



NDLAMBE MUNICIPALITY

ANNUAL REPORT

2019/2020

Ndlambe Municipality
046 604 5500
www.ndlambe.gov.za



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VISION:

NDLAMBE MUNICIPALITY strives to be a premier place to work, play, and stay, on the eastern coast of South Africa. It strives to be the destination of choice for people who love natural and cultural heritage, adventure water sports, and laid-back living for families.

Our promise is to build a state-of-the-art physical infrastructure which will be laid out aesthetically in our beautiful natural environment. Our prosperous community supports a safe and healthy lifestyle which is supported by affordable natural living and a vibrant tourism and agriculturally-based economy!

We promote good governance by providing sustainable, efficient, cost effective, adequate and affordable services to all our citizens.

MISSION:

To achieve our vision by enabling optimal performance within each of the five Key Performance Areas of Local Government within the context of available resources.

VALUES:

- **Commitment;**
- **Transparency;**
- **Honesty;**
- **Trustworthiness; and**
- **Care**

CHAPTER ONE

COMPONENT A: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

MAYOR'S FOREWORD

It is my privilege to present the 2019/2020 Annual Report for Ndlambe Local Municipality. Reflecting on the past year, there is much to be proud of and this in turn has strengthened our sense of purpose as we continue to work with our stakeholders towards the fulfillment of the municipality's Vision and Mission statement.

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

The municipality's strategic goals and guiding objectives which this Draft Annual Report should be read and interrogated against are as follows:

Strategic Goal 1	1. A premier place to work and do business
Strategic Objectives	1.1. Improve the efficient running of and the governance of the Municipality 1.2. Develop state-of-the-art physical infrastructure 1.3. Develop a vibrant, rapidly growing, employment generating agri-based economy 1.4. <u>Develop a vibrant, rapidly growing, employment generating tourism economy, including the heritage economy</u> 1.5. <u>Develop a vibrant, rapidly growing, employment generating oceans economy</u>
Strategic Goal 2	2. Destination of choice <i>for living</i>
Strategic Objectives	2.1. Improve financial viability of the municipality 2.2. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens 2.3. Create a safe and secure living environment 2.4. <u>Position the municipality as a learning hub of excellence</u>
Strategic Goal 3	3. Tourist destination of choice for people who love natural and cultural heritage, and adventure water sports
Strategic Objectives	3.2. Preserve the natural beautiful environment 3.3. Develop and support adventure and extreme water sports 3.4. Develop cultural heritage economy

The Performance Management System monitors the implementation of the strategic goals and budget. Key performance indicators and targets were assigned to each of the strategic outcomes. These indicators have been measured and monitored throughout the year and all relevant information was captured on an electronic performance management system. This was the first time that the municipality was using the system and challenges have been encountered. The aim is to continuously monitor performance, serve as an early warning system and take corrective measures where necessary.

It is recognized that continued efforts must be placed on maintaining and improving existing performance in all areas. Every effort must be made to maintain a culture of service delivery and to maintain and enhance sound fiscal and administrative functioning at all costs. We and those that come after us will endeavor to ensure that the

municipality continues to perform, while providing the community with the required and expected levels of service delivery, local economic development, infrastructure development, fiscal control and sustainability and good governance within all spheres. Every effort will be made to meet and sustain community needs at all identified levels – as dictated and defined by the constraints of available infrastructure and resources.

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the municipality's financial performance and our ability to comply with a whole suite of municipal legislation. This report is therefore intended to attest to the collective efforts of the municipal administration and Council to progressively address the expectations of our people. As a local government we will always be evaluated by our ability to meet the growing needs of our residents through rendering quality services, promoting economic development, fiscal discipline, ensuring that we govern effectively and facilitating the growth of our municipality.

CONCLUSION

I would like to express my gratitude to the Executive Committee and all the Councillors for their contribution and commitment towards realising the Vision and making a difference in the lives of all in Ndlambe. I would also like to thank the Management team and Staff members for their support during the year. Most importantly, I wish to thank the ratepayers, civic organisations and all stakeholders and individuals who continue to support us in our endeavours to change our local municipality for the better. Without your commitment and support, these achievements that would be outlined in this report would not have been possible.

COUNCILLOR K C NCAMISO

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MAYOR

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW

This report provides the overview on the performance and progress made by Ndlambe Local Municipality (NLM), in fulfilling its strategic objectives and priorities, as aligned with the IDP, Budget, as well as Provincial and National strategic directives. The report contains highlights of the programmes and projects that were successfully delivered by Ndlambe Local Municipality (NLM) in order to enhance service delivery to the community and all stakeholders.

The five (5) year Integrated Development Plan (IDP) is revisited annually and after evaluating highlighted priorities and current plans available – not to mention the available Budget and resources/ infrastructure for the year – an annual set of IDP strategic objectives are created for each current year. These then represent a realistic set of IDP strategic objectives for the current year. In order to ensure that these are successfully achieved, a Service Delivery and Budget Implementation Plan (SDBIP) for the organization as a whole (reflected within each Directorate) is created – aligned to both Budget and IDP.

From the SDBIP, performance targets are created for each s56 Director and this is aligned to each SDBIP, the IDP and Budget. This then culminates into the scorecards for each directorate. In each instance it is ensured that the service delivery targets created are aligned to the level above which ultimately means alignment with the IDP, Budget and SDBIP.

In terms of performance the municipality has recorded major progress in delivering the objectives of the IDP. This will be explicitly substantiated in detail in subsequent sections of this report, in particular the Organisational Scorecard section. The capacity and support received through intergovernmental cooperation also enabled us to discharge our constitutional responsibilities with reasonable efficiency. Some of the projects implemented included the following:

No	PROJECT NAME	WARD	SECTOR	TOTAL PROJECT COST	BUDGET	STATUS
1	Augmentation of the Alexandria Bulk Water Supply Phase 2	1&2	Water	R 31 015 799.54	R 11 145 561.72	On halt due to EIA issues and will proceed in 2020/21FY. The remaining budget to be distributed on registered projects under MIG.
2	Upgrading of Klipfontein Sportsfield	3	Sportsfield	R 7 850 040.00	R 3 334 309.06	The project overlap to 20/21 financial year and is at 70% Complete
3	Upgrading of Marselle Main Road Phase 2	3	Road	R 0	R 0	The project completed successfully
4	Upgrading of Ndlambe Roads- Mangcangaza	8	Roads	R 7 500 000.00	R 2 400 000,00	The project completed successfully
5	Upgrading of Ndlambe Roads(Phase 3 Kenton on	4	Roads	R 22 622 000.00	R 381 928.98	The project completed successfully

	Sea)					
6	Upgrading of Ndlambe Roads(Phase 3 Klipfontein)	3	Roads		R 646 004.74	The project completed successfully
7	Upgrading of Internal Bulk Sewer reticulation Line and in Thornhill Phase 1(Planning Project)	6	Sewer	R 1 557 756.65	R 816 829.00	Consultants are busy with the EIA processes and will be concluded in August 2020 as per the indication of Department of environment
8	Upgrading of Internal Bulk Sewer reticulation in Marsele 500 houses (Planning Project)	3	Sewer	R 450 000.00	R 450 000.00	The EIA is approved and the Construction will commence in 2020/21 FY
9	Upgrading of Internal Bulk Water reticulation in Marsele 500 houses (Planning Project)	3	Water	R 400 000.00	R 400 000.00	The EIA is approved and the Construction will commence in 2020/21 FY
10	Upgrading of Internal Bulk water Reticulation in Thornhill Phase 1(Planning Project)	6	Water	R 800 590.20	R 666 586.00	Consultants are busy with the EIA processes and will be concluded in August 2020 as per the indication of Department of environment
11	Upgrading of Alfred Road	10	Roads	R 5 514 186.45	R 4 431 251.43	The is a multiyear project, the remaining budget will be spent in 20/21 Financial year

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

Water - especially during festive season in particular in Port Alfred, Bushmansrivermouth and Kenton-on-Sea which areas are visited the most by tourists during this period. Alexandria water supply remains a challenge and the municipality aim to increase water capacity to the area hence the Alexandria water reticulation project. This project commenced in 2018 but had to be delayed due to Environmental Impact Assessment. Nonetheless the appointed contractor is continuing with the work that can be carried out off site. In seeking to address this problem the municipality went out to lobby for funding and an amount of R100million was secured, solely to address water problems.

Roads are continuously maintained however it is very difficult to keep pace with the rate in which they are aging given our financial state of affairs. Council has taken a stance to pave roads and this is ongoing and is visible in Ndlambe.

SMME development – the municipality does not compromise in giving work to the SMME's as part of local economic development and job creation.

Electricity - The municipality has outsourced the maintenance of electricity and the service provider is doing well. Indigent households are provided with free electricity which is 50KW per month and 6 kilo litres of water each month. Houses in particular squatter have been provided by gel stoves in the meantime as means of alternative energy.

Building Control remains a serious challenge in the area especially in the townships where people are building without following the building regulations and as a result of this there is a potential that the municipality may be losing a lot of revenue and the households who are contravening the building regulations are exposed to danger because they are living in houses that have not been approved by the relevant authorities. The municipality is doing by all means to overcome this challenge as it is one of the highest risk.

The municipality is also facing a challenge of **cemeteries** which are becoming full at a very fast rate due to the **HIV/AIDS** pandemic which is rife in the townships and the quick urbanisation however the relevant department is busy with the necessary process to acquire land for graveyards. Other methods of burying the dead especially in the township where these are foreign e.g burying two people over each other in one grave, cremation etc. to prolong the lifespan of these graveyards are introduced and encouraged.

Waste management remains huge challenge for the municipality. The costs associated with managing the sites are quite huge. We are hoping that our partnership with the Federation of Canadian Municipalities will bring about some form of assistance when it comes to waste management.

The importance and relevance of an annual report in an accountable, participatory and developmental orientated local government as a valuable assessment tool cannot be over-emphasised. The 2019/2020 financial year has come to an end and, as required by section 127 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), we must table a draft annual report within the prescribed time frames. The report is not only a compliance matter but provides a fair presentation of the performance of the municipality for the year under review.

I would therefore like to thank all for having contributed to making 2019/2020 a great success. I would like to record my sincere appreciation for the political leadership from the Mayor, the Executive Committee, the Speaker, Councillors, the Audit and Performance Audit Committee, management, staff and all stakeholders for their support and positive contribution and commitment.

ADVOCATE R DUMEZWENI

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MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The Ndlambe municipality, as a Category B municipality performs such municipal functions as enshrined in the Constitution of the Republic of South Africa, 1996. In particular these are listed in Schedule 4 part B & Schedule 5 part B. These include:

Air pollution	Water & sanitation services limited to potable water supply systems and domestic waste-water and sewerage disposal systems
Building regulations	Beaches and amusement facilities
Electricity	Billboards and display of advertisements in public places
Fighting services	Cemeteries and funeral parlours
Local tourism	Cleansing
Municipal Planning	Control of public nuisances
Municipal Health Services	Control of undertaking that sell liquor to the public
Jetties & Piers	Facilities for accommodation, care and burial of animals
Stormwater management system	Fencing and fences
Trading regulations	Traffic and parking
Licensing and control of undertaking that sell food to the public	Municipal roads
Local amenities	Noise pollution
Local sport facilities	Pounds
Municipal parks and recreation	Public places
Refuse removal, refuse dumps and solid waste disposal	Street trading
Street lighting	

The Ndlambe municipality also performs other functions that may be delegated to it by another sphere of government.

The Ndlambe municipal area falls within the Eastern Coastal Zone (one of the areas within the Sarah Baartman District Municipality that has similar geographical characteristics and requires similar geographical guidance). This area can be described as an area with:

- A pristine coastal area;
- Well preserved river mouths and inter-tidal areas;
- Diverse vegetation;
- A relatively low density development along the coast; and

- Major tourism potential

The following is the presentation and analysis of key Ndlambe municipal population and household statistics as provided in the Stats SA Community Survey, 2016. A comparison of this data with Census 2011 is provided in the next page

SUMMARY OF KEY DEMOGRAPHIC AND SOCIO-ECONOMIC HIGHLIGHTS OF NDLAMBE LOCAL MUNICIPALITY

Demographics	2011		2016	
	Number	Percent	Number	Percent
Population	61 176		63 180	
Population growth				0.6
Population profile				
Black African	47 557	77.7	52 697	83.4
Coloured	4 473	7.3	5 077	8.0
Indian or Asian	144	0.2	136	0.2
White	8 704	14.2	5 271	8.3
Population density				
Population by home language				
Afrikaans	7 137	11.9	6 102	9.8
English	7 475	12.5	4 963	8.0
IsiXhosa	43 721	72.9	50 486	81.3
IsiZulu	171	0.3	115	0.2
Sesotho	169	0.3	34	0.1
Other	1 269	2.1	391	0.6
Number of households	19 875		20 818	
Households size	3.1		3.0	
Gender				
Male	29 035	47.5	30 096	47.6
Female	32 141	52.5	33 084	52.4
Age				
0 - 14	15 438	25.2	17 697	28.0
15 - 34	19 269	31.5	20 192	32.0
35 - 64	20 382	33.3	17 373	27.5
65 +	6 087	9.9	7 919	12.5

Household Services	2011		2016	
	Number	Percent	Number	Percent
Access to housing				
Formal	16 153	83.6	18 589	89.3
Traditional	727	3.8	856	4.1
Informal	2 185	11.3	1 315	6.3
Other	265	1.4	58	0.3
Access to water				
Access to piped water	18 796	95.7	18 721	89.9
No Access to piped water	841	4.3	2 097	10.1
Access to sanitation				
Flush toilet	11 978	66.3	15 977	76.7
Chemical	337	1.9		0.0
Pit toilet	5 021	27.8	2 116	10.2
Bucket	162	0.9	174	0.8
None	579	3.2	828	4.0
Energy for lighting				
Electricity	16 966	86.7	18 506	90.8
Other	2 608	13.3	1 881	9.2
Energy for cooking				
Electricity	15 221	77.7	17 846	86.1
Other	4 368	22.3	2 887	13.9
Access to refuse removal				
Removed by local authority at least once a week	15 440	78.6	18 544	89.1
Removed by local authority less often	474	2.4	121	0.6
Communal refuse dump	260	1.3	352	1.7
Own refuse dump	2 496	12.7	1 230	5.9
No rubbish disposal	582	3.0	512	2.5

