan Strategy made an effort to reprioritise its expenditure with the focus on service delivery needs and started with the implementation of stringent cost containment measures aligned with National Treasury directives. The Municipality will have to increase its debt collection rate in excess of 98% in order to demonstrate its ability to spend according to the service delivery and budget implementation plan on key service delivery areas as identified. The implementation of infrastructure and other related projects in the current financial year reflects slightly above the anticipated target of 95%.

The municipality's financial position is very finely balanced, and as a result, the revenue needs to be correctly priced / collected whilst expenditure needs to be carefully managed within the municipality's financial capacity. Cash and investments increased in comparison with the previous financial year and the municipality continues with its effort to improve the liquidity profile of the municipality by maintaining a credit score of A through managing credit risk factors such as collection levels, liquidity levels and operational management. The focus therefore remains on strong curtailment of operational expenditure,



liquidity and the building of a cash backed capital replacement reserve (CRR) to cater for future asset replacement expenses and new developments.

The Cape Agulhas Municipality has managed to improve its financial position aligned with the Long Term Financial Plan strategy through efficiency and sound financial practices. The Community Wealth (CRR and Unappropriated Surplus) has increased from approximately R309,28 million to R331,54 million for the financial year under review mainly as a result to increased cash and the Capital Replacement Reserve (CRR) accordingly.

The following paragraphs provide an overview of the municipality’s financial performance for the year under review:

**b) Operating Results**

The Municipality has achieved an operating surplus to the amount of R22,25 million. The positive results are mainly due to an increase in traffic fines issued, contributed assets and gains on the disposal of identified properties and savings accrued in respect of bulk purchases – electricity, employee related costs and transfer & grants. The operating results for the year ended 30 June 2018 are as follows:

TABLE 184 OPERATING RESULTS 2017/18

DETAILS	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL
<b>Income</b>			
Grants - Operational	55,133,501	60,448,808	37,463,553
Grants - Capital	12,969,499	12,269,499	20,159,506
Taxes, Levies and tariffs	213,000,254	213,000,254	211,081,512
Other	25,631,035	32,258,134	44,294,020
<b>Sub Total</b>	<b>306,734,289</b>	<b>317,976,695</b>	<b>312,998,591</b>
Less: Expenditure	308,921,678	314,632,200	290,748,498
<b>Net Total*</b>	<b>(2,187,389)</b>	<b>3,344,495</b>	<b>22,250,093</b>

The municipality’s performance, when compared to the budget, must be seen in the context of conservative budgeting practices and the application of strict expenditure control measures aligned with the municipality’s budget and virement policy.

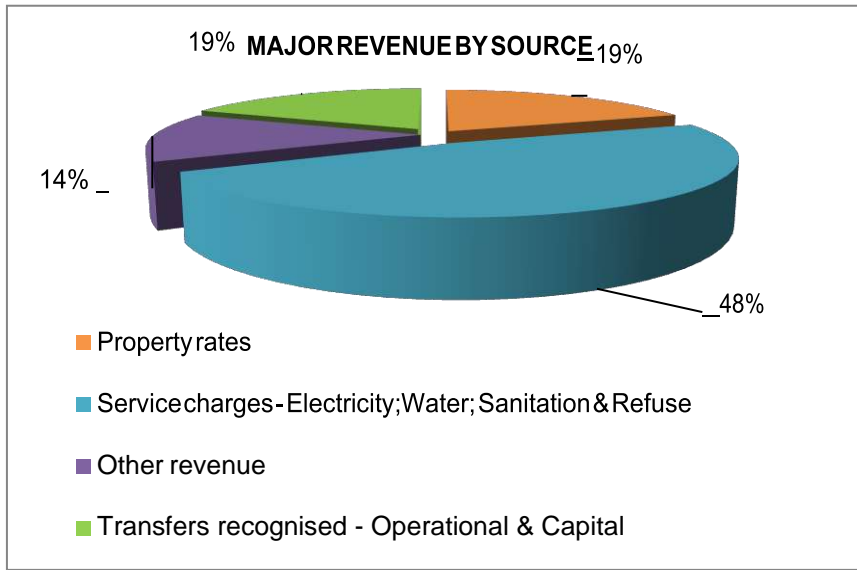
▪ **Operating Revenue**

The major revenue streams that supported the programmes and activities of the municipality were:

- Property Rates
- Service Charges – Electricity, Water, Sanitation and Refuse
- Grants and Subsidies – Operating & Capital
- Other Revenue: - Rental of Facilities, Interest earned, Agency Services, Fines & other income

The following graph indicates the main categories of revenue for the year under review:

FIGURE 10 MAJOR REVENUE BY SOURCE



The main sources of revenue (67%) are received by way of Property Rates and Service Charges (Own Funding) whilst 19% is received from grants & subsidies in terms of the Division of Revenue Act (DoRA) as well as contributed assets. Conditional grant allocations from Government and other sources are only recognized as revenue to the extent that there has been compliance with the conditions associated with such amounts received.

▪ **Operating Expenditure**

The following graph indicates the main categories of expenditure for the year under review:

FIGURE 11 OPERATING EXPENDITURE BY TYPE

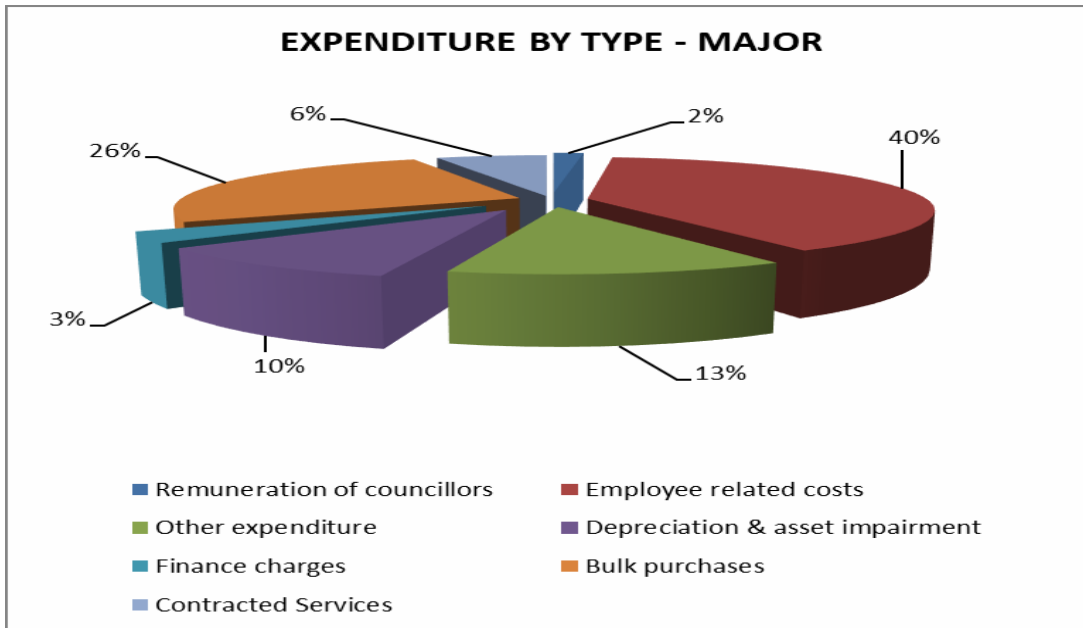


TABLE 185 OPERATING RATIOS

RATIO	%
Employee Cost (Excl. Councillor Remuneration)	39,74%
Bulk Purchases	25,92%
Contracted Services	6,33%
Finance Charges	3,24%
Depreciation & Debt Impairment	10,39%

The municipality’s Employee Cost ratio of 39.74% (Excl. Councillors Remuneration) is the biggest cost driver and is high compared to the municipal norm of 25%-40% set by National Treasury. The approved Long Term Financial Plan identifies it as one of the key challenges and the municipality is in process of addressing this to ensure future financial sustainability.

Depreciation / Debt Impairment increased by R8,21 million compared to the previous financial year mainly due to the increased in debt impairment for traffic fines and services as a result of the lack of appropriate credit control procedures due to the implementation of the new financial system.

**c) Appropriations ( Accumulated Surplus / Deficit)**

Appropriations for the year amount to a net inflow of R12,250 million which can mainly be attributed to:

- Net Surplus for the year R 22 250 093
- Transfer to Capital Replacement Reserve (R17 389 605)
- Property, Plant and Equipment purchased R 7 389 605

**d) Capital Expenditure**

Actual expenditure incurred on fixed assets represents an efficiency rate of 95,48% compared to the previous financial year’s percentage at 86,21%.

**e) Conditional Government Grants**

Except for the Department of Cultural Affairs & Sport and the Finance Management Support Grant all other conditional grants have been dealt with in compliance with DoRA with a 100% expenditure rate for the financial year under review. The one unspent conditional grant in respect of the Sports Academy – Floodlighting has been rolled over to the new financial year to the total amount of R400 000. Unspent grants reflected at financial year end is fully cash backed as defined in the municipality’s accounting policy

**f) External Borrowings**

The municipality reflects external loans to the total amount of R19,26 million from ABSA Bank and Nedbank as at the end of 30 June 2018. Some financial ratios relevant to external borrowings are:

	<u>2017/18</u>	<u>2016/17</u>
Interest Bearing Debt to Own Revenue (Excluding Grants)	7,54%	1,14%

Although the ratio for External Gearing remained low at 7,54% compare to the norm of 45% by National Treasury, %, the potential for Cape Agulhas' to borrow remains limited to the order of 30% due to the current cash position of the municipality. However, the municipality is in a strong position to provide assurance that sufficient revenue will be generated to repay its liabilities and have put measures in place in terms of the Long Term Financial Plan Strategy to address the declining cash position of the municipality over the recent years.