Employment	2011		2016	
	Number	Percent	Number	Percent
Employed	15 184			
Unemployed	6 593			
Employment by industry				
Formal				
Informal				
Private Households				
Economically active population	21 777			
Labour force participation rate		54.9		
Absorption rate		38.3		
Unemployment rate		30.3		

Rating of quality of municipal services	2011		2016	
	Number	Percent	Number	Percent
Water (good)			11 283	55.2
Electricity supply (good)			14 873	77.9
Sanitation (good)				
Refuse removal (good)				
Poverty head count ratio		0.0		0.0
Sex ratio		90.3		91.0

Employment at municipality	2014		2015	
	Number	Percent	Number	Percent
Full-time	309		445	
Part-time	0		0	
Vacant post	0		2	
Total	309		447	
Education	2011		2016	
	Number	Percent	Number	Percent
Level of education (20+)				
No schooling	3 841	9.7	2 998	7.4
Some primary	8 052	20.2	7 212	17.8
Completed primary	2 544	6.4	2 817	6.9
Some secondary	13 271	33.3	15 047	37.1
Grade 12/Matric	8 109	20.4	9 479	23.4
Higher	3 706	9.3	2 974	7.3
Other	276	0.7	59	0.1

Free Basic Services	2014		2015	
	Number	Percent	Number	Percent
Indigent Households	9 298		9 618	
Water	9 298		8 108	
Electricity	6 315		6 339	
Sewerage & Sanitation	4 352		4 343	
Solid Waste Management	8 379		8 414	

Agriculture	2011		2016	
	Number	Percent	Number	Percent
Agricultural households			2 602.0	12.5
Cattle				
1 - 10			307	72.1
11 - 100			51	12.0
100+			68	16.0
Total			426	100.0
Sheep				
1 - 10			26	51.0
11 - 100			25	49.0
100+			0	0.0
Total			51	100.0
Goat				
1 - 10			142	44.9
11 - 100			159	50.3
100+			15	4.7
Total			316	100.0
Type of agric activity				
Livestock production			1 111.0	51.0
Poultry production			850.0	43.3
Vegetable production			1 072.0	70.4
Other			590.0	9.9

Infrastructure	2011		2016	
	Number	Percent	Number	Percent
Access to telephone lines	3 591	18.3	2 409	12.1
Access to cellular phones	15 769	80.4	18 030	87.9
Access to Internet	5 871	29.9	1 863	9.3

Source: Stats SA, Census 2011 & Community Survey 2016

Population

Population by age group and gender

Age	Male	Female	Total	%Male	%Female
0 - 4	3006	2796	5802	4.9	4.6
5 - 9	2593	2538	5131	4.2	4.1
10 - 14	2261	2243	4504	3.7	3.7
15 - 19	2469	2464	4933	4	4
20 - 24	2549	2408	4957	4.2	3.9
25 - 29	2509	2571	5080	4.1	4.2
30 - 34	2032	2266	4298	3.3	3.7
35 - 39	2014	2218	4232	3.3	3.6
40 - 44	1767	2269	4036	2.9	3.7
45 - 49	1571	1998	3569	2.6	3.3
50 - 54	1477	1906	3383	2.4	3.1
55 - 59	1223	1526	2749	2	2.5
60 - 64	1052	1362	2414	1.7	2.2
65 - 69	814	1039	1853	1.3	1.7
70 - 74	734	1003	1737	1.2	1.6
75 - 79	424	588	1012	0.7	1
80 - 84	282	453	735	0.5	0.7
85 +	258	492	750	0.4	0.8
Total	29035	32140	61176	47.5	52.5

Source: Census, 2011

The Census 2011 data suggests a total population of 61 176 compared to the Census 2001 data which suggested a total population of 57 241, as compared to the 2005 backlog study figures of 58 927 and a total number of households of 18 913. The Socio Economic Profile of Cacadu estimates the population of Ndlambe Municipality at 63 000. The community survey (STATS SA – 2007) concurred with this population figure. When one compares Census 2011 population data with Census 2001, the population of Ndlambe has increased by a margin of 3935 persons and this represents a percentage increase of 1,2 per cent. This could be attributed to an influx of people from the surrounding areas to look for job opportunities in the new industries that have emerged in the municipal area. Also, the Thornhill housing development has attracted some individuals who were living outside Ndlambe to come back and settle in their newly built RDP homes. Another contributor to this population growth is the migration of people from inland towns and cities to the coast. This influx also impacts negatively on the unemployment rate which currently stands at 30.3 per cent with youth unemployment rate standing at 39 per cent.

The bulk of the migration patterns being experienced within the Municipality are due to holiday makers (approximately 33 000) in the peak season. The influx of seasonal holiday makers equates to approximately 56% of the permanent resident population and places tremendous pressure on the available infrastructure of the area. There is a small migration impact on the agricultural sector related to the harvesting of chicory and pineapples, which has no effect on the immediate service delivery as these activities take place on private land. It does, however, impact on the Municipality in the longer term as some migrant labour decides to remain once the seasonal work is completed.

Although undocumented, the Municipality is also dealing with an influx of farm workers to urban centres as well as people from neighbouring municipalities seeking new economic opportunities. This is placing increasing pressure on the housing delivery program and efforts to eradicate informal settlements.

Number of households

Household size by population group of head of the household

	Black African	Coloured	Indian or Asian	White	Other	Total
1	3837	174	14	987	39	5051
2	2779	212	22	1714	54	4781
3	2491	226	12	443	24	3196
4	2138	232	1	349	6	2726
5	1290	155	4	97	3	1549
6	745	93	1	38	1	878
7	485	56	1	11	1	554
8	244	15	1	2	0	262
9	140	10	0	3	0	153
10+	167	14	0	0	0	181
Total	14316	1187	56	3644	128	19331

Source: Census, 2011

Based on the above data, the average household size is 3.2 persons per household. Of the total number households, 42.6 per cent are female headed. Given the high percentage of female headed households the municipality's planning and projects should be targeted at reaching out to these households. Furthermore, there is a need for the municipality to engage relevant sector departments, such as Social Development and Women, Children and People with Disability, in this regard.

1.3 SERVICE DELIVERY OVERVIEW

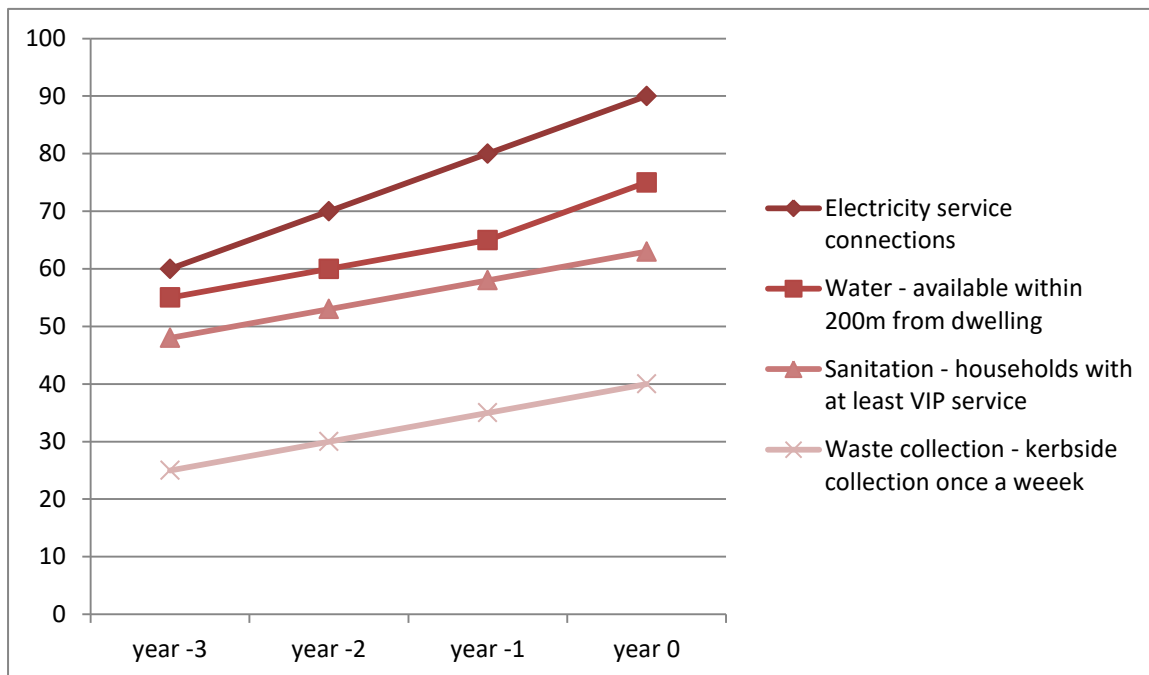
SERVICE DELIVERY INTRODUCTION

Basic service delivery achievements have been noteworthy and are continuing. Council has acknowledged that the biggest stumbling block to transformation and development within the municipal area has been suitable access to sufficient water. Council then embarked on a multi-year strategy to improve the water supply to the consumer base of Ndlambe Municipality. Implementation of these projects is underway. Other recent service delivery achievements include the various improvements and upgrades to various Waste Water Treatment Works, Technical upgrades to sewerage systems maintenance competency within staff.

Challenges include the following:

- Increasing unemployment levels within the consumer base.
- Increasing migration from rural agricultural sector to urban nodes
- Cost of service delivery when revenue base is considered.
- Ageing infrastructure operating in physically aggressive environment

Proportion of households with access to basic services



COMMENT ON ACCESS TO BASIC SERVICES:

It is a well-known fact that the reliability of the yields and the quality of the water from the respective water sources is in general inadequate. Furthermore the capacity of the bulk infrastructure is also inadequate especially during peak holiday seasons when holiday makers flock to the coastal resort town and the demand for municipal water supply cannot be met. This challenge is being addressed through grant funded projects. The present status quo results in many of the households in the area augmenting the Municipal supplies by establishing private rainwater harvesting facilities, which Council encourages and enforces within the building plan application process. All formal erven have access to basic services, which includes, water, sanitation, electricity refuse removal and road access. There are various levels of service but in all cases the minimum levels of service are exceeded.

1.4 FINANCIAL HEALTH OVERVIEW (2019/2020)

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is an important focus area.

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

Efforts are made to address the issues raised by the Auditor-General in both the audit report and the audit management letter for the audit of the financial year ending 30 June 2018. An audit check list was developed and is monitored by the internal auditor to ensure that we improve in the areas identified. Further controls and action plans have been implemented by the finance directorate to ensure that the financial statements are prepared timeously and that we work towards an improved audit outcome by the financial year ending 2018. To achieve a clean audit is going to be a challenge and all offices and directorates are going to have to pull together as a team to achieve the objective. The compilation of the financial statements and the audit undertaken by the auditor-general's office is no longer just a finance issue.

The demands on the finances of Ndlambe Municipality continue to be significant as backlogs in services, aging infrastructure, and maintenance remain a serious challenge. Emphasis has to be put on enhancing our revenue streams and collecting debt due to the Ndlambe Municipality by consumer and ratepayers that have the ability to pay. Households that receive indigent grants that are in fact not indigent also need to be addressed.

The internally funded capital budget, the reduction in the maintenance budget and reducing budgets for depreciation/bad debts provision/income foregone as a means to balance the budget and the increase to our customer's needs to be seriously addressed in future financial years as the aging infrastructure needs to be replaced and maintained.

A major challenge that continues to face the administration of Ndlambe Municipality and highlighted in the Auditor-Generals management letter in the past and still continuing, is the implementation and compliance to regulations emanating from the Municipal Finance Management Act including but not limited to supply chain management issues, asset management and budget control.

MUNICIPAL FINANCIAL VIABILITY

FINANCE DIRECTORATE

The finance directorate is a support directorate to other directorates and ratepayers of Ndlambe Municipality. The finance directorate consists of four sections namely the Budget and Treasury Office, Supply Chain Unit, Revenue and Expenditure. The main office of finance is situated in Port Alfred with three satellite offices in Alexandria, Kenton-on-Sea and Bathurst.

The objectives of the finance directorate for the 2019/2020 financial year were as follows;

- To activate/implement, update the entire Municipality's fixed asset register and ensure its Compliance to GRAP (Generally Recognised Accounting Practice)
- Ndlambe is able to raise sufficient revenue (internal and external sources) and manage the assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs
- To maintain Finance assets
- To improve communication of the budget process
- To implement mSCOA according to National Treasury Circulars and guidelines.
- Households living below the poverty line, as well as vulnerable groups, have improved access to all required basic services, health facilities and social/ work creating programs

- Develop the Supply Chain Management Unit to be in line with the SCM policy and meet the requirements of good practice and address all issues raised in the report of the Auditor-General
- To ensure financial resources are utilised in an economical, efficient and effective manner
- Develop the capacity of the Budget and Treasury Office (BTO) to meet the requirements of credible financial management.
- To ensure that all revenue is collected on a monthly basis to cover the operating expenditure of the municipality on a daily basis
- To ensure all indigents have access to free basic services.
- To ensure an effective customer care service to all residents.
- To ensure increased registration of the qualifying indigent households
- To ensure all collectable debt is collected

To meet the above objectives the following indicators were set that we needed to achieve;

- Percentage of progress made towards maintenance and rehabilitation of Asset register including all Finance Leases, Operating Leases, Infrastructure Assets and municipal and Investment properties
- New asset acquisitions are recorded/captured on a monthly basis.
- The existence of all assets is verified half yearly.
- All assets acquired are bar coded and insured on a monthly basis.
- Percentage increase in the possible local revenue base
- 100% spending of FMG grant allocated
- Increase in % of equitable share based on more accurate statistics in terms of the DORA
- Percentage decrease in non-payment
- Percentage of elements of financial system utilized
- Increased in number of staff trained to effectively use the financial system
- Increase in number of useful reports generated for planning and monitoring purposes
- Increase in the investments of maintenance / upgrade of financial system
- Number of reports that meet the legal requirements at the right time
- Percentage of improved cash flow by reducing expenditure to match actual cash on hand.
- Number of Finance assets assessed and ensuring that they are utilized economically.
- Relevant advertisements and loud hailing are done within the legislated time frames
- Increase in number of households benefiting from poverty alleviation programs
- Fully operational SCM unit in line with SCM Policy and MFMA implemented
- Income and expenditure reports are provided on a monthly basis to offices and directorates for them to do budget control.
- Infrastructure investment plan is developed for development priorities in the IDP
- Relevant officials are trained to ensure that they are able to contribute to the financial management system (treasury departments and departmental managers)
- A process plan in place to ensure all new buildings, additions to buildings, re-zoning of properties, sub-divisions and consolidations are forwarded to the finance directorate on a monthly basis for billing and valuation purposes.
- All residents who do not have the financial means to pay for basic services in terms of the indigent policy are registered.
- A complaint register to reduce number of complaints from residents resulting from system errors is developed
- Increase in response time and resolution of complaints to be within 7 days of receipt

Finance Directorate Challenges

The following general challenges were experienced by the finance directorate for the year ending 30 June 2020;

- Grant dependency for capital expenditure
- Increase of the debtors book impacting negatively on our financial viability
- Turnaround time of customer queries and complaints
- Asset maintenance and asset control to ensure sustainability
- Revenue enhancement
- Lack of office space

- Staff establishment
- Reduction of bad debt, depreciation and income foregone budget to reduce the tariff percentage increase to ratepayers and consumers
- Water losses where Amatola Water to be paid for water lost
- Decentralisation of the supply chain unit.
- Subsidisation of water consumed by households in Amatola subsidised areas
- Debt collection in ESKOM licenced electricity distribution areas.

Finance Directorate Composition

Creditors

Payroll:

Administer payment of salaries and allowances. Monthly reconciliation of salaries. Payroll runs on the Friday closest to the 25th of each month where salaries are transferred electronically to staff members bank accounts .Payments made to the Pension Funds, SDL, PAYE and UIF as well as other salary deductions due, are done before the 7th of the following month. The duties are performed by a Senior accounting who reports directly to the Expenditure Assistant Director. The municipality is in the process of appointing an assistant for this position minimise the risk of centralising knowledge to one person.

Creditors Payments.

Administer payment of creditors. Creditors to be paid within 30 days of invoice received date on a monthly basis, statements of creditors reconciled with the orders/requisitions issued- This has been a challenge seeing that not all documentation relating to these payments have been received in time as well as the ongoing cash flow problem within the Municipality- resulting that creditors not being paid within 30 days. Direct payments are done on a day to day basis for emergencies, accommodation ,travelling and temporary wages. Safekeeping of documents is a challenge, the department is investigating an alternative to use an electronic document management system.

Stores:

Execute control over stock/stores -Buying and controlling of stock which includes stationery, petrol and diesel, water meters etc. Stocking taking at year end will no longer involve the participation of the storekeeper and Ass. Store Keeper, but will be done by the internal auditor and delegated staff members. Slow moving stock, adjustment and obsolete stock items were taken to council to be written off as these were no longer in use by the Municipality. A mini stock take was then done at the end of March to determine if there were any more variances on the stores module vs stock on hand as well as to confirm that the quantities and values were correct.. Expenditure has activated the fuel management functionality in MunSoft. This will be used to manage issuing of fuel and individual fleet usage.

The strategic objectives of the Creditors Section are to:

Creditors:

To utilise all the functions available on the MunSoft system in order to be more effective on directs/creditors payments.

The key issues for 2019/2020 were:

- To get all expenditure processes computerized
- Balance all stock items and bin cards to the stores sub-ledger
- Balance and reconcile creditors statements and Eliminate fuel losses

Revenue

Overview:

The revenue section within Ndlambe Municipality covers a wide range of functions which are of an administrative nature.

It plays a pivotal role in revenue generation and collection activities through;

- Formulation, implementation and reviewal of relevant revenue policies

- Ensuring compliance to national, provincial and local government legislation.
- Active participation in various government structures to promote intergovernmental.
- Engaging in revenue enhancement activities by billing for services consumed, provide key statistical data for setting annual tariffs, undertaking banking services, meter readings for billing purposes.
- Facilitation of property general and supplementary valuations and finally rating of properties.

One of the critical functions of the department is to continuously, monitor expenditure and give advice to other directorates to ensure that expenditure is within approved budget. Financial management is not only inward focused, it provides a wide range of services to local communities. It serves as a delivery mechanism for free basic services.

Free Basic Services

Financial function is responsible for facilitating an enabling environment for the implementation of free basic services by developing policies to be approved by council. It is through these policies that local communities can access these services. Communities are assisted by the Finance department to apply for these services and thereafter facilitate payment for such services. Different mechanisms are considered to extend the provision of certain free basic services to informal settlement and rural areas. Such services are provided through an alternative sources of energy namely gel, gel stoves, internal and street solar lights

Service Delivery

The Finance department is one of the key role players in service delivery. Finances' role is to provide support to the departments that are directly involved in service delivery. Such support is ensuring of cash resources, these resources are generated through various billing activities, collections of payments due are done by the finance department. One of the greatest challenges that Ndlambe is faced with is electricity distribution in townships which fall under ESKOM's electricity distribution licences. The challenge is in the distribution network that is currently in place. It must be noted that this problem is not only in Ndlambe.

There are number of problems to mention a few, insufficient credits levels maintained by the vendors resulting unavailability of electricity to consumers. The matter has been addressed with ESKOM, but no solution has been provided to us.

Property Valuations

A General and a Supplementary Valuations were compiled during the 2018/20219 financial year to rate new properties and properties that have had improvements done. The General Valuation Roll was for implementation in the financial year 2019/20.

Strategic Objectives

The following are finance key strategic objectives which will contribute towards achievement of the municipality's strategic objectives;

- Creation and maintenance of a credible valuation roll
- Building and maintenance of a good customer relationship
- Creation and maintenance an internal customer approach when serving other internal departments.
- Reduction of errors in billing
- Ensuring maximum collection of municipal revenue through billing and revenue collection.
- Capacitating of departmental staff
- Use of various tools, equipment, to enhance revenue collection
- Identification of unbilled and unmetered consumption to enhance our revenue base.

Key issues for 2019/2020 financial year are;

The focus will be on the following issues, which are critical for service delivery and financial viability of Ndlambe Municipality, these will include but not limited to the list below;

- Resourcing the department
- Capacitating staff
- Improving billing and credit control information system/reports
- Increasing the number of registered indigents

- Reduce account queries
- Shorten account query response time
- Increasing debt collection efforts
- Improving customer relations
- Exploring other debt collection mechanisms
- Ensuring continuous supply of electricity to consumers in Ndlambe townships.
- Increased accessibility of Free basic Electricity to indigent people through ;
 - Indigent registration and
 - Issuing of free tokens without purchasing coupons.
 - Provision of alternative energy sources to rural and informal settlement communities.

It must be noted that due to processes to be followed some of the issues may be both short and long term issues

Budget And Treasury Office

Budget and Treasury Office was established in terms of section 80 of the MFMA. It consists of BTO managers reporting directly to the CFO. The section plays a pivotal role in compilation and management of expenditure. There is a limited staff complement resourced with the 5 Treasury funded interns. Reliance on interns is a risk as treasury may decide to stop the funding. Ndlambe will have to build its capacity with time.

The functions of the BTO are as follows:

- Budgeting,
- Financial Statements & Reporting,
- Asset Management,
- Cash Management,
- Investments
- Insurance.

The function of the budget and treasury office within the municipality is administered as follows and includes:

Budgeting

The Municipality's annual budget comprises of an operating budget and a capital budget. The operating budget funds employee salaries, operating costs, purchases and assistance for the poor, such as free basic water and sanitation. The Municipality's business and service delivery priorities were reviewed and where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The focus is to critically review expenditure on non-core items.

The capital budget is set aside for spending on infrastructure and services, such as roads, water and sanitation as well as the many other utilities and services that Ndlambe Municipality needs in order to function, grow and offer opportunities to its residents.

The entire budget amount per annum is based on the income that the Municipality accrues on rates, service charges, and grants and subsidies. Budgeting on the accrual basis enforces strict cash control measures as before expenditure can be incurred the income must be in the bank. The municipality has to move to a cash budget so that expenditure can be more certain.

BTO's involvement in budgeting starts from the planning, strategizing, preparing, and tabling, approving, finalizing and implementation stage. The planning and strategizing stages are done through the political guidance by the Mayor. i.e. review of time table schedule and the previous year's budget process to determine what went wrong, what should be corrected and the way forward. This can be done through internal and external participation. The preparation to the finalizing stage of the budget is done by the BTO with the assistance of the Accounting Officer and the co-operation of the other directorates. After the implementation the BTO conducts the in-year monitoring of the budget. The major difficulties we encountered in the budget preparation are the directorates are not adhering to the time table schedule approved by the council. The directorates are not procuring according to their budget. IDP is not aligning to the budget. The directorate does not prepare their departmental SDBIP.

The strategic objectives of this function are to:

- Compile well balanced, representative and affordable budget informed by the IDP and available resources.

The key issues for the financial year are:

- The in-year monitoring to control the budget.
- Engagement of the Mayor and the Accounting officer involvement in the budget in order to achieve a smooth budget process.
- To include the SDBIP in the Budget process

Financial Statements And Reporting

The BTO coordinates the process of preparing the financial statements with the finance management team. The finance management team is required to prepare statements that are in accordance with generally recognized accounting practice (GRAP). The financial Statement are handed over to Auditor General at the 31 August for auditing purposes as required by the S126 (1) b of the MFMA. The BTO prepares the monthly, quarterly, half yearly and yearly reports to Council, National and Provincial Treasury based on the requirements required by the MFMA.

The strategic objectives of this function are to:

- Compile accurate and reliable financial statements and reporting which reflect the true financial position of Council.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to achieve an unqualified audit report.

The key issues for the financial year are:

- Striving to produce financial statements that are fully complying with GRAP.
- To develop a monthly checklist to correct errors on matters affecting the financial statements before the reporting date.

Asset Management

BTO coordinates the verification of assets towards the year end. Control the movement, transfers, acquisitions and disposals of Council assets on a daily basis. Report to Council a list of assets to be disposed for approval.

The strategic objectives of this function are to:

- Keep record and the movement of Council assets.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to locate, identify and revalue all Municipal Assets.
- Ndlambe Municipality is able to raise sufficient revenue (internal and external sources) and manage their assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs.

The key issues for the financial year are:

- To maintain the asset register on a monthly basis.
- Ensuring that the Council asset register complies with GRAP.
- Conducting a monthly checklist ensuring the asset register balances with the ledger.

Cash Management

Prepares a daily cash flow to determine whether the council is in the status to spend from the budget. Informs the directorates if there are any cash flow problems.

The strategic objectives of this function are to:

- To secure sound and sustainable cash flow management of the Council.

The key issues for the financial year are:

- To review the cash management and investment policy in accordance with any framework that may be prescribed in terms of s13 (1) of the MFMA.

Investments

The BTO maintains the quotation register. Identify monies that are transferred to the Council current account and invest monies not immediately required. Prepares the monthly reconciliation, realises and re-invest investments on the due date. Make withdrawals on the investments to the revolving fund, debit the current account with the original money invested and credit the vote provided by a specific director.

The strategic objectives of this function are to:

- To secure sound and sustainable investment procedures of the Council.

The key issues for the financial year are:

- Implement authorization and review the investment decision made of the employee making the investment

Insurance

The BTO register all the new assets to the insurance company take out the disposed assets from the insurance list. Make insurance claims for the damage or stolen assets. Allocate payments received from the insurance company to the relevant vote. Update insurance claim register. The problems encountered when implementing the insurance activity are directorates are not informing the BTO of the new acquisitions and stolen assets for insurance additions. Directorates are submitting insufficient information for insurance claims and are not adhering to the terms of the insurance contract. i.e. late submissions

The strategic objectives of this function are to:

- To ensure all the Council assets as per asset register are insured.

The key issues for the financial year are:

- To review the fixed asset register to comply with GRAP and ensuring that the fixed assets are at the market value for the insurance purposes.

SUPPLY CHAIN MANAGEMENT

Report for the period 1 July 2019 to 30 June 2020

SUPPLY CHAIN MANAGEMENT POLICY – Paragraph 6(3)(a) and 6(4) REPORT

Extracted from the SCM Policy as approved by Council:

"6. Oversight role of the council

(3) For the purposes of such oversight, the accounting officer must –

*(a) within 30 days of the end of each **financial year**, submit a report on the implementation of this policy to the council through its mayor;*

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

*(4) The accounting officer must, within 10 days of the end of **each quarter**, submit a report on the implementation of this policy to the mayor.*

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act."

1. Staffing Matters

During the 2019/2020 Financial Year, the department still operated with three permanent staff members of the Unit continued to face many challenges, due mainly to an insufficient number of staff members in the Unit to carry out the full range of duties as set out in the Municipality's Supply Chain Management Policy. The municipality contracted one person to beef up the SCM Unit. The municipality is currently has filled the position of a Senior Buyer and in the process of filling Contracts Manager vacancy to strengthen capacity in the SCM unit.

To ensure sustained compliance with Best Practice processes, and to address to issues raised previously by the Auditor-General, the Logistics Clerk post was filled on a permanent basis. However, the Task Grading in respect of this new post has still not yet been completed. The post of Logistics Clerk remains the only currently occupied post which has yet to be task graded. No firm indication has been provided by the Human Resources Section as to when this evaluation will be completed but it has been intimated by the HR Section of Ndlambe Municipality that the conclusion of the process is imminent.

2. Office Infrastructure

Training on the finer points of utilisation of the new VoIP telephone switchboard system has not yet been provided, and, as use is currently being made of low volume stand-alone units, it is also felt that, due to the requirements of the new Munsoft system, the SCMU is in need of a high volume scanner/printer

3. Decentralised Supply Chain Processes

It remains a challenge to fully and comprehensively comply with the administrative and reporting requirements of legislation due to the currently dispersed nature of responsibility for the various Supply Chain Management functions.

Council Took a resolution to centralise, attempts are made to achieve this objective,. One department was taken on board, training has been done, a commodity database is being developed. With effect from September the Departments will forward

4. Ndlambe Municipality Supplier Database

By amendment to the Supply Chain Management Policy, the municipality's supplier database, with effect from 1 July 2016, has become, *de facto*, the Central Supplier Database (see below).

5. Web Based Central Supplier Database (CSD)

With effect from 1 July 2016, Municipalities started using the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations. This means that the requirement for Ndlambe Municipality to operate and maintain a separate supplier database has fallen away, as all organs of state (including municipalities) must, make exclusive use of suppliers who are registered on the CSD.

To this end:

- An amendment to the Supply Chain Management Policy of the municipality, in line with the recommendations of National Treasury regarding compulsory CSD registration, was approved by Council.
- SCMU officials have been assisting many local potential suppliers to register on the CSD.
- The Supply Chain Manager has been registering Ndlambe officials as users on the CSD so that user departments can search this database for potential suppliers. This is an ongoing process.