**g) Cash and Investments**

Council's cash and investments to the amount of R47,76 million reflect an increase of R23,40 million compared to the previous financial year. The municipality currently does not have adequate cash available to cover its operating requirements with a cash coverage of at least three months of the average operational expenditure as per National Treasury best practice guidelines. At the moment the ratio reflects at less than one month at 2,26 which has been identified as risk for improvement in terms of the Long Term Financial Plan Strategy with specific measures on how to improve the municipality's cash position.

**h) Outstanding receivables**

The total nett outstanding receivables decreased by R4,15 million compared to the previous financial year. The reported debtor payment ratio reflects slightly above the National Treasury norm of 95% at 96,50% for the financial year under review and the municipality in terms of the Long Term Financial Plan Strategy target the debt collection rate must remain above 97% to remain financially viable.

**i) Outstanding Payables**

There is a decrease of outstanding payables to the amount of R7,47 million compared to the previous financial year. Some financial ratios relevant to payables are:

	<u>2017/18</u>	<u>2016/17</u>
Creditors system efficiency	100%	100%

A trademark of the municipality is its commitment and ability to settle in full its creditors' accounts within the required terms of 30 days or as per applicable legislative requirement. This statement is supported by the constant 100% payment levels to creditors.

**j) Ratio Analysis / Benchmarks**

Financial viability and sustainability is one of the key performance areas of the municipality as determined in the IDP. In order to ensure that the municipality maintains a healthy financial position, appropriate financial ratios / benchmarks are used to assist the Municipality in assessing its financial wealth.

	<u>2017/18</u>	<u>2016/17</u>
Liquidity - Current Ratio	1.80:1	1.27:1

The Liquidity ratio increased from 1.27:1 in 2016/17 to 1.80:1 for the financial year under review. The municipality performed above the National Treasury norm of 1.5:1 and slightly under the Long Term Financial Plan Strategy ratio target of 2,00:1.

**k) Conclusion**

According to the key financial indicators the municipality has managed to sustain its healthy financial position and in some instances even improved compared to the previous financial year's ratio indicators. The constant decrease in the debtor's collection rate as well as the increase in employee related expenditure as the biggest cost driver remains a concern for immediate action to ensure the long term financial sustainability of the municipality.

**COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE**

The Statement of Financial Performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

**5.2 FINANCIAL SUMMARY**

The table below provides a summary of the financial performance of the Municipality for the 2017/18 financial year:

**TABLE 186 SUMMARY OF FINANCIAL PERFORMANCE**

DESCRIPTION	2016/17	2017/18		2017/18 VARIANCE		
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'000			%		
<b>Financial Performance</b>						
Property rates	54 802	64 943	60 143	60 732	-6.93	0.97
Service charges	139 117	161 871	152 857	150 350	-7.66	-1.67
Investment revenue	2 131	2 215	2 060	2 821	21.51	26.98
Transfers recognised - operational	33 935	57 206	58 299	37 464	-52.70	-55.61
Other own revenue	29 550	25 680	31 194	41 416	38.00	24.68
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>259 534</b>	<b>311 915</b>	<b>304 553</b>	<b>292 783</b>	<b>-6.53</b>	<b>-4.02</b>
Employee costs	107 932	124 122	116 603	115 542	-7.43	-0.92
Remuneration of councillors	4 743	5 531	5 145	5 060	-9.30	-1.68
Depreciation & asset impairment	11 020	11 590	10 232	30 196	61.62	66.11
Finance charges	9 307	9 212	9 666	9 433	2.34	-2.48
Materials and bulk purchases	73 082	80 512	76 798	75 358	-6.84	-1.91
Transfers and grants	1 465	2 685	2 808	1 398	-92.01	-100.86
Other expenditure	60 525	87 511	93 009	53 762	-62.78	-73.00
<b>Total Expenditure</b>	<b>268 074</b>	<b>321 162</b>	<b>314 262</b>	<b>290 748</b>	<b>-10.46</b>	<b>-8.09</b>
<b>Surplus/(Deficit)</b>	<b>(8 540)</b>	<b>(9 248)</b>	<b>(9 710)</b>	<b>2 034</b>	<b>554.64</b>	<b>577.35</b>
Transfers recognised - capital	10 816	13 001	18 104	12 457	-4.37	-45.34
Contributions recognised - capital & contributed assets	755	-	-	7 759	100.00	100.00
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>3 031</b>	<b>3 753</b>	<b>8 395</b>	<b>22 250</b>	<b>83.13</b>	<b>62.27</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	10 816	13 001	17 592	12 457	-4.37	-41.23
Public contributions & donations	885	-	1 000	7 703	100.00	87.02
Borrowing	2 620	6 983	5 008	4 484	-55.74	-11.70
Internally generated funds	9 959	9 699	10 617	7 390	-31.25	-43.67
<b>Total sources of capital funds</b>	<b>24 280</b>	<b>29 682</b>	<b>34 217</b>	<b>32 033</b>	<b>7.34</b>	<b>-6.82</b>
<b>Financial position</b>						
Total current assets	62 425	47 366	41 845	81 715	42.03	48.79
Total non-current assets	415 477	450 324	431 880	433 484	-3.88	0.37
Total current liabilities	49 360	40 421	44 194	45 334	10.84	2.51

Total non-current liabilities	119 252	150 626	129 151	138 325	-8.89	6.63
Community wealth/Equity	309 290	306 643	300 380	331 540	7.51	9.40
<b>Cash flows</b>						
Net cash from (used) operating	34 497	13 909	11 790	25 700	45.88	54.12
Net cash from (used) investing	(24 125)	(27 137)	(32 486)	(19 072)	-42.29	-70.33
Net cash from (used) financing	(394)	3 609	4 096	16 779	78.49	75.59
<b>Cash/cash equivalents at the year end</b>	<b>9 978</b>	<b>(9 619)</b>	<b>(16 599)</b>	<b>23 407</b>	141.10	170.92
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available		6 415	7 762		#DIV/0!	#DIV/0!
Application of cash and investments		(4 884)	11 238		#DIV/0!	#DIV/0!
<b>Balance - surplus (shortfall)</b>	<b>-</b>	<b>1 531</b>	<b>19 000</b>	<b>-</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Asset management</b>						
Asset register summary (WDV)	477 902	432 259	431 880	433 484	0.28	0.37
Depreciation & asset impairment	11 020	11 590	10 232	12 035	3.70	14.98
Renewal of Existing Assets		6 215	20 529	23 241	73.26	11.67
Repairs and Maintenance		56 693			#DIV/0!	#DIV/0!
<b>Free services</b>						
Cost of Free Basic Services provided	8 008	8 008	8 008	8 008	0.00	0.00
Revenue cost of free services provided	-	8 036	9 300	9 289	13.49	-0.12
<b>Households below minimum service level</b>						
Water:	-	-	-	-	#DIV/0!	#DIV/0!
Sanitation/sewerage:	-	-	-	-	#DIV/0!	#DIV/0!
Energy:	-	-	-	-	#DIV/0!	#DIV/0!
Refuse:	-	-	-	-	#DIV/0!	#DIV/0!
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1.</i>						

The table below shows a summary of performance against budgets for the 2017/18 financial year:

TABLE 187 PERFORMANCE AGAINST BUDGETS

FINANCIAL YEAR	REVENUE (R'000)				OPERATING EXPENDITURE (R'000)			
	BUDGET	ACTUAL	DIFF.	%	BUDGET	ACTUAL	DIFF.	%
2016/17	276 070	271 105	(465)	-2	286 94	268 74	18 920	7
2017/18	322 657	312 999	(958)	-3	314 262	290 48	23 514	7

### 5.2.1 REVENUE COLLECTION BY VOTE

The table below indicates the revenue collection performance by vote for the 2017/18 financial year:

TABLE 188 REVENUE BY VOTE

VOTE DESCRIPTION	2016/17		2017/18		2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'000				%	
Vote 1 - Executive & Council	13 252	25 190	25 190	25 237	0.18	0.18
Vote 2 - Budget & Treasury	60 456	66 723	72 358	78 435	14.93	7.75
Vote 3 - Corporate Services	1 322	1 714	2 014	4 824	64.47	58.25
Vote 4 - Community & Public Safety	27 333	46 536	54 533	28 995	-60.50	-88.08
Vote 5 - Civil Engineering Services	48 212	166 571	166 979	167 805	0.74	0.49
Vote 6 - Electro-technical Services	89 128	-	-	-	-	-
Vote 7 - Other	6 351	-	-	-	-	-
Total Revenue by Vote	246 054	306 734	321 074	305 296	-0.47	-5.17
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

5.2.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2017/18 financial year:

TABLE 189 REVENUE BY SOURCE

DESCRIPTION	2016/17		2017/18		2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'000				%	
Property rates	54 802	64 943	60 143	60 732	-6.93	0.97
Property rates - penalties & collection charges	-	-	-	-		
Service Charges - electricity revenue	95 237	103 306	103 306	102 079	-1.20	-1.20
Service Charges - water revenue	24 474	24 342	24 342	22 484	-8.26	-8.26
Service Charges - sanitation revenue	11 350	9 486	9 486	10 346	8.31	8.31
Service Charges - refuse revenue	16 956	15 723	15 723	15 440	-1.83	-1.83
Service Charges - other		-	-	-	#DIV/0!	#DIV/0!
Rentals of facilities and equipment	7 787	2 001	2 056	9 351	78.60	78.02
Interest earned - external investments	2 131	2 215	2 060	2 821	21.51	26.98
Interest earned - outstanding debtors	1 564	1 627	1 496	1 319	-23.32	-13.39
Dividends received		-	-	-	#DIV/0!	#DIV/0!
Fines	6 419	9 964	9 268	11 808	15.62	21.52
Licences and permits	1 109	65	61	1 319	95.09	95.41
Agency services	1 615	2 514	2 419	1 854	-35.58	-30.43
Transfers recognised - operational	33 735	57 206	58 299	37 464	-52.70	-55.61