The response from, particularly local, current suppliers to the municipality has, regrettably, been extremely poor. Ongoing efforts to encourage registrations are being made but there exists a considerable risk that the municipality, in order to ensure ongoing service delivery, may be left with no other option than to transact with unregistered suppliers.

The current user-friendliness of the CSD has proved to be rather challenging, and suggestions are being made, on an ongoing basis, to National Treasury regarding possible improvements to this aspect of the system.

6. Minimum Competency Levels

Section 119(1) of the MFMA states that: *“The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels.”*

Both the Head: Supply Chain Management and Acquisition Officer must therefore comply with the requirements of the National Treasury: Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels in this regard. To date, both the SCM Head and Senior Buyer have not yet attained this requirement and the municipality is pushing them to comply.

7. Abakus System migration to the Munsoft System

MunSoft procurement system has been implemented partially, requisitions are done manually but requisitions are generated by the system. The manual requisitions are to be done electronically once the commodity database is developed

8. Deviations from SCM Processes

Although tendering procedures and many other provisions of the Supply Chain Management Policy were adhered to, many deviations (as defined in Section 36 of the SCM Regulations and Para 39 of Ndlambe Municipality's SCM Policy), mostly relating to the Informal and Formal Written Quotation provisions, still occur on a regular basis. Concerted efforts are continually being made by the Supply Chain Management Unit to inform user departments of ways to decrease their reliance on using deviations to support acquisitions.

9. National Treasury MFMA Circular 77 – Model SCM Policy for Infrastructure Procurement and Delivery Management

In October 2015 this circular, which suggested a separation of supply chain management requirements for general goods and services from those for infrastructure delivery, was issued. A “model” Infrastructure Procurement and Delivery Management policy was also provided.

As the current Supply Chain Management Regulations (Municipal Supply Chain Management Regulations per Notice 868 of 2005) do not make any provision for municipalities to have more than one Supply Chain Management Policy, no action, other than noting the contents of the circular, was taken. Implementation of the SPIDM as parallel procurement vehicle still remains a challenge.

10. National Treasury MFMA Circular 83 – Publication of information on the eTender Publication Portal

This circular, issued in July 2016, set out “requirements” by National Treasury (although a Circular is obviously not any form of Regulation) for municipalities and municipal entities to advertise, on the eTender Publication Portal (<http://www.etenders.gov.za/>), all their bids and publish notices of all awarded bids, cancellations and deviations, variations and extensions of existing contracts.

The circular also stated, *inter alia*, that:

- *“Accounting Officers must utilise the Organ of State System Account Application Form on the Office of the Chief Procurement Officer (OCPO) website to request access rights on the eTender Publication Portal.”* No clarity has yet been provided to the SCMU regarding this matter.
- *“The National Treasury will facilitate access to the system and provide training and support in collaboration with Provincial Treasuries.”* No indication as to when this training will be provided has been received by the SCMU.

The circular also does not make any mention of a commencement date of the requirements. No action, other than noting the contents of the circular, has therefore been taken by the SCMU.

Municipal Regulations on a Standard Chart of Accounts (mSCOA)

In terms of section 169(1) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation. The Municipal Regulations on a Standard Chart of Accounts *inter alia* makes provision for an updated GFS Classification Framework, Detailed Classification Framework of the 7 Segments (SCOA Version 5.5). To date Ndlambe has complying with this requirement in all respect.

EMPLOYEE BENEFITS AS AT 30 JUNE 2020

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency.

Below is a summary of Councillor and staff benefits for the year under review:

EMPLOYEE BENEFITS AS AT 30 JUNE 2020

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency.			
Financial year	Total salary and allowances	Total Operating Expenditure (R'000)	Percentage
2017/2018	124,706,845	281,022,537	44.38%
2018/2019	135,570,643	385,900,690	35.13%
2019/2020	142,641,908	427,358,374	33.38%

Below is a summary of Councillor and staff benefits for the year under review:			
Financial year	2017/2018	2018/2019	2019/2020
Description	Actual	Actual	Actual
Councillors (Political Office Bearers plus Other)			
Salary Package	6,925,286	7,280,050	7,474,067
Senior Managers of the Municipality			
Salary Package	5,704,488	6,316,343	11,136,639
Other Municipal Staff			
Basic & 13 th cheque	75,923,546	76,542,277	89,902,979
Allowances	3,468,543	3,830,398	5,823,538
Post employee benefit	15,509,581	11,398,254	9,852,476
Medical aid – Company contributions	9,061,887	9,497,662	10,758,968
Unemployment Insurance Fund (UIF)	768,964	801,056	848,377
WCA	426,108	44,994	948,176.12
Skills development levy	1,027,822	1,132,417	1,120,990.66
Leave pay provision	728,240	377,755	577,347
Overtime payments	9,775,073	9,728,601	12,196,898
Car allowance	2,960,778	2,536,756	2,855,675
Housing Benefits	1,037,920	796,950	842,922
Group insurance	242,081	209,547	222,306

Industrial levy	48,353	50,278	69,294
Casuals	3,727,949	4,887,514	6,621,960.85
Sub Total	124,706,845	121,834,459	142,641,908
Total	137,336,619	135,430,852	161,252,614

Names of pension fund	Number of	Names of Medical Aids	Number of members
Cape Joint Pension Fund	3	LA Health	72
Cape Joint Retirement Fund	319	Bonitas	149
SALA Pension Fund	34	SAMWU National Medical Scheme	128
SAMWU National Pension Fund	83	Hosmed	10
Sanlam Pension Fund	18	Key Health	2

SERVICE PROVIDERS TO THE FINANCE DIRECTORATE STRATEGIC PERFORMANCE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. Service provider means a person or institution or any combination of persons and institutions which provide a municipal service.

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

Section 116(2) of the MFMA further states that:

The accounting officer of a municipality must:

- take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- monitor on a monthly basis the performance of the contractor under the contract or agreement;

The following table is to provide information related to the performance of external service providers that were utilised by the finance directorate during the 2019/2020 financial year;

Contract name	Supplier name	Type of services rendered	Term of contract (in months)	Performance	Average rating	Comment and/or corrective action when under performed
Banking Services	FNB	Banking	Expired	Only issue was the slow response on electronic banking	Good	N/A
Delivery of Accounts	CAB Holding	Mailing of debtor accounts	Month to Month	Issues with e-mailed accounts	Fair	N/A
Asset Verification	PWC	Compile asset register	5 Months	Slow hand-over	Good	N/A
GRAP Advisor	A2A Kapano	Assistance with AFS	3 years contract	Good skills transfer	Good	N/A
Supplementary Valuation	Penny Lindstroom	Property Valuation Services	4 years	Insufficient data for appeal hearing	Fair	Matter addressed by using additional staff

FINANCE RELATED BY-LAWS

By-laws Introduced during 2019/2020					
Newly Developed	Revised	Public Participation conducted prior to adoption of by-laws (yes/no)	Dates of public participation	By-laws Gazetted* (yes/no)	Date of publication
0	0	N/A	N/A	N/A	N/A

COMMENT ON BY-LAWS:

The finance policies that were reviewed and adopted for the 2019/2020 financial year did not necessitate any amendments to the financial by-laws that are in place. The finance related by-laws are available on the municipal web-site and at the finance offices.

FREE BASIC SERVICES AND INDIGENT SUPPORT

The free basic services were funded from the "equitable share" grant received from National Treasury.

The criteria for an Indigent Household for 2019/2020 were as follows:

- ✓ The applicant must be a resident of the municipality.
- ✓ The applicant must be in possession of a valid South African identity document.
- ✓ The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold for a 100% rebate is an income of not more than two state pensions per month. The guideline relating to the threshold for a 30% rebate is an income between two government state pensions and R3500 per month.

- ✓ The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- ✓ Any occupant or resident, as per the definition of indigent, of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- ✓ A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- ✓ The account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.
- ✓ Rateable house value of less than R200 000.
- ✓ Any one of the following factors will serve as a disqualification :
 - ✓ Where the applicant is a subscriber to either M-net or DSTV;
 - ✓ Where the applicant has or allows any business to be operated on the property
 - ✓ Where there is no written service agreement with the applicant;
 - ✓ Where the applicant owns more than one property
 - ✓ Where any of the documents requested in the application is not supplied.

Water leaks on the consumer side of indigent households are repaired at no cost to the household by the municipality. Great savings on water losses were affected by these actions. The municipality needs to ensure that all indigent households have pre-paid electricity and water flow limited meters to keep consumptions to the limit allowed by the policy.

Financial Performance 2019/2020:						
Cost to Municipality of Free Basic Services Delivered						
Category	2017/2018	2018/2019	2019/2020			
	Actual	Actual	Budget	Adjusted Budget	Actual	Variance %
	R'000					
Rates	1499	1526	1925	1925	2963	53.39%
Electricity	5748	6139	2120	2120	8871	318.44%
Water	11442	12628	15845	15845	16020	1.10%
Sanitation	11077	11778	11994	11994	15133	26.17%
Solid Waste	8931	9380	9275	9275	9811	5.78%
Alternative Energy	265	2410	2818	2818	2240	20.51%
Other	4490	4818	-	-	4978	-
TOTAL	43452	48679	43977	43977	60064	

DEBTS WRITTEN OFF 2019/2020

2019/2020		
Categories	Amount	%
RATES (MONTHLY)	R 1 472 958.58	6.3
SERVICE CHARGE	R 3 372 281.37	14.42
WATER	R10 297 680.84	44.03
SEWERAGE	R 1 928 191.64	8.25
SANITATION	R 143 836.28	0.62
REFUSE	R 2 050 297.95	8.77
ELECTRICITY	R 598 889.15	2.56
HOUSING	R 27 241.18	0.12
LEGAL FEES	R 29 127.76	0.12
INDIGENT CHARGE	-	-
SUNDRIES	R 189 959.29	0.81
ENVIRONMENTAL LEVY	R 868 061.67	3.71
VAT	R 2 407 329.95	10.29
Total	R23 385 855.66	100.00

Finance Directorate Strategic Objectives for 2019/2020 as per Director's scorecard

BASIC SERVICE DELIVERY			
Objective	Indicator	Annual Target	Comments
Ensure that water is supplied as per DWA Standards	% increase of indigent households having access to free basic potable water	94%	This objective has been achieved and the monthly reports and indigent drives are evidence
Ensure that water is supplied as per DWA Standards	% increase of indigent household with access to free basic sanitation services	100%	All approved applicants are granted free basic sanitation benefit on approval of the application.
Ensure that water is supplied as per DWA Standards	% increase of indigent households with access to basic electricity service in direct proportion to housing projects coming on-line	100% of formal urban households to have access to electricity	This target has been achieved, all indigent within Ndlambe licenced distribution area are granted Free Basic electricity in our prepaid system
Ensure that water is supplied as per DWA Standards	% increase of indigent households with access to free alternative energy	Register for the distribution of gel stoves and fuel to all indigent households to be expanded by 5% per quarter.	Exceeded the target set

MUNICIPAL & INSTITUTIONAL DEVELOPMENT & TRANSFORMATION(KPA2)			
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Fiscal discipline maintained and monitored	12 S71 Reports Quarterly Financial Report Mid-year Budget Adjustment Report AFS	This target was met and all reports submitted
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Performance Information reports analysed and signed off	4 Quarterly Performance Reports S72 Mid-year Performance Report Annual Report	This target was met and all reports submitted
Ensure efficient and cost-effective management of the resources and the performance of the Municipality	Quarterly reports on implementation of Financial Delegations of Authority analysed and signed off	4 Quarterly Financial Delegations Reports Annual Financial Delegations Report	This target has not been met. The finance signed delegations are in place from 1 July 2015 but the 4 quarterly reports have not been completed.
Promote integrated development planning in the Municipality	Adopted Budget process and time schedule approved according to applicable prescripts	Adopted Budget process and time schedule	This target was met and approved by Council in August 2015
LOCAL ECONOMIC DEVELOPMENT			
MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT			
Ensure financial viability of the municipality	Improved revenue mechanisms to be implemented according to Municipal systems Act and the Municipal Finance Management Act.	100%	This target has been achieved for the financial year, Supplementary valuation roll was compiled and implemented, metering device audits had been done we are about to implement the results of Port Alfred water meter audits. Consumers are being migrated to prepaid electricity devices.
	Supplementary valuation rolls, as prescribed by the Municipal Property Rates Act No 6 of 2004, on all improvements to properties, subdivisions and consolidations done in the financial year.	100%	This target has been met and the supplementary valuation was implemented before year end
	Measures put in place to obtain a credit rating by independent rating agency	None	This target was not met as there was not sufficient funding available to undertake the credit rating
	% increase in revenue collection rate	78%	This target was achieved, as at 30 June 2016, a total 79.1% of the amount was collected.

	% expenditure spent on approved budget	80%	Did not achieve the results due to cash flows
	Compliance with budget preparation and budget related policies finalisation in accordance with the MFMA	100%	This target has been met and the tabled budget was considered by Council before end March 2016, budget was considered by Council before end May 2016 and budget was approved by Council before the start of the new financial year
	Number of in year budget performance reports as required by MFMA submitted on time	100%	This target has not been met as despite all reports been done and submitted not all were done on time.
	Compliant budget adjustment approved by council in terms of all legislated requirements by 28th February 2016	100%	This target was not met as although the main adjustment budget was approved by Council by end February 2016 other adjustment budgets were done after that period
	Positive cash flow management according to MFMA & its regulations maintained	100%	This target was not met as although we maintained a positive cash flow we had to hold back payments of certain creditors
	% improvement in the implementation of Indigent Policy	100%	This target has been met to a certain degree, Improvement of implementation is a continuous, consequently we have appointed service providers who will do use electronic indigent application devices.
Ensure that the implementation of Supply Chain Management according to the SCM policy	Compliance with legislated SCM reporting requirement in line with SCM Policy and MFMA	100%	This target has not been met as not all required reporting was done
	Standard operating procedures operationalised in accordance with SCM policy and legislation.	100%	This target has not been met as the function remains decentralised and not all documentation goes through the unit
	Steps taken to mainstream the implementation of SCM according to the policy and good practise	100%	This target has not been met as the function remains decentralised
	Procurement Plans monitored in line with the SCM policy	100%	This target has not been met as supply chain has not had any response to the request to provide the plans
	% reduction of irregular expenditure related to procurement documentation in line with legislation and SCM policy	100%	This target has not been met and is evident by the irregular expenditure register.
Ensure improved sound financial management	Annual financial statements that are 100% compliant to GRAP standards as per gazette issued by National Treasury	100%	Yes in our opinion this target has been met and the statements are 100% GRAP compliant

	Measures in place to monitor and control fruitless and wasteful expenditure	1	This target has been met and the register is maintained by the creditors section
	Increase in the number of finance employees that are competent (SETA certification) on minimum competency levels as regulated	4	This target has not been met. Two have completed and three are in the process of completing and one is still to commence
Maintain and manage all municipal assets	% increased budget provision for asset repairs and maintenance	1%	Target was met
	Asset Management System with Fixed Asset Register in place as prescribed by GRAP and the MFMA	100%	This target has been met with the assistance of Price Waterhouse Coopers. See the BAUD Asset Register
	% reduction of Stock losses	5%	Target was met
GOOD GOVERNANCE & PUBLIC PARTICIPATION			
Promote good corporate governance	A Framework for Financial Delegations of Authority in place as prescribed by the MFMA	Finance delegations registers signed as accepted and approved	This target was met and all signed delegations in place

Finance Directorate - Staff Component – 2019/2020

The staff component does not fall into an ideal structure and this needs to be addressed when the budget and cash flow allows. It is also critical that the budgeted posts in finance must be filled at all time or debt collection and segregation of duty becomes a problem and in turn increases the risk factor.

MFMA Competencies – Finance Directorate

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 Municipal Finance Management Act.

Employees and interns were identified in the finance directorate to obtain the CPMD qualification and prescribed competencies.

All of the finance directorate staff apart from the Assistant Director: Expenditure has complied with the requirements of the Government Notice 493 of June 2007.

Financial Sustainability of the Municipality

Financial Sustainability of the Municipality			
Financial Overview: 2019/2020 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income	158,093,744	158,093,744	154,141,033
Grants	144,172,422	247,577,762	137,495,007
Taxes, levies and tariffs	126,911,637	127,442,015	128,294,504

Details	2019/2020			
	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to budget
Employees	(146,827,577)	(150,023,776)	(145,087,419)	4,936,357
General	(352,933,782)	(207,107,942)	(271,977,035)	(64,869,093)
Repairs and Maintenance	(26,269,702)	(23,654,043)	(10,293,920)	13,360,123

Financial Overview: 2019/2020 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:			
- Exchange transactions	158,093,744	158,093,744	154,141,033
- Non-exchange transactions	271,084,059	375,019,777	265,789,511
Total Revenue	429,177,803	533,113,521	419,930,544
Less: Expenditure	(379,203,484)	(380,785,761)	(427,358,374)
Net Total*	49,974,319	152,327,760	(7,427,830)
*Note: surplus/(deficit)			

BORROWING AND INVESTMENTS

Actual Borrowings: 2017/2018 to 2019/2020			
Instrument	2017/2018	2018/2019	2019/2020
Municipality			
Long – Term loans (annuity/reducing balance)	12,197,630	10,272,620	8,103,376
Long – Term Loans (non – annuity)	12,197,630	10,272,620	8,103,376
Local registered stock	0	0	0
Instalment Credit	0	0	0
Financial Leases	0	0	0
PPP liabilities	0	0	0
Finance Granted by Cap Equipment Supplier	0	0	0
Marketable bonds	0	0	0
Non – marketable bonds	0	0	0
Bankers Acceptances	0	0	0
Short term deposits	64,263,364	45,325,049	30,738,562

Other securities	0	0	0
Municipality Total	76,460,994	55,597,669	38,841,938

The Ndlambe Municipality did not borrow any funds over the last three financial years and to-date only has the DBSA loans outstanding.

CHAPTER 2

GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

Component A: Political and Administrative Governance

Component B: Intergovernmental Relations

Component C: Public Accountability and Participation

Component D: Corporate Governance

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

Functions of the political arm:

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

Functions of the administrative arm:

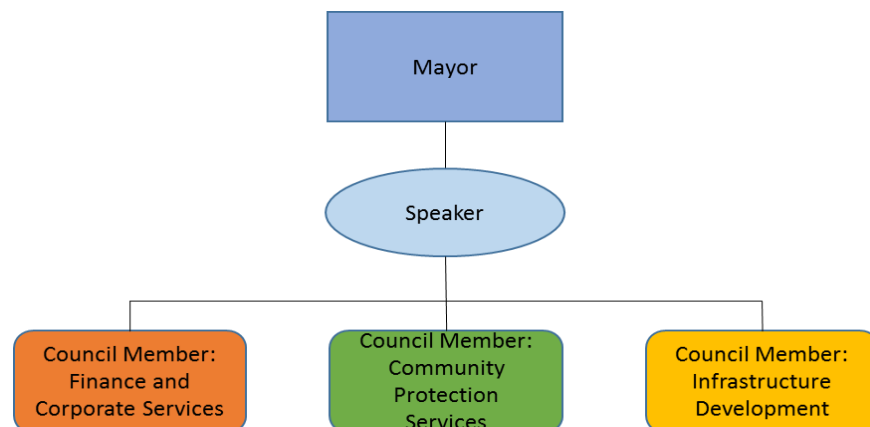
- Ensuring that there is sufficient infrastructure (human capital, resources, policies and procedures) in order to ensure that the strategic objectives can be met through effective management and control of operations, service delivery and matters of compliance; and
- Providing a supportive and administrative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

2.1.2 Political Governance

Introduction to Political Governance

As per the Municipal Structures Act, Act No. 117 of 1998, Ndlambe Municipality has a **Collective Executive System**. In terms of this and as depicted within the diagram below, it presents as a democratically elected Category B municipality with a structure that is categorized by elected Ward Councillors and Proportional Representative Councillors.

POLITICAL STRUCTURE OF THE MUNICIPALITY



Portfolio Councillors are allocated to oversee the functioning of each directorate including the Office of the Municipal Manager, thus enhancing the oversight role. By so doing, formal decision making is enhanced. In this manner, Councillors are better placed to make “informed decisions” and appropriate recommendations to Council for final approval where necessary.

a. Councillors

The Ndlambe Municipal Council is comprised of 20 Councillors (Ward Councillors and Party Representatives) and this is reflected as follows:

The Council has 20 seats (10 Proportional Representative (PR) Councillors and 10 Ward Councillors). All seats in the Council are filled. The Speaker is the Chairperson of Council. The party-political and demographic representation of Councillors is reflected in the table below:

Political Party	Number of Councillors	Gender of Distribution	
		Male	Female
African National Congress (ANC)	13	9	4
Democratic Alliance (DA)	6	3	3
Economic Freedom Fighters (EFF)	1	1	0
TOTAL	20	11	9

The Mayor of the Ndlambe Local Municipality is Ms KC Ncamiso and the speaker is Ms N V Maphaphu. The Portfolio Councillor for Infrastructure Development is Cllr. T Mazana, Community and Protection Services is Cllr. N Xhasa and the Portfolio Councillor for Finance is Cllr. Raymond Schenk and Corporate Services is Cllr Ncamiso.

List of Councillors and Political Party Representation

Initials & Surname	Political Party
Councillor K C Ncamiso (Mayor)	African National Congress
Councillor N V Maphaphu (Speaker)	African National Congress
Councillor N Gamlashe	African National Congress
Councillor T M Mbunge	African National Congress
Councillor C B James	African National Congress
Councillor A Ngqosha	African National Congress
Councillor A L Marasi	African National Congress
Councillor M Raco	African National Congress
Councillor M W Yali	African National Congress
Councillor T Mazana	African National Congress
Councillor S Melani	African National Congress
Councillor M Mateti	African National Congress
Councillor N Xhasa	African National Congress
Councillor R L Schenk	Democratic Alliance
Councillor J P Guest	Democratic Alliance

Councillor Y P Kani	Democratic Alliance
Councillor S Venene	Democratic Alliance
Councillor K Daweti	Democratic Alliance
Councillor T D Mbekela	Democratic Alliance
Councillor X Runeli	Economic Freedom Fighters

Administrative responsibilities of Councillors/Council

- Attendance of Council meetings (quarterly) and Special Council meetings (convened to address urgent issues – requiring urgent attention/action);
- Political decisions are taken regarding service delivery;
- Provision of an oversight role regarding Council;
- Compliance with Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000). It is legislated and understood that the executive and legislative authority of a municipality lies with the Council and Council is required to take all the decisions of the municipality subject to s59;

Committees of Council

Executive Committee (Exco)

Councillor K C Ncamiso	Mayor, Chairperson & Portfolio Head: Corporate Services	African National Congress
Councillor T Mazana	Portfolio Head: Infrastructural Development	African National Congress
Councillor R Schenk	Portfolio Head: Finance	Democratic Alliance
Councillor N Xhasa	Portfolio Head: Community and Protection Services	African National Congress

Municipal Public Accounts Committee (MPAC)

The MPAC comprises of the following members:

Councillor T Mbunge	Chairperson	African National Congress
Councillor K Daweti	Member	Democratic Alliance
Councillor M Mateti	Member	African National Congress
Councillor T Mbekela	Member	Democratic Alliance

Functions of MPAC

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

To fulfil its functions MPAC may/is required to:

- Seek / have access to any information required from any councillor/employee;
- Report to council on the activities of the committee;
- Perform any other function assigned to the committee through a resolution of Council;
- Call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity;
- Request the support of the internal and external auditors when necessary;
- Engage directly with the public and consider public comments when received;
- Have permanent referral with regard to the following reports:
 - Mid-year /In-year s72reports
 - Annual Financial Statements
 - Reports of Auditor General and audit committee
 - Any other financial audit report from the municipality
 - Information on compliance in terms of sections 128 and or sections 133 of the MFMA
 - Information in respect of any disciplinary action taken in terms of MFMA on matters serving or having been served before the committee; and
 - Performance information of the municipality.

Note:

- As with the previous year, the annual work plan was drafted and implemented;
- Oversight was provided as prescribed and in terms of any other issues deemed necessary;
- The oversight report for 2019/2020 as part of the Annual Report was drafted and tabled

to Council by. This report will incorporate comments and recommendations on management's action plans developed in order to address findings raised by the Auditor General in its audit report

Rules And Ethics Committee

Councillor N Maphaphu	Chairperson	African National Congress
Councillor K Daweti	Member	Democratic Alliance
Councillor M Mateti	Member	African National Congress
Councillor N Gamlashe	Member	African National Congress
Councillor K Daweti	Member	Democratic Alliance

Audit Committee

Committee responsibilities and performance:

- i. The Audit Committee was established in terms of s166 of the MFMA 56 of 2003 and is comprised of four (4) independent members;
- ii. This Committee is bound by the Council approved Audit Committee's Charter;
- iii. The Committee performs an advisory function and role for the municipality and is directly accountable to Council. In this regard, it plays a key role in ensuring that there is accountability and transparency within the organization;
- iv. The quarterly performance information is required to be reviewed in terms of compliance;
- v. The unaudited financial statements are required to be reviewed prior to submission to the Auditor – General as per prescriptions of compliance;
- vi. The committee is required to provide an objective view on the effectiveness of the municipality's risk management processes during each quarter in terms of compliance and specific feedback is then required to be provided to the Accounting Officer and Council in this regard;
- vii. The committee is responsible for oversight on the integrity of financial controls, combined assurance, compliance management and meaningful integrated reporting to stakeholders;
- viii. The committee is required to discharge its responsibilities by using work done/information received from the internal audit unit and other information presented to it by the management at its quarterly meetings;
- ix. The committee minutes contain comments, resolutions and reports on work performed by the internal audit and the committee, and these are required to be approved during the quarterly meetings; and
- x. Approved internal audit reports are required to be distributed quarterly to the Accounting Officer, the Mayor and the chairperson of the Municipal Public Accounts Committee (MPAC) for notification and to management for action.

The Audit Committee was constituted as follows:

MEMBER	POSITION
Mr Sabatha Mbalekwa	Chairperson
Mr Sipho Robert Thandani	Ordinary Member
Mrs L Shaw	Ordinary Member
Adv S Gugwini Peter	Ordinary Member

Note: A Manager: Internal Audit and 2 Internal Auditors facilitate the audit function in- house.

Ward Committees Establishment and Functionality

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

Purpose

As per s74 of the Municipal Structures Act 117 of 1998, the purpose of these committees is to assist Municipal Councils in ensuring that ward issues are properly communicated to Council and are catered for should there be a need for a budget to address such issues. These meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This has assisted the municipality in ensuring that public participation is enhanced and accountability of the municipality is not compromised

During 2019/2020 Ward Committee meetings were held in all 10 wards on different dates and for each quarter. These meetings were attended by community members. Issues raised by ward committees are reported quarterly to the Executive Committee and Council. From the results thereof, it appears that these meetings and this method of communication appears successful with issues being resolved. This system ensures that council is kept current on all issues raised within Ward Committee meetings.

Ward Committees and their Members

WARD 1
Councillor N Gamlashe Chairperson
Mkhonto Ntomboxolo
B Liebengerg
James Edward Charles Pomroy
Mzwakhe Klaas
Ntombizandile Galada
Siyabulela Soul
Nikiwe Bloko

WARD 2
Councillor T Mbunge Chairperson
Babalwa Ntante
Vuyiswa Ndesi
Wanele Fulani
Ronald Robert Jacobs
Morice Edward Lavin
Steven King
N Ncandana
N Koortzen
T Ketelo
WARD 3
Councillor B James Chairperson
U Williams
L Gwaxaza
Sheila Swanepoel
Vuyiswa matyunu
Nompumelelo George
Siyabulela Gongqa
Nomazwi Button
WARD 4
Councillor A Ngqosha chairperson
Chester Wilmot
Eugene De Witt
N Dumezweni
Noluthando Smile
Milia Singotho
Zingisile Futhi
Nomonde Dili
Torina Mendile
S Avis
WARD 5
Councillor A Marasi Chairperson
A Zeeman
J Gaga
D Jam-Jam
Z Jam-Jam
T Mbumba
K Msimanga
M Ngotsha

M Ntozini
S Tembeni
WARD 6
Councillor M Raco Chairperson
B Nomlomo
V Mcetywa
M Manengana
N Mvumbi
Z Booi
N Halom
N Mnyamana
X Gumege
WARD 7
Councillor M Yali Chairperson
V Dilima
S Gxamza
W Ngcobo
N Makinza
Z Mdambatya
N Pikoli
V Thembeni
N Valela
N Zweni
WARD 8
Councillor T Mazana Chairperson
A Bukani
M Hani
M Siyolo
P Msipha
N Webu

B Nqobo
N Ngece
WARD 9
Councillor S Melani Chairperson
T Mbabela
S Ngxingxo
S Ntamo
N Plaatjie
WARD 10
Councillor R Schenk Chairperson
R Hicks
H Leicher
L Nettelton
Z Nkwinti
C Millard
R Pryce
R Solwandle
T Tele
G P Wansell
D Van Wyk

Community Development Workers (CDW's)

Community Development Workers are required to interact with the community and identify households in need and to ensure that community relationships are nurtured so that community participation, support and correct utilization of services occur as a result of effective marketing.