Other revenue	3 111	31 523	33 999	23 523	-34.01	-44.53
Gains on disposal of PPE					#DIV/0!	#DIV/0!
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>260 289</b>	<b>324 915</b>	<b>322 657</b>	<b>300 542</b>	<b>-8.11</b>	<b>-7.36</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

5.2.3 OPERATIONAL SERVICES PERFORMANCE

The table below indicates the operational services performance for the 2017/18 financial year:

TABLE 190 OPERATIONAL SERVICES PERFORMANCE

DESCRIPTION	2016/17	2017/18		2017/18 VARIANCE		
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'000				%	
<b>Operating Cost</b>						
Water	10 490	10 603	10 603	9 038	-17.32	-17.32
Waste Water (Sanitation)	2 681	(803)	(873)	508	258.22	272.01
Electricity	15 337	16 540	16 540	19 107	13.43	13.43
Waste Management	2 063	(3 339)	(3 339)	(2 524)	-32.30	-32.30
Housing	(1 544)	(1 695)	(11 009)	5 010	133.83	319.76
<b>Component A: sub-total</b>	<b>29 027</b>	<b>21 306</b>	<b>11 922</b>	<b>31 138</b>	31.57	61.71
Roads and Stormwater	(11 303)	(15 030)	(15 030)	(15 447)	2.70	2.70
Transport						
<b>Component B: sub-total</b>	<b>(11 303)</b>	<b>(15 030)</b>	<b>(15 030)</b>	<b>(15 447)</b>	2.70	2.70
Planning	(4 954)	(3 124)	(3 124)	(2 275)	-37.31	-37.31
Local Economic Development						
<b>Component C: sub-total</b>	<b>(4 954)</b>	<b>(3 124)</b>	<b>(3 124)</b>	<b>(2 275)</b>	-37.31	-37.31
Libraries	1 052	485	486	352	-37.77	-38.06
Social services & community development	(1 235)	(4 232)	(4 232)	(2 811)	-50.56	-50.56
<b>Component D: sub-total</b>	<b>(182)</b>	<b>(3 747)</b>	<b>(3 746)</b>	<b>(2 459)</b>	-52.39	-52.34
Environmental Protection (POLLUTION CONTROL, BIO-DIVERSITY, LANDSCAPE, OPENSACES, PARKS, AND COASTAL PROTECTION)	(524)	(779)	(779)	(873)	10.81	10.81
<b>Component E: sub-total</b>	<b>(524)</b>	<b>(779)</b>	<b>(779)</b>	<b>(873)</b>	10.81	10.81
Traffic & licensing	(2 563)	(1 040)	(1 040)	(1 251)	16.91	16.91
Fire Serices and Disaster Management						
<b>Component F: sub-total</b>	<b>(2 563)</b>	<b>(1 040)</b>	<b>(1 040)</b>	<b>(1 251)</b>	16.91	16.91
Holiday Resorts and Campsites	925	(349)	(349)	951	136.68	136.68
Swimming Pools, Stadiums and Sport Ground	(3 353)	(3 510)	(3 510)	(3 666)	4.26	4.26
Communityhalls, facilities, Thusongcentres	(1 006)	(4 018)	(4 018)	(3 797)	-5.81	-5.81
<b>Component G: sub-total</b>	<b>(3 434)</b>	<b>(7 876)</b>	<b>(7 876)</b>	<b>(6 512)</b>	-20.94	-20.94
Financial Services	31 984	25 472	28 112	31 765	19.81	11.50
Office of the MM	(2 516)	(2 868)	(2 868)	(2 593)	-10.59	-10.59
Administration	(1 665)	(3 342)	(3 342)	(2 865)	-16.68	-16.68
HR	(4 889)	(9 066)	(9 066)	(5 975)	-51.74	-51.74
<b>Component H: sub-total</b>	<b>22 914</b>	<b>10 196</b>	<b>12 836</b>	<b>20 333</b>	49.85	36.87

<b>Total Expenditure</b>	<b>28 981</b>	<b>(93)</b>	<b>(6 837)</b>	<b>22 653</b>	100.41	130.18
In this table, operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

### 5.3 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

#### 5.3.1 WATER SERVICES

TABLE 191 FINANCIAL PERFORMANCE: WATER SERVICES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	25 162	24 344	24 344	23 354	<b>-4.24</b>
<b>Expenditure:</b>					
Employees	8 736	9 674	8 532	8 755	<b>-10.50</b>
Repairs and Maintenance	-	-	-	-	-
Other	5 936	4 067	5 209	5 561	<b>26.86</b>
<b>Total Operational Expenditure</b>	<b>14 672</b>	<b>13 741</b>	<b>13 741</b>	<b>14 316</b>	<b>4.02</b>
<b>Net Operational (Service)</b>	<b>10 490</b>	<b>10 603</b>	<b>10 603</b>	<b>9 038</b>	<b>-17.32</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

#### 5.3.2 WASTE WATER (SANITATION)

TABLE 192 FINANCIAL PERFORMANCE: WASTE WATER (SANITATION) SERVICES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>11 672</b>	<b>9 508</b>	<b>9 508</b>	<b>10 628</b>	<b>10.54</b>
<b>Expenditure:</b>					
Employees	5 090	5 508	5 508	4 895	<b>-12.53</b>
Repairs and Maintenance	-	-	-	-	-
Other	3 901	4 803	4 873	5 225	<b>8.07</b>
<b>Total Operational Expenditure</b>	<b>8 991</b>	<b>10 311</b>	<b>10 381</b>	<b>10 120</b>	<b>-1.89</b>
<b>Net Operational (Service)</b>	<b>2 681</b>	<b>(803)</b>	<b>(873)</b>	<b>508</b>	<b>258.22</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

5.3.3 ELECTRICITY

TABLE 193 FINANCIAL PERFORMANCE: ELECTRICITY

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>97 763</b>	<b>104 438</b>	<b>104 438</b>	<b>105 761</b>	<b>1.25</b>
<b>Expenditure:</b>					
Employees	5 886	7 214	6 742	5 886	-22.55
Repairs and Maintenance	-	-	-	-	-
Other	76 540	80 684	81 156	80 768	0.10
<b>Total Operational Expenditure</b>	<b>82 427</b>	<b>87 898</b>	<b>87 898</b>	<b>86 654</b>	<b>-1.44</b>
<b>Net Operational (Service)</b>	<b>15 337</b>	<b>16 540</b>	<b>16 540</b>	<b>19 107</b>	<b>13.43</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.

5.3.4 WASTE MANAGEMENT

TABLE 194 FINANCIAL PERFORMANCE: WASTE MANAGEMENT

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>16 983</b>	<b>15 723</b>	<b>15 723</b>	<b>15 674</b>	<b>-0.32</b>
<b>Expenditure:</b>					
Employees	4 789	5 136	5 136	5 274	2.62
Repairs and Maintenance	-	-	-	-	-
Other	10 131	13 926	13 926	12 924	-7.76
<b>Total Operational Expenditure</b>	<b>14 921</b>	<b>19 062</b>	<b>19 062</b>	<b>18 198</b>	<b>-4.75</b>
<b>Net Operational (Service)</b>	<b>2 063</b>	<b>(3 339)</b>	<b>(3 339)</b>	<b>(2 524)</b>	<b>-32.30</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.

5.3.5 ROADS AND STORMWATER

TABLE 195 FINANCIAL PERFORMANCE: ROADS AND STORMWATER

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>					
<b>Expenditure:</b>					
Employees	7 724	8 986	8 986	9 391	4.31
Repairs and Maintenance	-	-	-	-	-
Other	3 579	6 044	6 044	6 056	0.20
<b>Total Operational Expenditure</b>	<b>11 303</b>	<b>15 030</b>	<b>15 030</b>	<b>15 447</b>	<b>2.70</b>
<b>Net Operational (Service)</b>	<b>(11 303)</b>	<b>(15 030)</b>	<b>(15 030)</b>	<b>(15 447)</b>	<b>2.70</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.

5.3.6 LIBRARIES

TABLE 196 FINANCIAL PERFORMANCE: LIBRARIES

DESCRIPTION	2017/18	2016/17			VARIANCE TO BUDGET
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST-MENT BUDGET	ACTUAL	
	R'000				
<b>Total Operational Revenue</b>	<b>5 616</b>	<b>5 654</b>	<b>5 654</b>	<b>5 672</b>	<b>0.31</b>
<b>Expenditure:</b>					
Employees	2 854	4 615	4 615	4 907	5.95
Repairs and Maintenance	-	-		-	-
Other	1 709	554	553	413	-34.14
<b>Total Operational Expenditure</b>	<b>4 564</b>	<b>5 169</b>	<b>5 168</b>	<b>5 320</b>	<b>2.84</b>
<b>Net Operational (Service)</b>	<b>1 052</b>	<b>485</b>	<b>486</b>	<b>352</b>	<b>-37.77</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.

5.3.7 ENVIRONMENTAL PROTECTION

TABLE 197 FINANCIAL PERFORMANCE: ENVIRONMENTAL PROTECTION

DESCRIPTION	2016/17	2017/18			VARIANCE TO BUDGET
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST-MENT BUDGET	ACTUAL	
	R'000				
<b>Total Operational Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditure:</b>					
Employees	352	614	614	637	3.71
Repairs and Maintenance	-	-	-	-	-
Other	173	165	165	236	29.98
<b>Total Operational Expenditure</b>	<b>524</b>	<b>779</b>	<b>779</b>	<b>873</b>	<b>10.81</b>
<b>Net Operational (Service)</b>	<b>(524)</b>	<b>(779)</b>	<b>(779)</b>	<b>(873)</b>	<b>10.81</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual..