Functioning of CDW's

- All CDW's are required to undergo the appropriate training (ensuring that they clearly understand their role and purpose);
- Issues and observations noted, are forwarded monthly to the municipality via the Speakers Office;

CDW's report to the relevant government department by utilizing designated reporting mechanisms in an effort to obtain required support and assistance for particular households. CDW's report on their activities performed, while detailing challenges experienced within the communities in which they work – with a view to resolving these at higher levels.

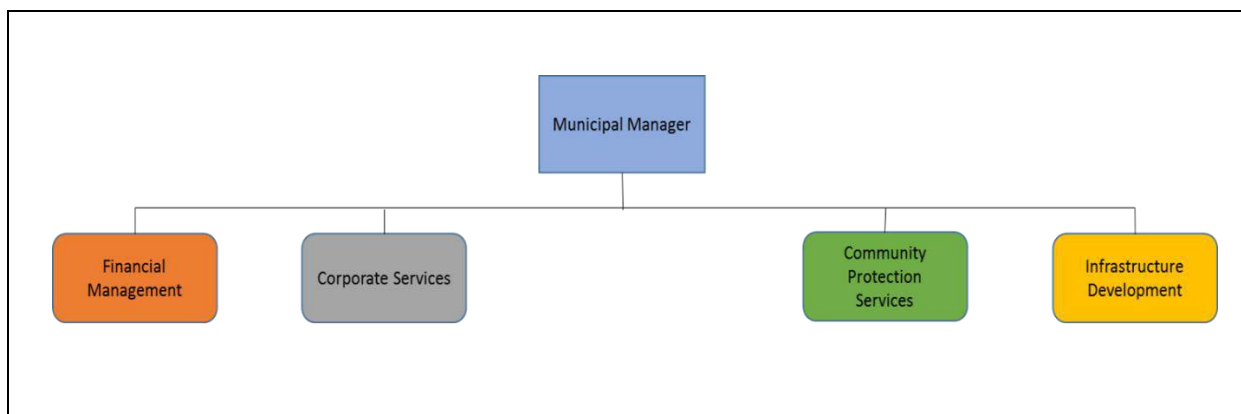
While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

Administrative Governance

Introduction to Administrative Governance

The functional structure representing administrative governance is reflected as follows:

Figure 2: Basic organisational structure



Within the Ndlambe Local Municipality, there are four departments that report to the municipal manager (Adv. Rolly Dumezweni) namely; Financial Management (CFO: Mr Mlungisi Klaas), Corporate Services (Director: Lazola Maneli-Payi), Community Protection Services (Director: Nombulelo Booyesen-Willy) and Infrastructure Development (Director: Noluthando Vithi-Masiza).

The political leadership and the administration complement each other to achieve the objectives of the IDP. The organogram of the municipality showing filled, vacant funded and unfunded and proposed positions will be attached when the IDP goes to Council.

2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

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

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

In order to govern and facilitate this process further, an Intergovernmental Relations Terms of Reference were developed by the municipality

Existing and Functional Structures

Additionally, the following structures exist to enhance IGR:

- The District Municipal Managers Forum;
- The District Mayor's Forum(DIMAFU);
- MUNIMEC Meetings;
- ☐ Attended by Mayor and Municipal Manager;
- ☐ Driven and coordinated by MEC for Co-operative Governance (to evaluate the performance of government programmes);
- Presidential Hotline

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

- IDP Representative Forum
These are held in order to consult with Sector Departments and in order to link IDP processes; and it is to be noted that all required meetings were held as planned.

2.2.1 Intergovernmental Relations

National Intergovernmental Structures

All the programmes that are developed by Ndlambe Municipality are derived from the legislative policies that are approved by National and Provincial Government.

Provincial Intergovernmental Structures

Munimec meetings are attended as and when run.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

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

2.3.1 Public Meetings Communication, Participation and Forums

Historically, it is noted that the Communication Plan and Strategy was adopted and implemented successfully.

Communication continues through Ward Committee meetings, radio talk shows and printed media. Additionally, the Presidential Hotline and the manual receipt of complaints are also being utilized in order to address all complaints received from communities and other stakeholders.

In an effort to heighten the success of customer care initiatives, the municipality has established a Customer Care Unit to deal with issues and/or complaints raised by communities. Mayoral outreaches provide a forum for community complaints and it is here that many community complaints are received. The Customer Relations Officer register the complaints in the Complaints Register, facilitating that this is then formally handled.

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

2.3.1.1 Newspapers;

2.3.1.2 Broadcast media such as: These are used for media activities such as: advertising of Mayoral Outreaches and in order to communicate with the community generally.

2.3.1.3 IDP/Budget consultations occur in order to collect community needs and to report on needs. These meetings usually include ratepayers, community members, ward committees and other interest groups applicable to these wards.

Communications Forum

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

Ward Committees

As s73 structures (as per s73 of the Municipal Structures Act, Act 117 of 1998) these have been created in order to facilitate ward communication with Council.

COMPONENT D: CORPORATE GOVERNANCE

2.4 OVERVIEW OF CORPORATE GOVERNANCE

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

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

2.4.1 Risk Management

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

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

2.4.2 Oversight on Risk

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

2.4.3 By-Laws

The municipality has a number of by-laws that it needs to review but financial constraints have been experienced.

Comments on By-Laws

During 2019/2020 the municipality did not review any by-laws but there has been discussion to do so in the foreseeable future.

2.4.4 Municipal Website

The municipality has a functional website, but it requires regular updating for ease of information access and to market the municipality.

Comment Municipal Website Content and Access

The website was developed in order to improve communication with communities. The website needs to be revisited and perhaps redesigned and updated timeously for purposes of meaningful information dissemination.

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL	
Documents published on the Municipality's Website	Yes /No
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes

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

2.4.5 Public Satisfaction on Municipal Services

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

- a) Complaint boxes have been installed at designated Community Halls within the municipal jurisdiction;
- b) The Customer Care section has further developed a Customer Complaints Register for all external complaints (including calls, walk-ins and anonymous complaints).
- c) The Presidential Hotline is provided to ease the resolution and reporting of complaints; and
- d) The public are encouraged within all public participation initiatives to use these opportunities to discuss and resolve issues. Notwithstanding these efforts, the suggestion boxes are not fully utilised as the communities prefer face-to-face interactions with staff members at the Customer Care Unit.
- e) In the year under review the municipality conducted a Customer Satisfaction Survey and the report will be sent to Council for discussion and information purposes.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 WATER AND SANITATION

The Regulator for all Water and Sanitation Services is the Department of Water Affairs. Compliance monitoring and process control management oversight is done by this department.

Ndlambe Municipality is located within the Sarah Baartman District Municipality and is home to some 80 000 people. The Ndlambe Municipality (NM) is the legislated Water Services Authority for the area.

Ndlambe Municipality was appointed to act as both the Water Services Authority and Water Services Provider and fulfills both of these functions. However, the institutional arrangements profile consists of the following bulk & retail functions listed below.

Currently all the WSP functions and duties are conducted by either Water Services Providers, Water Services Support Service Agent or the Municipality itself and are as follows:

- Water Services Authority: Ndlambe Municipality, with Community Protection Services doing all water quality control monitoring operations.
- Water Services Provider: Ndlambe Municipality, with Infrastructural Development doing all water provision, with the exception of the following operations :
 - Alexandria Water Supply: P&S Consulting Engineers appointed to provide bulk water within a Water Services Support agreement
 - Kenton/Bushmans Water Supply: Amatola Water Board appointed to provide bulk water within a Water Services Provider agreement

All other Water Supply Systems are managed and operated by Ndlambe Municipality's Infrastructural Development Directorate, as the Water Services Provider. These include the following Water Supply Systems :

- Port Alfred Water Supply System
- Kleinemonde Water Supply System
- Bathurst Water Supply System

Ndlambe Municipality operates and maintains all water supply systems within both Water Services Authority and Water Services Provider functions, with the exception of the Amatola Water Board (previously Albany Coast Water Board) supply footprint, where bulk water is supplied by the Amatola Water Board.

There are six (6) local water supply schemes which service the main settlements within the area. Port Alfred, Seafeld and Bathurst are all fed mainly from surface water schemes whilst Boesmansriviermond, Kenton on Sea, Alexandria, Boknestrand and Cannon Rocks are supplied from ground water schemes.

Boesmansriviermond and Kenton on Sea augment their groundwater supplies with desalinated water through the Reverse Osmosis plant situated at Boesmansriviermond. The towns of Cannon Rocks and Boknes receive Reverse Osmosis processed water from saline borehole sources.

Potable, treated water is piped to all formal urban communities within Ndlambe, and is available to the vast majority of households. However, some of the Bathurst and Trappes Valley communities still rely on rainwater and private boreholes. The latter are considered for municipal supply within the IDP.

Where informal settlements occur, such as on the Brakfontein Farm commonage on the periphery of Alexandria, tankers transport water to strategically placed tanks, which are accessible to those that need.

Ndlambe Municipality operates and maintains all sewerage systems within both Water Services Authority and Water Services Provider functions. Water-borne sewerage is available to the majority of households.

The Ndlambe Municipality Council has determined that water-borne sewerage be the minimum level of service to the consumer base. This decision, although well intended, places tremendous strain on the available water resources. Leaking toilets have been identified as a leading reason for water loss. Astute management practice is being instilled within the unit responsible for operation and maintenance of these systems.

There are five (5) waste water treatment works being fed from water-borne sewerage systems which service the following communities:

- 1 Wentzel Park, Alexandria and Kwanonqobela
- 2 Marselle and Harmony Park
- 3 Ekuphumleni
- 4 Port Alfred and Nemato
- 5 Nolukhanyo

The provision of sewerage services excluding reticulation infrastructure includes a large proportion of the households in Ndlambe. Water-borne sanitation services are not available to several communities, who rely on conservancy tanks and septic tank sewerage systems. Ndlambe provides the service for the removal of sewerage using a fleet of sanitation vacuum tankers. These vehicles and their operational staff are under continuous pressure to deliver services. Breakdowns, due to an aged fleet, create backlogs and a dissatisfied consumer base.

The following communities still rely either solely on septic tank / soakaway systems or conservancy tanks or to some lesser degree:

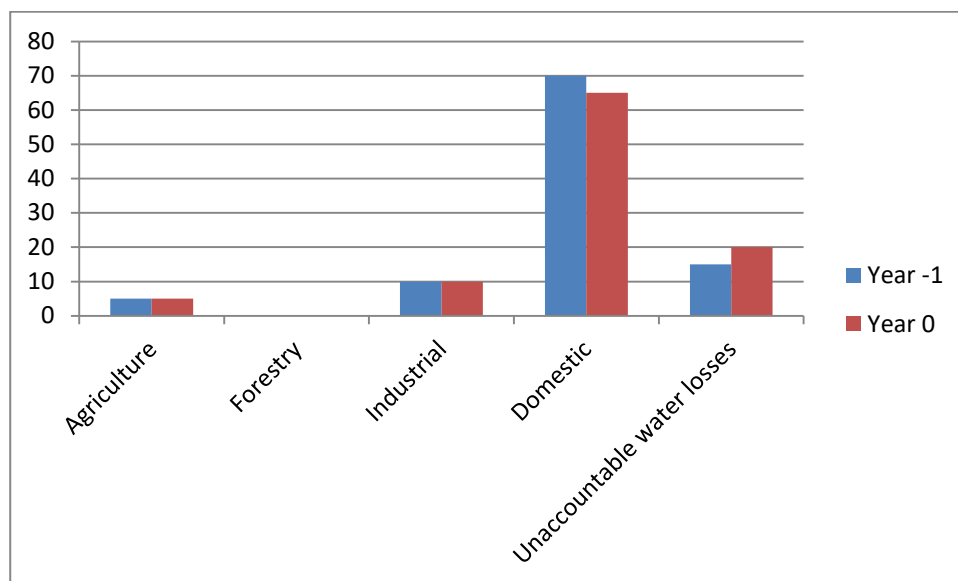
- 1 Cannon Rocks
- 2 Boknes
- 3 Boesmansriviermond
- 4 Riversbend
- 5 Kenton-On-Sea
- 6 Seafield
- 7 Bathurst
- 8 Port Alfred and Nelson Mandela Township

These households are serviced by a fleet of sanitation tankers, several of which are well beyond their expected operating lifespan. Financial constraints dictate that Ndlambe must make do with this fleet. . Ndambe Municipality has set aside a budget to purchase (2) two sanitation vacuum tankers in the financial year 2018/19.

All municipal toilet facilities, change rooms and other ablution facilities not connected to water-borne sewerage pipes are serviced by this fleet. Blockages are also attended to, often resulting from the inappropriate utilisation of the service. It is the objective of Council to achieve and sustain "Green Drop" status throughout all of Ndlambe. This is a compliance monitoring system which is managed and implemented by the Department of Water and Sanitation. This

quality and service goal is being achieved by improving management performance, which should lead to acceptable discharge water quality.

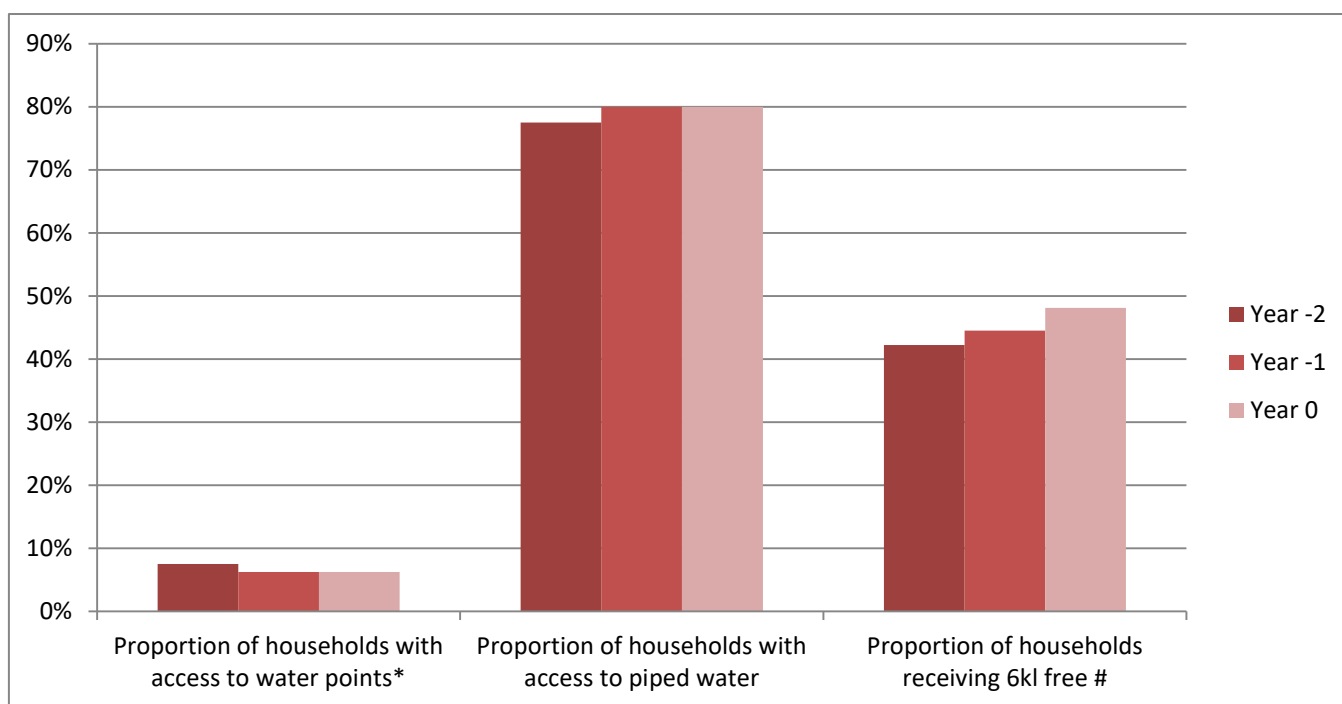
Total Estimated Proportional Use of Municipal Supplied Water by Sector					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	5	0	10	70	15
Year 0	5	0	10	65	20



Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	546	655	846	7432
Piped water outside yard (but not in dwelling)	865	456	486	9649
Using public tap (within 200m from dwelling)	486	465	546	1866
Other water supply (within 200m)				42
Minimum Service Level and above sub – total	1897	1576	1878	18989
Minimum Service Level and above percentage	80%	80%	76%	90%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				560
Other water supply (more than 200m from dwelling)	486	486	486	757
No water supply				
Below Minimum Service Level sub-total	486	486	486	1317
Below Minimum Service Level Percentage	20%	20%	24%	26%
Total number of households*	2,476	2,384	2,062	1.876
*_ To include informal settlements				

Indigent Households – Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	7696	8448	8905			9618
Households below minimum service level	0	0	0			0
Proportion of households below minimum service level	0	0	0			1866
Informal Settlements						
Estimated Total Households	1500	1000	1000			1000
Households below minimum service level	500	250	250			250
Proportion of households below minimum service level	33%	25%	25%			25%

Access to water



=6000 litres of potable water supplied per formal connection per month

Water Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year 2		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : To achieve Blue Drop status in all formal supplies within a sustainable, affordable and effective manner									
	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	250 additional HHs (560 HHs outstanding) In Bathurst 304 H/H have been connected	284 additional HHs (560 HHs outstanding)	(200 HHs outstanding)	(100 HHs outstanding)	(837 HHsoutstanding) 84 H/H were connected to the system	335 additional HHs (560 HHs outstanding) 19 H/H were connected to the system)	0 additional HHs (0 HHs outstanding)	0 additional HHs (0 HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (40interruptions of one hour or more during the 18/19yr)	TO% (25Ints) Note: There are 6 water supply systems.	AO% (20Ints)	T1% (30Ints)	T1% (20Ints)	A1% (40Ints) There were 3 water supply Interruptions within the 6 water supply systems.	T2% (30Ints)	T5% (25Ints)	T5% (20Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year - 1 (xxx kilolitres (KI) unaccounted for	TO% (1000 x 10 ³ KI)Note : Bulk Water Meter Audit underway to	AO% (xxxx KI)	T1% (1000 x 10 ³ KI)	T1% (1000 x 10 ³ KI)	A1% (2 009 x 10 ³ KI) No new Bulk meter have been installed New Bulk	A1% (1000 x 10 ³ KI) Ndlambe Municipality has established a	T5% (xxxx KI)	T5% (xxxx KI)

	during the yr)	establish unaccountable water				meters has been installed (Drought Relief Projects) in order to improve the NRW report. Therefore, unaccountable should have a significant improvement.	WCDM team that consist of plumbers and general workers from internal staff		
Water Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : To achieve Blue Drop status in all formal supplies within a sustainable, affordable and effective manner									
Augmentation of municipal Water Supply	Number of households provided with established rainwater tanks, guttering and downpipes.		No water tanks provided for the households. (informal settlements) have been provided with standpipes		Number of households provided with established rainwater tanks, guttering and downpipes	No water tanks provided for the households. Bulk water provision is being upgraded to meet the demand. All areas without water reticulation (informal settlements) have			

			within 200m.			been provided with standpipes within 200m. No households in formal settlements are without water.			
Continuous supply of sufficient potable water that meet national compliance standards throughout Ndlambe	Water supplied as per DWA standards and guidelines		97%		Water supplied as per DWA standards and guidelines	95%			
Efficient utilisation of available resources	Reduction in accounted water and wasteful consumption within indigent households		Due to Bulk Water Meter Audit underway to establish unaccountable water estimate is 10 – 15%		Reduction in accounted water and wasteful consumption within indigent households	No new bulk meter has been installed New Bulk meters has been installed (Drought Relief Projects) in order to improve the NRW report. Therefore, unaccountable water is estimated to be between 30-40%			
Increase investment in upgrading of existing infrastructure	Measured decrease in water supply shortfalls		Less than 10 days/annum		Measured decrease in water supply shortfalls	20 days/annum			

Increase investment in maintenance of existing infrastructure	Assets maintained to extend longevity of system with maintenance and repairs expenditure		21 Pump stations were maintained and other assets as per the need.		Assets maintained to extend longevity of system with maintenance and repairs expenditure	21 Pump stations were maintained and other assets as per the need. (All 21 pumps and other related infrastructure is maintained throughout the year)			
Sanitation Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : Reticulated waterborne sewerage for all Ndlambe households to increase by 10% per annum									
Reticulated waterborne sewerage for all Ndlambe households to increase by 10% per annum	Decrease in households using septic tanks, pit latrines and conservancy tanks							2448	
	Increase in investment in		No sewer project was			No sewer project was		Spent R 46 Million from	

	upgrading existing infrastructure by 10% per annum		implemented in financial year 2017/18			implemented in financial year 2019/20		Bucket eradication in Nemato and R17Million MIG allocation in Marselle	
Service Objectives: To achieve Green Drop status in all formal supplies within a sustainable, affordable and effective manner									
	Improvement in Green drop scorecard from previous evaluation	50-60%	The results have improved from average of 33% to 45.53%	50-60%	50-60%	No Recent audit has been done since 2014. Therefore the score remains the same although improvements has been made on site.	50-60%	33% to 45.53%	

Employees: Water Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	26	30	26	4	
4-6	31	34	31	3	
7-9	8	8	8	0	
10-12	1	2	1	1	
13-15	0	0	0	0	
16-18	3	3	3	0	
19-20	0	0	0	0	
Total	69	77	69	8	2%

COMMENT ON WATER AND SANITATION SERVICES PERFORMANCE OVERALL:

Performance of water services and the provision thereof has seen improvements on many fronts when one considers the IDP objectives and goals. Achieving targets are fund-related. Grants received are limited. Internal capital funds have not been available. The need exceeds the available funds, so the challenge has been to make as big a change as possible within the available resource base.

The Municipality is committed to improving water service provision in its region despite the recent water service challenges, which include the following challenges and remedial action:

- Insufficient supply quantity to meet the growing demand
 - Remedial actions include various Water Conservation projects. Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from internal staff that has started piloting the conservation of water in areas of Alexandria, Marselle and Kenton on Sea. Water conservation and demand management practices are continually being assessed and improved, as funds become available.
 - A drought relief project was implemented in the year 19/20 which aimed at dealing the refurbishment of existing water infrastructure such as Meter & Valve replacement, pump station refurbishment, Bulk pipeline replacement with leaks etc.
 - In addition, 6 external service providers with local plumbers were appointed to perform a water conservation project through the drought relief funding in order to deal with leaks within the indigent community members. Furthermore 12 casual plumbers were also employed to deal with leaks in Bathurst.
- Aged infrastructure operating within extreme environmental conditions
 - Remedial actions include that the entire infrastructural “as-built” within this sector is being assessed within a master plan.
- Poor quality of low cost house plumbing leads to leaks and subsequent loss.
 - Remedial actions include loss control and the addressing of leaks in indigent households. This has been done on a wide scale throughout Ndlambe.
 - Future low-cost house design will focus on the quality of all water and sanitation fittings included in the house construction.
- Source quality, where the main phenomena affecting the quality of the water in the region is the materialization (or salination) of the water in the main catchments due to the geology (marine origin) of the area.

- Remedial actions include the establishment and operation of Reverse Osmosis Technology, which, although expensive, is effective in addressing salinity issues and is now operational in Cannon Rocks, Boknes, Kenton-On-Sea and Boesmansriviermond.
- Massive peaks in demand, due to the transient nature of this consumer base.
- Bulk storage reservoirs have been prioritised within the Water Services Plan. Funding channels have been provided and prioritised projects have begun implementation.

It is the intention of the municipality to achieve and sustain “Blue Drop Status” within water services provision. This is a compliance monitoring system managed and implemented by the Department of Water and Sanitation, as the regulator. Ndlambe Municipality has, as a result of the above, identified a need for the development of an Infrastructure Master Plan for water services (water and sanitation). Funding has been allocated to the NM by the Development Bank of South Africa (DBSA). The objective of the project is to develop a water service infrastructure master plan with associated as built drawings of the existing infrastructure.

3.2 ELECTRICITY

Electrical supply, at a basic Level of Service, is achieved and continues to improve. Housing projects do not get the go-ahead for implementation until such time as bulk services are installed, which includes electricity supply. Escalating cost of supply is a worrying factor, as affordability and sustainability of supply is under pressure. The Ndlambe Municipal Electrical Network Audit Report was prepared and submitted, highlighting component requirements, backlogs and strategic planning for future supply provision parameters.

Ndlambe Municipality renders electrical services in the towns of Port Alfred and Alexandria. Eskom supplies electricity in bulk to both components. Port Alfred town has one 11-kilovolt-supply point and Alexandria has one 11-kilovolt-supply point. Eskom supplies electricity to the rural areas outside Ndlambe, also Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

Ndlambe Municipality buys electricity in bulk from Eskom and is responsible for the distribution thereof within its approved areas of supply, under license from the National Electricity Regulator. Electricity is taken from Eskom at two intake substations, i.e. Port Alfred and Alexandria, and redistributed to the end consumer through a series of cables, lines and substations.

The directorate is responsible, and employs a service provider, namely, Manelec Services (Pty) Ltd, for:

- The construction and maintenance of the distribution network as well as providing new infrastructure to ensure a reliable and affordable supply of electricity to all;
- The effective management of revenue by ensuring all electricity supplied is billed for and reducing losses in order to cover operating and capital expenses;
- The provision of a reliable and acceptable level of public lighting to improve the safety and living standards of residents, including street and public lighting for Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

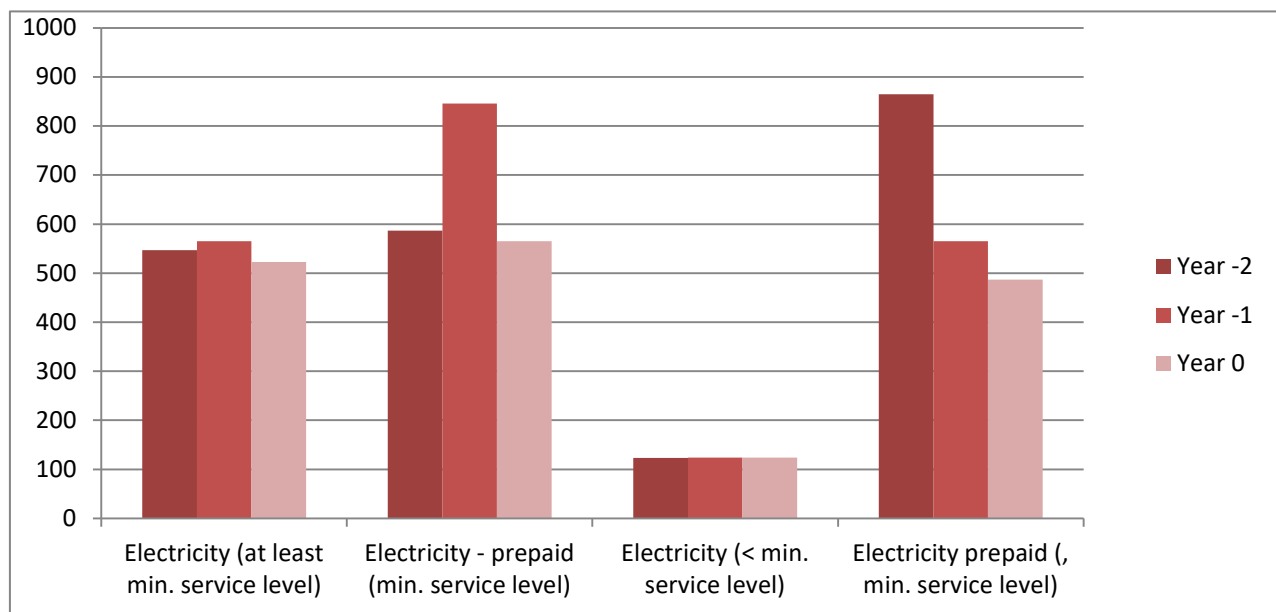
The challenge experienced is a streetlight backlog in the areas that were formally under Eskom’s management. The Municipality is dealing with this. Management of public lighting, including high mast lights, is normally shopped out to an annual tender service provider.