5.3.8 SOCIAL SERVICES AND COMMUNITY DEVELOPMENT

TABLE 198 FINANCIAL PERFORMANCE: SOCIAL SERVICES AND COMMUNITY DEVELOPMENT

DESCRIPTION	2016/17	2017/18			VARIANCE TO BUDGET
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST-MENT BUDGET	ACTUAL	
	R'000				
<b>Total Operational Revenue</b>	<b>546</b>	<b>1 322</b>	<b>1 322</b>	<b>195</b>	<b>-576.97</b>
<b>Expenditure:</b>					
Employees	1 381	3 737	3 737	2 186	-70.98
Repairs and Maintenance	-	-	-	-	-
Other	399	1 817	1 817	820	-121.47

<b>Total Operational Expenditure</b>	<b>1 781</b>	<b>5 554</b>	<b>5 554</b>	<b>3 006</b>	<b>-84.76</b>
<b>Net Operational (Service)</b>	<b>(1 235)</b>	<b>(4 232)</b>	<b>(4 232)</b>	<b>(2 811)</b>	<b>-50.56</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.9 TRAFFIC AND LAW ENFORCEMENT

TABLE 199 PERFORMANCE: TRAFFIC AND LAW ENFORCEMENT

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>9 671</b>	<b>11 857</b>	<b>11 857</b>	<b>15 196</b>	<b>21.97</b>
<b>Expenditure:</b>					
Employees	6 207	7 460	7 460	7 123	-4.74
Repairs and Maintenance	-	-	-	-	-
Other	6 028	5 437	5 437	9 324	41.70
<b>Total Operational Expenditure</b>	<b>12 234</b>	<b>12 897</b>	<b>12 897</b>	<b>16 447</b>	<b>21.59</b>
<b>Net Operational (Service)</b>	<b>(2 563)</b>	<b>(1 040)</b>	<b>(1 040)</b>	<b>(1 251)</b>	<b>16.91</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.10 HOLIDAY RESORTS AND CAMPSITES

TABLE 200 FINANCIAL PERFORMANCE: HOLIDAY RESORTS AND CAMPSITES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>6 203</b>	<b>6 364</b>	<b>6 364</b>	<b>7 295</b>	<b>12.76</b>
<b>Expenditure:</b>					
Employees	3 797	3 886	3 886	3 830	-1.46
Repairs and Maintenance	-	-	-	-	-
Other	1 480	2 827	2 827	2 514	-12.43
<b>Total Operational Expenditure</b>	<b>5 278</b>	<b>6 712</b>	<b>6 712</b>	<b>6 344</b>	<b>-5.81</b>
<b>Net Operational (Service)</b>	<b>925</b>	<b>(349)</b>	<b>(349)</b>	<b>951</b>	<b>136.68</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

### 5.3.11 SWIMMING POOLS AND SPORT GROUNDS

TABLE 201 FINANCIAL PERFORMANCE: SWIMMING POOLS AND SPORT GROUNDS

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>195</b>	<b>734</b>	<b>734</b>	<b>367</b>	<b>-99.85</b>
<b>Expenditure:</b>					

Employees	2 674	3 302	3 302	3 381	<b>2.36</b>
Repairs and Maintenance	-	-	-	-	-
Other	873	942	942	652	<b>-44.51</b>
<b>Total Operational Expenditure</b>	<b>3 547</b>	<b>4 244</b>	<b>4 244</b>	<b>4 033</b>	<b>-5.22</b>
<b>Net Operational (Service)</b>	<b>(3 353)</b>	<b>(3 510)</b>	<b>(3 510)</b>	<b>(3 666)</b>	<b>4.26</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

5.3.12 **COMMUNITY FACILITIES AND THUSONG CENTRES**

TABLE 202 FINANCIAL PERFORMANCE: COMMUNITY FACILITIES AND THUSONG CENTRES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	101	109	109	162	32.71
<b>Expenditure:</b>					
Employees	815	2 589	2 589	2 509	<b>-3.19</b>
Repairs and Maintenance	-	-	-	-	<b>#DIV/0!</b>
Other	291	1 538	1 538	1 451	<b>-6.03</b>
<b>Total Operational Expenditure</b>	<b>1 106</b>	<b>4 127</b>	<b>4 127</b>	<b>3 959</b>	<b>-4.23</b>
<b>Net Operational (Service)</b>	<b>(1 006)</b>	<b>(4 018)</b>	<b>(4 018)</b>	<b>(3 797)</b>	<b>-5.81</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

5.3.13 **OFFICE OF THE MUNICIPAL MANAGER**

TABLE 203 FINANCIAL PERFORMANCE: OFFICE OF THE MUNICIPAL MANAGER

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>		-	-	-	-
<b>Expenditure:</b>					
Employees	2 047	2 349	2 349	2 110	<b>-11.31</b>
Repairs and Maintenance	-	-	-	-	-
Other	469	519	519	483	<b>-7.43</b>
<b>Total Operational Expenditure</b>	<b>2 516</b>	<b>2 868</b>	<b>2 868</b>	<b>2 593</b>	<b>-10.59</b>
<b>Net Operational (Service)</b>	<b>(2 516)</b>	<b>(2 868)</b>	<b>(2 868)</b>	<b>(2 593)</b>	<b>-10.59</b>
Variances are calculated by dividing the difference between the actual and original budget by the actual.					

5.3.14 ADMINISTRATION

TABLE 204 FINANCIAL PERFORMANCE: ADMINISTRATION

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>		1 714	1 714	2 141	<b>19.94</b>
<b>Expenditure:</b>					
Employees	1 332	3 751	3 751	3 740	<b>-0.29</b>
Repairs and Maintenance	-	-	-	-	-
Other	333	1 306	1 306	1 265	<b>-3.19</b>
<b>Total Operational Expenditure</b>	<b>1 665</b>	<b>5 056</b>	<b>5 056</b>	<b>5 005</b>	<b>-1.02</b>
<b>Net Operational (Service)</b>	<b>(1 665)</b>	<b>(3 342)</b>	<b>(3 342)</b>	<b>(2 865)</b>	<b>-16.68</b>

Variances are calculated by dividing the difference between the actual and original budget by the actual.

5.3.15 HUMAN RESOURCES

TABLE 205 FINANCIAL PERFORMANCE: HUMAN RESOURCES

DESCRIPTION	2016/17	2017/18			
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST- MENT BUDGET	ACTUAL	VARIANCE TO BUDGET
	R'000				%
<b>Total Operational Revenue</b>	<b>849</b>	<b>-</b>	<b>300</b>	<b>3 089</b>	<b>100.00</b>
<b>Expenditure:</b>					
Employees	3 964	6 691	6 691	6 313	<b>-5.99</b>
Repairs and Maintenance	-	-	-	-	-
Other	1 774	2 375	2 675	2 750	<b>13.66</b>
<b>Total Operational Expenditure</b>	<b>5 738</b>	<b>9 066</b>	<b>9 366</b>	<b>9 063</b>	<b>-0.03</b>
<b>Net Operational (Service)</b>	<b>(4 889)</b>	<b>(9 066)</b>	<b>(9 066)</b>	<b>(5 975)</b>	<b>-51.74</b>

Variances are calculated by dividing the difference between the actual and original budget by the actual.

5.3.16 FINANCIAL SERVICES

TABLE 206 FINANCIAL PERFORMANCE: FINANCIAL SERVICES

DESCRIPTION	2016/17	2017/18			VARIANCE TO BUDGET
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST-MENT BUDGET	ACTUAL	
	R'000				
<b>Total Operational Revenue</b>	61 263	66 723	72 358	78 435	14.93
<b>Expenditure:</b>					
Employees	13 466	20 885	22 145	21 312	2.00
Repairs and Maintenance	-	-	-	-	-
Other	15 813	20 365	22 102	25 359	19.69
<b>Total Operational Expenditure</b>	<b>29 279</b>	<b>41 251</b>	<b>44 246</b>	<b>46 671</b>	<b>11.61</b>
<b>Net Operational (Service)</b>	<b>31 984</b>	<b>25 472</b>	<b>28 112</b>	<b>31 765</b>	<b>19.81</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.

5.3.17 HOUSING

TABLE 207 FINANCIAL PERFORMANCE: HOUSING

DESCRIPTION	2016/17	2017/18			VARIANCE TO BUDGET
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST-MENT BUDGET	ACTUAL	
	R'000				
<b>Total Operational Revenue</b>	-	20 450	20 450	6 804	-200.54
<b>Expenditure:</b>					-
Employees	1 440	1 532	1 532	1 651	7.22
Repairs and Maintenance	-	-	-	-	-
Other	104	20 613	29 927	144	-14226.06
<b>Total Operational Expenditure</b>	<b>1 544</b>	<b>22 145</b>	<b>31 459</b>	<b>1 795</b>	<b>-1133.89</b>
<b>Net Operational (Service)</b>	<b>(1 544)</b>	<b>(1 695)</b>	<b>(11 009)</b>	<b>5 010</b>	<b>133.83</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.

5.3.18 PLANNING

DESCRIPTION	2016/17	2017/18			VARIANCE TO BUDGET
	ACTUAL (AUDITED OUTCOME)	ORIGINAL BUDGET	ADJUST-MENT BUDGET	ACTUAL	
	R'000				
<b>Total Operational Revenue</b>	1 212	270	270	489	44.84
<b>Expenditure:</b>					
Employees	4 335	2 224	2 224	2 253	1.26
Repairs and Maintenance	-	-	-	-	-
Other	1 831	1 170	1 170	511	-128.75
<b>Total Operational Expenditure</b>	<b>6 166</b>	<b>3 394</b>	<b>3 394</b>	<b>2 764</b>	<b>-22.79</b>
<b>Net Operational (Service)</b>	<b>(4 954)</b>	<b>(3 124)</b>	<b>(3 124)</b>	<b>(2 275)</b>	<b>-37.31</b>

Variations are calculated by dividing the difference between the actual and original budget by the actual.



**5.4 GRANTS**

**5.4.1 GRANT PERFORMANCE**

The Municipality receives grants from the National and Provincial Governments during the 2017/18 financial year for infrastructure development and other projects.

**TABLE 208 GRANT PERFORMANCE**

DESCRIPTION	2016/17	2017/18		ACTUAL	2017/18 VARIANCE	
	ACTUAL (AUDITED OUTCOME)	BUDGET	ADJUST- MENTS BUDGET		ORIGINAL BUDGET	ADJUST- MENTS BUDGET
	R'000				%	
<b><u>Operating Transfers and Grants</u></b>						
<b>National Government:</b>	<b>37 462</b>	<b>39 989</b>	<b>39 989</b>	<b>39 989</b>	0.00	0.00
Equitable Share	23 075	25 190	25 190	25 190	0.00	0.00
Financial Management Grant	1 475	1 550	1 550	1 550	0.00	0.00
Municipal Systems Improvement Grant	-				#DIV/0!	#DIV/0!
Municipal Infrastructure Grant	10 501	11 118	11 118	11 118	0.00	0.00
Expanded Public Works Program	1 210	1 131	1 131	1 131	0.00	0.00
Integrated National Electricity program	1 000	1 000	1 000	1 000	0.00	0.00
Seta Eise (Opleiding)	201				#DIV/0!	#DIV/0!
<b>Provincial Government:</b>	<b>8 107</b>	<b>27 113</b>	<b>27 113</b>	<b>26 769</b>	-1.29	-1.29
Library Grant	5 350	5 583	5 583	5 583	0.00	0.00
Thusong Centre	211				#DIV/0!	#DIV/0!
Housing	-	20 450	20 450	20 450	0.00	0.00
Subsidie PAWK	52	84	84	84	0.00	0.00
CDW Grant	56	56	56	56	0.00	0.00
FMG Provincial	368	240	240	240	0.00	0.00
Municipal Infrastructure Support grant	870				#DIV/0!	#DIV/0!
Department of sport arts and culture	700	700	700	356	-96.63	-96.63
Department of Energy	500				#DIV/0!	#DIV/0!
Prov Contribution acceleration of housing						
RDP Housing - Electricity					#DIV/0!	#DIV/0!
Proclaimed Roads						
<b>Other grant providers:</b>	<b>-</b>	<b>1 950</b>	<b>950</b>	<b>950</b>	-105.26	0.00
DPLG Support grant		950	950	950		
VUUP Grant		1 000	-			
<b>Total Operating Transfers and Grants</b>	<b>45 569</b>	<b>69 052</b>	<b>68 052</b>	<b>67 708</b>	-1.98	-0.51
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

**5.4.2 CONDITIONAL GRANTS**

The performance in the spending of conditional grants is summarised as follows:

**TABLE 209 CONDITIONAL GRANTS**

DETAILS	2016/17	2017/18		2017/18 VARIANCE		
	ACTUAL	BUDGET	ADJUST- MENTS BUDGET	ACTUAL	VARIANCE	
	ACTUAL (AUDITED OUTCOME)				BUDGET	ADJUST- MENTS BUDGET
	R'000				%	
Equitable Share	23 075	25 190	25 190	25 190	0.00	0.00
Financial Management Grant	1 475	1 550	1 550	1 550	0.00	0.00
Municipal Systems Improvement Grant	-				-	-
Municipal Infrastructure Grant	10 501	11 118	11 118	11 118	0.00	0.00
Expanded Public Works Program	1 210	1 131	1 131	1 131	0.00	0.00
Integrated National Electricity program	1 000	1 000	1 000	1 000	0.00	0.00
Seta Eise (Opleiding)	201				-	-
Library Grant	5 350	5 583	5 583	5 583	0.00	0.00
Thusong Centre	211				-	-
Housing	-	20 450	20 450	20 450	0.00	0.00
Subsidie PAWK	52	84	84	84	0.00	0.00
CDW Grant	56	56	56	56	0.00	0.00
FMG Provincial	368	240	240	240	0.00	0.00
Municipal Infrastructure Support grant	870	-	-	-	-	-
Department of sport arts and culture	700	700	700	356	-96.63	-96.63
Department of Energy	500	-	-	-	#DIV/0!	#DIV/0!
VUUP Grant		1 000	-	-		
DPLG Support grant		950	950	950		
<b>Total</b>	<b>45 569</b>	<b>69 052</b>	<b>68 052</b>	<b>67 708</b>	<b>-1.98</b>	<b>-0.51</b>

*\*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 par 5.9.2. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

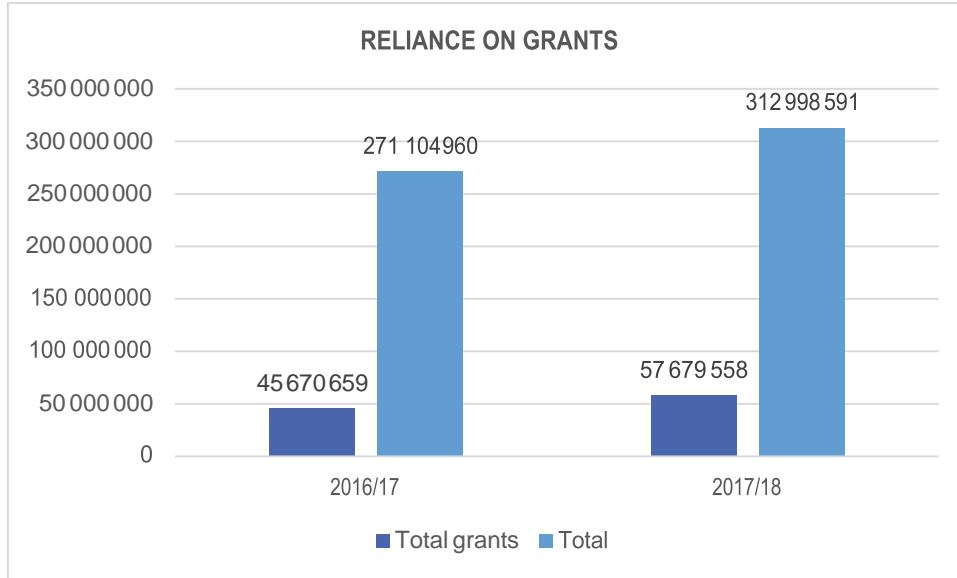
### 5.4.3 LEVEL OF RELIANCE ON GRANTS & SUBSIDIES

TABLE 210 RELIANCE ON GRANTS

FINANCIAL YEAR	TOTAL GRANTS AND SUBSIDIES RECEIVED	TOTAL OPERATING REVENUE	PERCENTAGE
	R'000		%
2016/17	45 671	271 105	16.85
2017/18	57 680	312 999	18.43

The following graph indicates the Municipality's grants and subsidies received compared to operating revenue for the last two financial years.

**FIGURE 12 GRANTS AND SUBSIDIES RECEIVED COMPARED TO THE TOTAL OPERATING REVENUE**



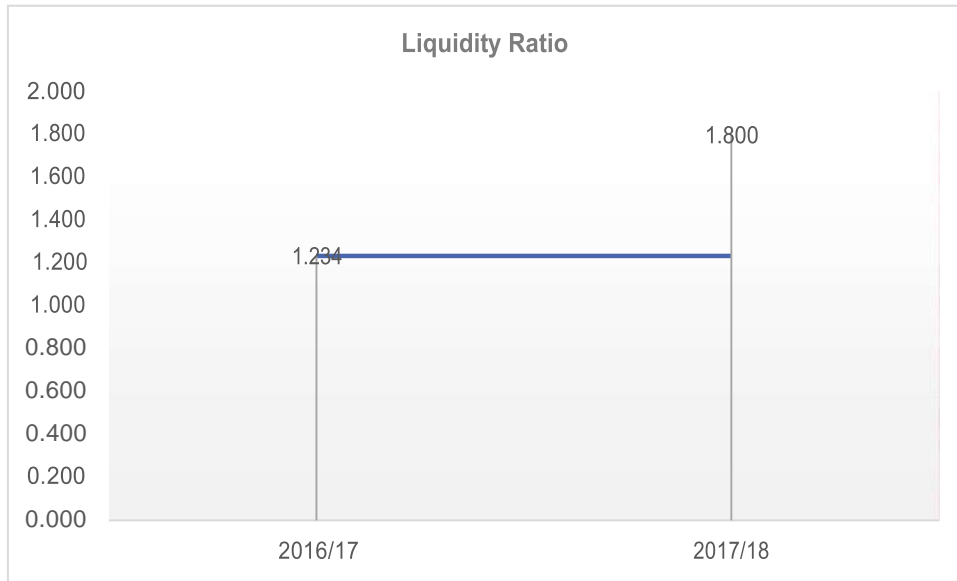
**5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS**

**5.5.1 LIQUIDITY RATIO**

**TABLE 211 LIQUIDITY FINANCIAL RATIO**

DESCRIPTION	BASIS OF CALCULATION	2016/17	2017/18
		AUDITED OUTCOME	AUDITED OUTCOME
Current Ratio	Current assets/current liabilities	1.265	1.803
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.864	1.154
Liquidity Ratio	Monetary Assets/Current Liabilities	1.234	1.800

**FIGURE 13 LIQUIDITY RATIO**

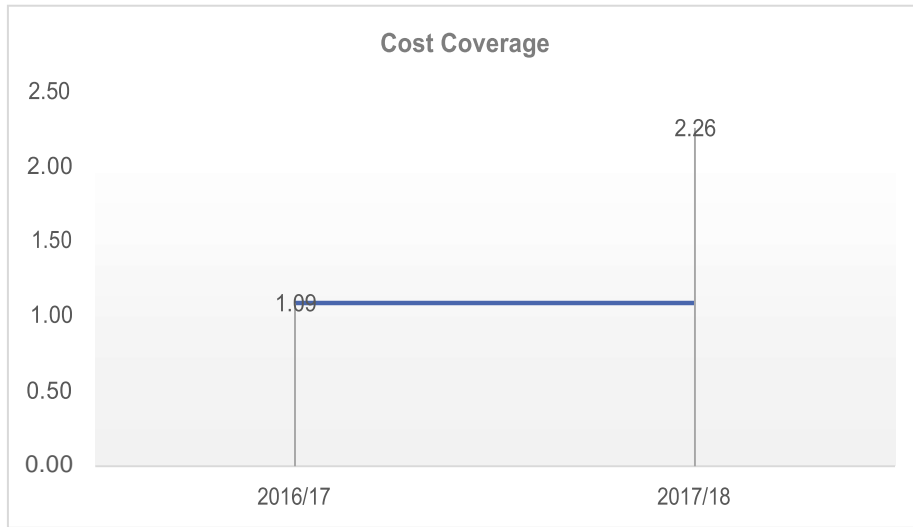


**5.5.2 NATIONAL FINANCIAL VIABILITY INDICATORS**

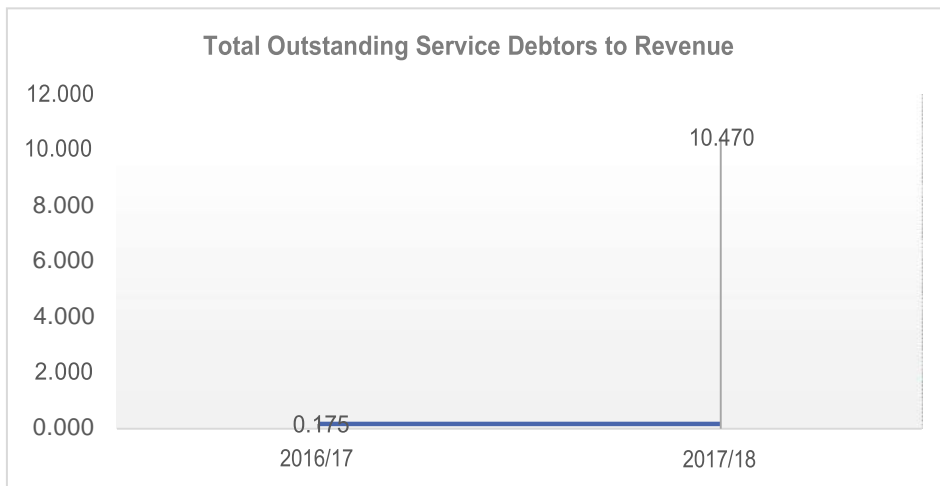
**TABLE 212 NATIONAL FINANCIAL VIABILITY KPI's**

DESCRIPTION	BASIS OF CALCULATION	2016/17 AUDITED OUTCOME	2017/18 AUDIT OUTCOME
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.09	2.26
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.175	10.470
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	390.61	72.82

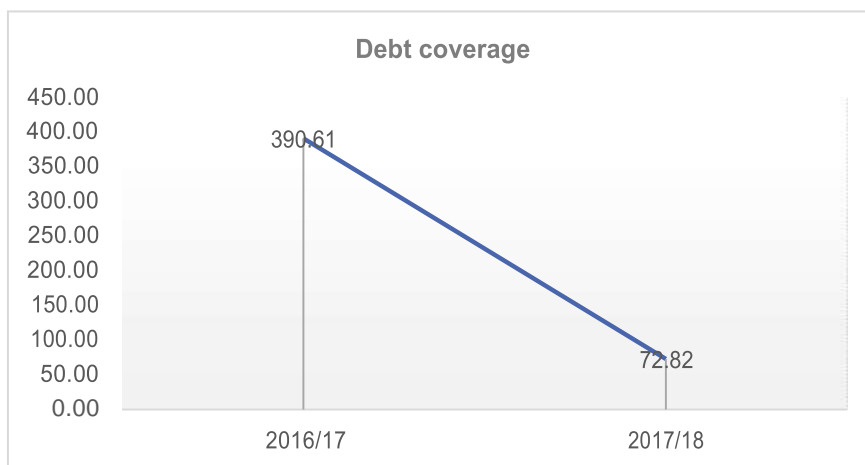
**FIGURE 14 COST COVERAGE**



**FIGURE 15 OUTSTANDING SERVICE DEBTORS**



**FIGURE 16 DEBT COVERAGE**

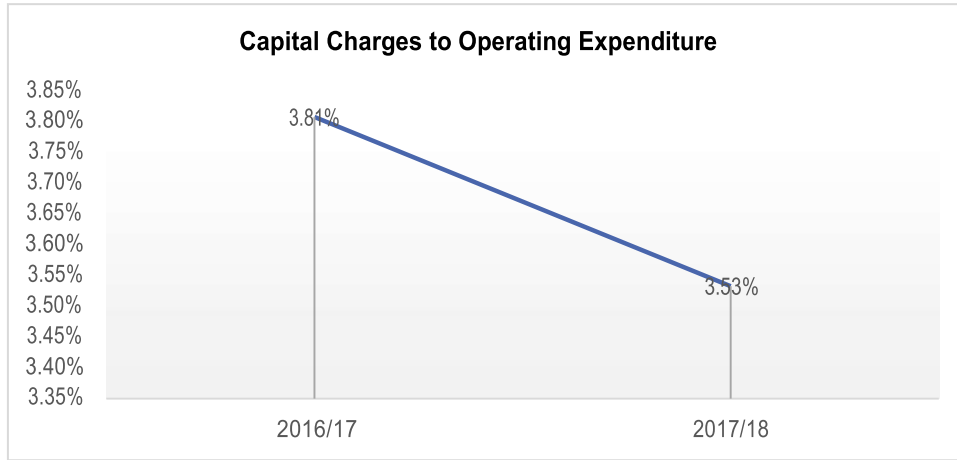


**5.5.3 BORROWING MANAGEMENT**

**TABLE 213 BORROWING MANAGEMENT**

DESCRIPTION	BASIS OF CALCULATION	2016/17	2017/18
		AUDITED OUTCOME	AUDITED OUTCOME
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.81%	3.53%

**FIGURE 17 BORROWING MANAGEMENT**

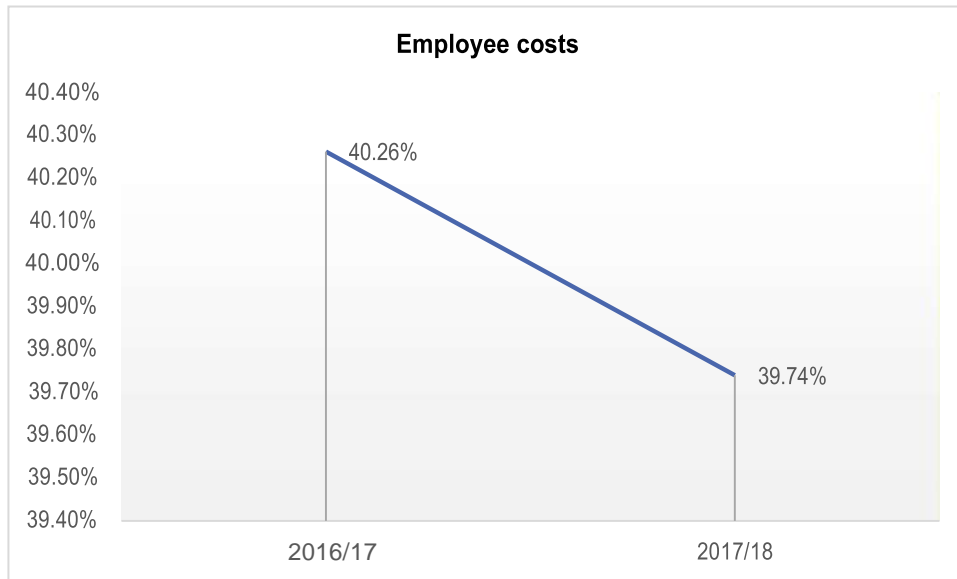


**5.5.4 EMPLOYEE COSTS**

**TABLE 214 EMPLOYEE COSTS**

DESCRIPTION	BASIS OF CALCULATION	2016/17	2017/18
		AUDITED OUTCOME	AUDITED OUTCOME
Employee costs (Including Councillors)	Employee costs/(Total Revenue - capital revenue)	40.26%	39.74%

**FIGURE 18 EMPLOYEE COSTS**



**COMPONENT B: SPENDING AGAINST CAPITAL BUDGET****5.6 CAPITAL EXPENDITURE BY NEW ASSET PROGRAM**

TABLE 215 CAPITAL EXPENDITURE BY NEW ASSET PROGRAM

DESCRIPTION	2016/17	2017/18			PLANNED CAPITAL EXPENDITURE		
	AUDITED OUTCOME	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	2018/19	2019/20	2020/21
R'000							
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	15 618	17 695	24 853	23 432	20 250	24 114	-
<b>Infrastructure: Road transport - Total</b>	7 410	11 897	15 861	15 516	15 158	14 901	-
<i>Roads, Pavements &amp; Bridges</i>	7 410	11 897	15 861	15 516	15 158	14 901	
<b>Infrastructure: Electricity - Total</b>	4 277	2 411	3 410	3 153	3 743	7 000	-
<i>Transmission &amp; Reticulation</i>	3 572	2 261	3 260	3 153	3 593	7 000	
<i>Street Lighting</i>	705	150	150		150		
<b>Infrastructure: Water - Total</b>	2 303	2 160	2 723	1 917	1 350	950	-
<i>Dams &amp; Reservoirs</i>	2 303	2 160	2 723	1 917	1 350	950	
<b>Infrastructure: Sanitation - Total</b>	1 579	877	2 178	2 517	-	1 263	-
<i>Reticulation</i>	1 579	877	2 178	2 517		1 263	
<b>Infrastructure: Other - Total</b>	49	350	680	330	-	-	-
<i>Waste Management</i>	49	350	680	330			
<b>Community - Total</b>	2 905	3 548	2 472	1 897	4 820	2 190	-
<i>Parks &amp; gardens</i>		934	320	116	1 400	950	
<i>Sports fields &amp; stadia</i>		700	680	489	670	240	
<i>Community halls</i>	1 113			91			
<i>Libraries</i>		159	240	191			
<i>Recreational facilities</i>	979	450	453	769			
<i>Other</i>	813	1 305	780	241	2 750	1 000	
<b>Capital expenditure by Asset Class</b>	5 757	6 422	6 892	6 703	4 612	2 899	-
<b>Heritage assets - Total</b>	-	-	-	-	-	-	-
<b>Investment properties - Total</b>	-	-	-	-	-	-	-
<b>Other assets</b>	3 667	5 238	5 242	5 073	4 612	2 899	-
<i>General vehicles</i>	178	2 300	2 448	522	1 875	1 500	
<i>Plant &amp; equipment</i>	1 197	1 116	1 040	2 895	1 235	357	
<i>Computers - hardware/equipment</i>	2 292	443	461	1 533	256	165	
<i>Other</i>		1 380	1 293	122	1 246	878	
<b>Agricultural assets</b>	-	-	-	-	-	-	-
<b>Biological assets</b>	-	-	-	-	-	-	-
<b>Intangibles</b>	2 091	1 184	1 650	1 631	-	-	-



DESCRIPTION	2016/17	2017/18			PLANNED CAPITAL EXPENDITURE		
	AUDITED OUTCOME	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE	2018/19	2019/20	2020/21
R'000							
Computers - software & programming	2 091	1 184	1 650	1 631			
<b>Total Capital Expenditure on new assets</b>	<b>24 280</b>	<b>27 665</b>	<b>34 217</b>	<b>32 033</b>	<b>29 682</b>	<b>29 203</b>	<b>-</b>
<u>Specialised vehicles</u>	-	-	-	-	-	-	-

## 5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2016/17 financial year:

TABLE 216 CAPITAL EXPENDITURE BY FUNDING SOURCE

DETAILS	2016/17			2017/18		
	AUDITED OUTCOME	ORIGINAL BUDGET (OB)	ADJUSTMENT BUDGET	ACTUAL	ADJUSTMENT TO OB VARIANCE	ACTUAL TO OB VARIANCE
<b>Source of finance</b>						
<b>Description</b>	<b>R'000</b>				<b>%</b>	
External loans	2 573	5 661	5 008	4 484	-11.53	-9.27
Public contributions and donations	799	-	1 000	7 703	#DIV/0!	#DIV/0!
Grants and subsidies	13 197	12 969	17 592	12 457	35.64	-39.60
Own funding	4 696	9 034	10 617	7 390	17.52	-35.72
<b>Total</b>	<b>21 265</b>	<b>27 665</b>	<b>34 217</b>	<b>32 033</b>	23.68	-7.90
<b>Percentage of finance</b>						
External loans	12	20	15	14	-28.47	-3.12
Public contributions and donations	4	0	3	24	#DIV/0!	#DIV/0!
Grants and subsidies	62	47	51	39	9.67	-26.72
Own funding	22	33	31	23	-4.99	-24.37
<b>Capital expenditure</b>						
<b>Description</b>	<b>R'000</b>				<b>%</b>	
Water and sanitation	3 597	2 160	2 723	1 917	26.07	-37.34
Electricity	4 020	2 411	3 410	3 153	41.46	-10.67
Housing	155					
Roads and storm water	4 243	11 897	15 861	15 516	33.32	-2.90
Other	9 250	11 197	12 222	11 447	9.16	-6.92
<b>Total</b>	<b>21 265</b>	<b>27 665</b>	<b>34 217</b>	<b>32 033</b>	23.68	-7.90
<b>Percentage of expenditure</b>						
Water and sanitation	17	8	8	6	1.93	-25.30
Electricity	19	9	10	10	14.37	-1.42
Housing	1	0	0	0	#DIV/0!	#DIV/0!
Roads and storm water	20	43	46	48	7.79	4.84
Other	43	40	36	36	-11.75	0.04

## 5.8 TREATMENT OF THE THREE LARGEST ASSETS

TABLE 217 TREATMENT OF THE THREE LARGEST ASSETS

Asset 1		
Name	<b>Roads and Stormwater</b>	
Description	Stormwater Pipeline - Area F	
Asset Type	Infrastructure	
Key Staff Involved	Manager: Water and Sanitation	
Staff Responsibilities	Management of stormwater network	
Asset Value as at 30 June 2018	<b>2016/17 R million</b>	<b>2017/18 R million</b>
		5 798
Capital Implications	None	
Future Purpose of Asset	Basic service delivery	
Describe Key Issues	RDP housing projects - Infrastructure requirements	
Policies in Place to Manage Asset	Asset management policy / Infrastructure plan	
Asset 2		
Name		
Description	Ou Meule link to Swellendam Road	
Asset Type	infrastructure	
Key Staff Involved	Manager: Roads	
Staff Responsibilities	Manager: Roads	
Asset Value as at 30 June 2018	<b>2015/16 R million</b>	<b>2016/17 R million</b>
		1 247
Capital Implications	None	
Future Purpose of Asset	Basic service delivery	
Describe Key Issues	Expanding the capacity of roads network	
Policies in Place to Manage Asset	Asset management policy / Infrastructure plan	
Asset 3		
Name	<b>Finance and Administration</b>	
Description	Vesta Financial system	
Asset Type	Computers - software and programming	
Key Staff Involved	Chief Financial Officer	
Staff Responsibilities	Financial management administration	
Asset Value as at 30 June 2018	<b>2016/17 R million</b>	<b>2017/18 R million</b>
		1 615
Capital Implications		
Future Purpose of Asset	Financial system administration and record keeping	
Describe Key Issues	mSCOA implementation	
Policies in Place to Manage Asset	Financial regulations and MFMA	

## 5.9 CAPITAL SPENDING ON THE LARGEST PROJECTS

The tables below show the Municipality's capital spending on its five largest projects.

TABLE 218 CAPITAL SPENDING ON LARGEST PROJECTS

NAME OF PROJECT		ORIGINAL BUDGET	ADJUSTMENT BUDGET	2017/18	ORIGINAL VARIANCE	ADJUSTMENT VARIANCE
				ACTUAL EXPENDITURE		
		R'000			%	
A	Stormwater pipeline - Area F	5 184	5 798	5 798	0	(0)
B	Nuwerus Streets	1 247	1 247	1 247	-	(0)
C	Ou Meule Link to Swellendam Road (B/dorp)	1 316	1 316	1 316	-	(0)
D	Electricity project - DORA funded	1 000	1 000	1 000	-	(0)
E	Vesta Financial system (mSCOA)	1 150	1 615	1 615	0	(0)

Name of Project - A	Stormwater pipeline - Area F
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - B	Nuwerus Streets
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - C	Ou Meule Link to Swellendam Road (B/dorp)
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - D	Electricity project - DORA funded
Objective of Project	Basic service delivery
Delays	0
Future Challenges	None
Anticipated citizen benefits	Basic service delivery

Name of Project - E	Vesta Financial system (mSCOA)
Objective of Project	Financial sustainability
Delays	0
Future Challenges	None
Anticipated citizen benefits	Financial system improvements

## 5.10 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS –OVERVIEW

Although there are currently no serious backlogs in the municipal area, the continuous influx of people in our area to the informal settlements are putting a burden on the service delivery of the Municipality which might be regarded as a risk due a possible increase in future backlogs.

### 5.10.1 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

TABLE 219 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

DETAILS	BUDGET	ADJUST- MENTS BUDGET	ACTUAL	VARIANCE	
				BUDGET	ADJUST- MENTS BUDGET
				R'000	%
<b>Infrastructure - Roads</b>	<b>7 866 770</b>	<b>8 480 806</b>	<b>8 480 806</b>	7.24	0.00
<i>Roads</i>	2 682 585	2 682 585	2 682 585	0.00	0.00
<i>Water purification</i>	5 184 185	5 798 221	5 798 221	10.59	0.00
<b>Infrastructure - Sanitation</b>	<b>877 193</b>	<b>877 193</b>	<b>877 193</b>	0.00	0.00
<i>Reticulation</i>				-	--!
<i>Sewerage purification</i>	877 193	877 193	877 193	0.00	0.00
<b>Infrastructure - Refuse removal</b>				-	--!
<b>Infrastructure - Electricity</b>	-	-	-	-	--!
<i>Street Lighting</i>				-	--!
<b>Other Specify:</b>	<b>814 036</b>	<b>200 000</b>	<b>200 000</b>	-307.02	0.00
<i>Outdoor Sport facilities</i>	814 036	200 000	200 000	-307.02	0.00
<b>Total</b>	<b>9 557 999</b>	<b>9 557 999</b>	<b>9 557 999</b>	<b>0.00</b>	<b>0.00</b>

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

## 5.11 CASH FLOW

The following table shows the Municipality's Cash flow from operating activities for the 2016/17 financial year.

TABLE 220 CASH FLOW

DESCRIPTION	2016/17	ORIGINAL BUDGET	2017/18	
	AUDITED OUTCOME		ADJUSTED BUDGET	ACTUAL
R'000				
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	198 060	236 061	204 153	207 504
Government - operating	33 905	57 206	72 809	37 260
Government - capital	11 516	13 001	12 238	12 112
Interest	3 695	2 215	2 060	4 141
Dividends	–			
<b>Payments</b>				
Suppliers and employees	(211 522)	(284 078)	(275 937)	(233 425)
Finance charges	(353)	(751)	(770)	(490)
Transfers and Grants	(1 464)	(2 685)	(2 763)	(1 398)
<b>Net cash from/(used) operating activities</b>	<b>33 837</b>	<b>20 969</b>	<b>11 790</b>	<b>25 703</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	20	1 250	1 700	4 919
Decrease (Increase) in non-current debtors	283	197	257	217
Decrease (increase) other non-current receivables	27	27	31	8
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(23 511)	(29 682)	(34 217)	(24 000)
<b>Net cash from/(used) investing activities</b>	<b>(23 181)</b>	<b>(28 208)</b>	<b>(32 228)</b>	<b>(18 856)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	–			
Borrowing long term/refinancing	220	6 983	5 473	17 400
<b>Payments</b>				
Repayment of borrowing	(897)	(3 189)	(1 634)	(837)
Increase in Consumer Deposits				
<b>Net cash from/(used) financing activities</b>	<b>(677)</b>	<b>3 794</b>	<b>3 839</b>	<b>16 563</b>
<b>Net increase/ (decrease) in cash held</b>	<b>9 979</b>	<b>(3 446)</b>	<b>(16 600)</b>	<b>23 410</b>
Cash/cash equivalents at the year begin:	<b>14 384</b>	<b>(3 441)</b>	<b>24 361</b>	<b>24 361</b>
Cash/cash equivalents at the year-end:	<b>24 362</b>	<b>(6 886)</b>	<b>7 762</b>	<b>47 771</b>

## 5.12 GROSS OUTSTANDING DEBTORS PER SERVICE

TABLE 221 GROSS OUTSTANDING DEBTORS PER SERVICE

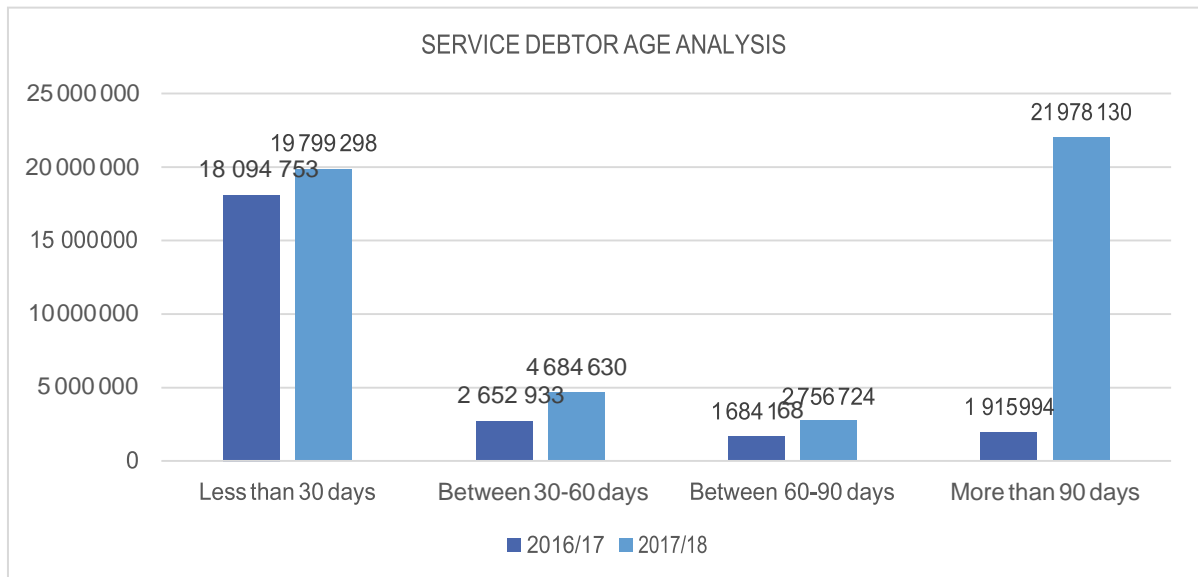
FINANCIAL YEAR	RATES (R'000)	TRADING SERVICES	ECONOMIC SERVICES	HOUSING RENTALS (R'000)	OTHER (R'000)	TOTAL (R'000)
		(ELECTRICITY AND WATER) (R'000)	(SANITATION AND REFUSE) (R'000)			
2016/17	3 675	13 203	2 099	-	5 370	24 348
2017/18	10 168	21 309	5 088	-	9 653	46 219
Difference	6 493	8 106	2 989	-	4 283	21 871
% growth year on year	177	61	142		80	0

**5.13 TOTAL DEBTORS AGE ANALYSIS**

TABLE 222 SERVICE DEBTOR AGE ANALYSIS

FINANCIAL YEAR	LESS THAN 30 DAYS	BETWEEN 30-60 DAYS	BETWEEN 60-90 DAYS (R'000)	MORE THAN 90 DAYS	TOTAL
2016/17	18 095	2 653	1 684	1 916	24 348
2017/18	19 799	4 685	2 757	21 978	49 219
Difference	1 705	2 032	1 073	20 062	24 871
% growth year on year	9	77	64	1 047	102

FIGURE 19 SERVICE DEBTORS AGE ANALYSIS



**5.14 BORROWING AND INVESTMENTS**

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

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#### 5.14.1 ACTUAL BORROWINGS

TABLE 223 ACTUAL BORROWINGS

INSTRUMENT	2015/16	2016/17
	R'000	
Long-Term Loans (annuity/reducing balance)	2 012	15 753
<b>TOTAL</b>	2 012	15 753

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#### 5.14.2 INVESTMENTS

The Municipality had no investments for the financial year.

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.15 SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Policy was revised 29 May 2018 to fully comply with the SCM Regulations and recommendations made during the 2016/17 financial year audit. This was done as part of the annual budget policy review.

No Councillors are members of any committee handling the supply chain processes. The supply chain officials received ongoing training and have completed the prescribed MFMA Competency Regulations. Provincial Treasury quarterly working forum meetings are attended regularly in order to promote the professional development of SCM practitioners within the municipalities in the Western Cape and create a culture of cohesion between municipalities and the Directorate: Local Government Supply Chain Management.

### **5.16 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 ensures that municipal accounts are comparable and more informative for the municipality. It also ensures that the municipality is more accountable to its citizens and other stakeholders. GRAP was fully implemented in the Municipality in the 2010/11 financial year and the financial statements of 2016/17 are fully GRAP compliant.

### **5.17 SOUTHERNMOST DEVELOPMENT AGENCY (PTY) LTD**

It must be noted that, during 2012, the Council took a decision to establish a Local Development Agency (Southernmost Development Agency (Pty) Ltd) to assist the Municipality in the establishment and implementation of local economic development projects. This entity was duly established and the Board of Directors appointed from October 2012. However, during the process of establishment and the development phase, it was found that the establishment and running of the entity will create additional expenses for the Municipality which cannot be afforded due to its very strict budget. After various meetings with all role-players and considering all possible options, the Council resolved on 28 May 2013 to liquidate and disestablish the agency. We are in process of de-registering the agency.



**CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS**

**COMPONENT A: AUDITOR-GENERAL OPINION 2016/17**

**6.1 AUDITOR-GENERAL REPORT 2016/17**

TABLE 224 AG REPORT ON FINANCIAL PERFORMANCE 2016/17

<b>Auditor-General Report on Financial Performance 2016/17</b>	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There were some findings during the audit which required non-material changes to the annual financial statements	<p>The items were corrected during the audit and the necessary changes made and submitted to the auditors during the audit</p> <p>The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis</p>

TABLE 225AG REPORT ON SERVICE DELIVERY PERFORMANCE 2016/17

<b>Auditor-General Report on Service Delivery Performance: 2016/17</b>	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There were some findings regarding the accuracy of the reported achievement found during the audit, which required changes to the performance report (which forms part of the Municipality's annual report). One material change was made on the actual achievement relating to indigent households	<ul style="list-style-type: none"> <li>• The corrections were made during the audit and submitted to the auditors</li> <li>• A coaching and mentoring program has since been launched with all the Directorates regarding the requirements and quality of evidence substantiating the actual performance.</li> <li>• The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis</li> </ul>

**COMPONENT B: AUDITOR-GENERAL OPINION 2017/18**

**6.2 AUDITOR-GENERAL REPORT 2017/18**

TABLE 226AG REPORT ON FINANCIAL PERFORMANCE 2017/18

<b>Auditor-General Report on Financial Performance 2017/18</b>	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There were some findings during the audit which required changes to the annual financial statements as well as correction of prior year errors that were highlighted during the audit	<p>The items were corrected during the audit and the necessary changes made and submitted to the auditors during the audit</p> <p>The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis as well as the Audit Committee on a quarterly basis</p>

TABLE 227AG REPORT ON SERVICE DELIVERY PERFORMANCE 2017/18

<b>Auditor-General Report on Service Delivery Performance: 2017/18</b>	
<b>Audit Report Status:</b>	Unqualified with no other matters
<b>Non-Compliance Issues</b>	Remedial Action Taken
There was some material findings regarding the accuracy of the reported achievement of objectives found during the audit which required changes to the performance report (which forms part of the Municipality's annual report)	<ul style="list-style-type: none"> <li>• The corrections were made during the audit and submitted to the auditors.</li> <li>• The findings will also be taken up in an action plan to address the root cause of the corrections. The progress on the implementation of the corrective measures will be reported to Council on a monthly basis and the Audit Committee on an annual basis.</li> </ul>

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