INTRODUCTION TO ELECTRICITY

The distribution and reticulation areas, excluding provision of electricity by Eskom, covers Port Alfred and Alexandria. Each consumer is considered a customer and has got access to electricity supply. The electrical supply to Port Alfred is of a high standard. The electrical supply to Alexandria, inclusive of Wentzel Park, needs upgrading. In Port Alfred there are still numerous medium voltage feeders which were laid many years ago. These have now become inadequate to carry the required increasing load. This requires upgrading. The problem is not purely an overload one, but it also prevents safe management practice.

Due to a lack of funds we have not been able to upgrade these cables, which are now practically redundant. Alexandria is also at the stage where all MV cabling needs upgrading. Although the expansion of the town is not excessive, this should be considered in the near future. Funding should be prioritized to cater for the increasing loads.

The project to address the problem was previously submitted to the department of energy and unfortunately no funding was received as there were no new houses built in the area.



Households – Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	N/A	N/A	16684			N/A
Households below minimum service Level			1866			
Proportion of households below minimum service level						
Informal Settlements Only in ESKOM Supply Area						
Total Households	To Be Established	To Be Established	To Be Established			To Be Established
Households below minimum service						
Proportion of households below minimum service level						

Electricity Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : That the Ndlambe community has access to a reliable and consistent supply of electricity and street lights, as provided by Manelec and Eskom									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)
4335	0	509	509	509	0	29	0	1000	0

Electricity Service Policy Objectives Taken from the IDP									
Service objectives	Outline Targets Service	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
		*Previous year (iii)		*Previous Year (v)	*Current Year (vi)		*Current year (viii)	*Current year (ix)	*Following year (x)
(i)	(ii)	(iv)	(v)	(vi)	(vii)				
Service Objectives : That the Ndlambe community has access to a reliable and consistent supply of electricity and street lights, as provided by Manelec and ESKOM									
To provide free basic alternative energy to all indigent households with no electricity by 30 June 2015	All registered indigents		1261		All registered indigents	2636			

Employees: Electricity Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	2	1	1	
4-6					
7-9	0	1	0	1	
10-12	1	1	1	1	
13-15					
16-18					
19-20					
Total	2	4	2	3	

Financial Performance Year 0: Electricity Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	38 344 135	54 404 169	55 069 306	54 404 169	
Expenditure:	34 631 435	50 792 779		51 833 420	
Employees	378 570	471 720		118 028	
Repairs and Maintenance	3 334 130	1 672 520		729 349	
Other					
Total operational Expenditure	38 344 135	54 404 169		54 404 169	
Net Operational Expenditure					

Although there is an urgent need for capital expenditure there are presently no funds available to address this need.

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Ndlambe Municipality submitted an application to Eskom for a 2.4MVA increase in bulk supply to Port Alfred. This application has been approved by Eskom. Payment for this has been made by Ndlambe. We are now awaiting the energizing by Eskom.

Power supply characteristics in the areas supplied by Eskom are not ideal. Surges and spikes in power supply have a negative impact on equipment and machinery. Even though measures are taken to reduce the impact of the above, there is still regular damage to pumps and motors. This is due to being at the end of the Eskom supply line.

3.3 HOUSING

INTRODUCTION TO HOUSING

The Ndlambe Municipality's strategy for the provision of subsidised housing is to eliminate housing backlogs and to provide appropriate housing for those who cannot provide for themselves.

Intensive projects have been implemented in the past, although in Year 0 no new projects were initiated. These are dependent on the provision of basic services prior to top-structure and for which basic service projects are currently underway.

There are areas where subsidised housing backlogs are growing, due to several factors. Migratory trends have seen an influx of indigent people into the area. Disaggregation of families into more than one housing unit has also resulted in expanding backlogs.

The top 3 service delivery priorities for Council have been water, sanitation and road priorities. The impact of these projects has been that essential upgrades and improvements have taken place during Year 0 which will enable stalled subsidised housing projects to be revisited. These projects were stalled due to the lack of sufficient bulk services.

The Ndlambe Municipality identifies and responds to those communities that are living in poverty by providing land and certain essential services to decrease the deficiencies in basic service delivery.

There is a housing section within the Infrastructural Development Directorate, which has satellite offices in Alexandria, Kenton-on-Sea and Boesmansriviermond. The level and extent of service provision is as support to the Dept Human Settlement and to assist the indigent with the application process for a subsidised house.

Expanded housing requires expanded bulk services. The cost of renewing and upgrading core infrastructure to maintain the demand for housing is a continual challenge. This balance affects net demand in the municipality as project lists need to be prioritised for implementation. Ndlambe Municipality is responding well to the challenges created, by ensuring adequate bulk services are available and that indigent registers are maintained.

Expenditure on housing is done by the Department of Human Settlement and is facilitated by Ndlambe Municipality.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3			
Year -2			
Year -1	21009	9009	43%
Year 0	21769	9009	41%

Housing Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives : Adequate shelter for all people throughout Ndlambe with specific emphasis on low income households.									
Provision for housing for all households	Additional houses provided during the year (Houses required at year end)	613 additional houses (Planned)	0 additional houses	0 additional houses	0 additional houses (Planned)	0 additional houses			
Kenton on Sea Housing project	455 New houses built	564		564	0	455			
Completion of Bushman 269	5 New Houses	20		29		20 Complete			
Nemato 120	0 (Slab/Foundation phase)	120		120		45 Complete 15 Various Stages			

Employees: Housing Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3			2		
4-6					
7-9					
10-12	5	6	5	1	83%
13-15	0	0	0	0	0%
16-18	1	1	1	0	0%
19-20					
Total	7	8	9	1	15%

The funding for houses is directly from human settlement as stipulated in the constitution, Council only manages projects.

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure is a challenge, especially within the context of affordability.

Recent standards and norms in subsidised housing practice have tended towards Breaking New Ground Projects, such as has been implemented in Thornhill, Port Alfred.

This development could only go ahead once bulk services were installed and available. As a result, only 509 of 5000 houses were built in the first phase, awaiting bulk services for the balance of houses.

With the introduction of Amatola water the challenge of bulk will be temporary curbed as it was reported by Amatola water that 2900 housing units have been unlocked by the upgrades that took place in recent months. It was further reported that out of 2900 housing units that can be developed in Thorn hill only 600 units can be built at this stage due to bulk electricity shortage.

In Kenton on Sea the bulk is completed, we should have a contractor on site for internal reticulation very soon.

Many municipalities, including Ndlambe Municipality, have started the process of formalising informal settlements. Ndlambe has started the process of designing and planning Informal Settlements around its jurisdiction. Planning and organising the informal areas have many advantages inter alia the following:

- A positive, legible urban structure that integrates the settlement with its surrounds;
- A safer integrated public realm;
- Emergency and services vehicular access and egress roads;
- Safe and convenient paths for movement of people on foot;
- Open space, where achievable, for essential community facilities that may precede the formal upgrading process;
- Better located and maintained basic municipal utility services.
- The successful re-blocking of an informal settlements aim to-
- Reduce the risk of fire developing and spreading quickly over large areas;

The following Informal Settlements have been approved by the department of Human Settlements:

- Cricket Field
- New Rest (Port Alfred)
- Ezidonkini
- Byso
- Nomzamo/Marselle 500
- Klipfontein
- Brakfontein

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Ndlambe Municipality manages road alignments which are within the urban footprints of the Spatial Development Plan. Management includes operations, maintenance, upgrades and refurbishment. All other alignments are managed by other sector departments, including Department of Roads and SANRAL. These include both surfaced and gravel roads.

There is the Ndlambe Roads Forum, which meets on a regular basis and is well represented by stakeholder groups within the district.

The major alignment and road artery which runs through Ndlambe from east to west is the R72, the management of which falls under SANRA. This road is a vital link between the two development nodes of Coega outside Port Elizabeth and the IDZ on the outskirts of East London. The route contributes to the economy of the municipality and provides access to the heart of the Sunshine Coast, being Port Alfred and surrounds, thereby bringing tourists and visitors on an ever-increasing scale.

It is a well-known and measured fact that the road network servicing Ndlambe Municipality is in a poor state. A general shortage of maintenance staff, necessary to maintain in excess of 280km of surfaced and gravel roads, is a continual challenge. The table below indicates the extent of the road network in the various towns within Ndlambe.

In 2004 Ndlambe received a grant from the DBSA and commissioned Consulting Engineers, Stewart Scott Inc. to prepare a Roads Management Programme. The report, received in 2005, indicates that an amount in excess of R 400 million was required to address essential road maintenance backlogs. An additional sum was also determined for capital investment in order to upgrade the existing road network and to establish new alignments.

It was established in this study that an amount of approximately R10 million per annum was required for road maintenance. Given the lack of internal capital budget, the municipality is faced with a mammoth uphill task of maintaining the road network, with an escalating backlog but is doing the best it can to upgrade the roads

3.4 ROADS

INTRODUCTION TO ROADS

There is little doubt that Ndlambe Municipality faces numerous challenges when it comes to road maintenance services. However, intensive upgrades have recently been achieved within the Port Alfred CBD and surrounding areas, using labour intensive construction to construct concrete and block paving alignments. These have been welcomed by the public.

The majority of the existing road network was inherited when the demarcation process was formalised in 2001. This network was established by the former Town Councils, who did not adhere to general construction practice and standard road designs

Sarah Baartman district municipality is currently busy assisting the municipality with assessment of road network in order to produce maintenance plan. The condition of the road network in Ndlambe is generally poor. This is due to several factors, including the following:

- Poor quality of available road building materials,
- The former Town Councils did not adhere to general construction practice and standard road designs
- inadequate or non-existent storm water control infrastructure,
- lack or complete absence of adequate plant and equipment and
- restricted financial resources.

Routine maintenance (day to day pothole repair, repair and unblocking of drains and blading of gravel roads) expenditure recommended by the 2004 Stewart Scott Inc. Road Management Programme for 2004/2005 was R 9.8 million. Escalating this by a conservative 7.5% per annum gives a figure of R16.3M for the current year in review (2011/12). The actual expenditure was R 9.65 million, a shortfall of almost 50%. The periodic maintenance (resealing of surfaced roads and regaveling of gravel roads) is recommended to have been in the order of R 5.5M for the current year in review and in the order of R30M to date since the recommended implementation of the road management programme. Due to budgetary constraints this scale of implementation has been impossible. The above figures would have been adequate just to maintain the status quo with regard to the condition of the road transportation network.

The capital expenditure recommended by the same Stewart Scott Inc. Road Management programme is R 24.7 Million for the year under review and to date it is recommended that R 96.4 million should have been invested in new and upgraded infrastructure by now. If we assume an average width of 6m for all roads then a replacement cost of R 2.5 million per km for surfaced roads and R 500 000 per km for gravel roads would not be unrealistic.

Based on these figures, our 172km of surfaced roads and 140km of gravel roads represent an asset on the ground with a replacement value in the order of R 500 million rand. Easily the single most valuable asset owned by the municipality. Given that the average design lifespan of a road is in the order of 10 – 25 years and given that this can be drawn out to 30 – 50 years with adequate and timeous remedial and maintenance actions, it is clear from the above that the single biggest challenge with regards to the road network is to secure adequate funding from internal or external sources. This will be to reverse the deterioration of the current network and to enable the municipality to embark on a realistic upgrading programme for the social and economic benefit of all residents and visitors.

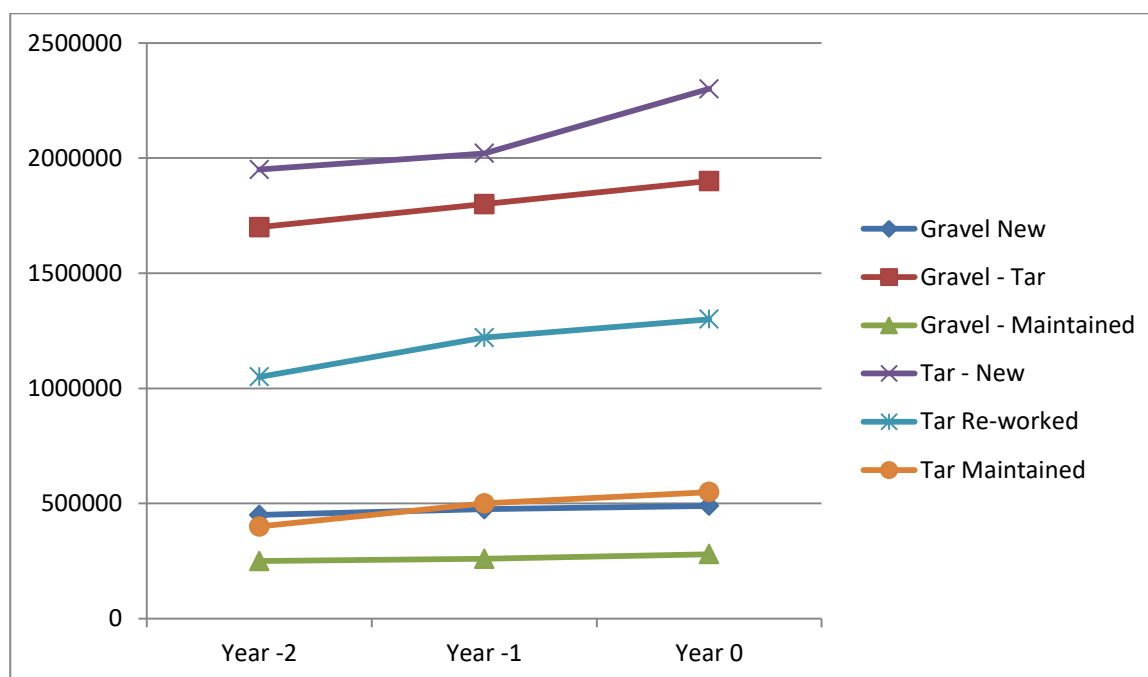
Recent periods of relatively heavy and sustained rainfall has impacted negatively on all road surfaces, mainly due to the poor or complete lack of stormwater drainage infrastructure. There has been a rapid deterioration in riding surfaces, as a result.

The municipality is also introduced a slurry sealing operation, where critical roads that always develops potholes are sealed to minimise the development of potholes on surfaced roads

Limited funding for roads rehabilitation and upgrading is a challenge for the municipality as the condition of our roads become worse as their life span is overdue.

Gravel Road Infrastructure (kilometres)				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/block paving	Gravel roads graded/maintained
Year -2	135.78	0	1.86	135.78km
Year -1	137,64	0	0	137,64km
Year 0	138,14	0	9	54.4km

Tarred Road Infrastructure					
	Total roads tarred	New roads tarred	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	150.62	1.86	2.25	0	123km
Year -1	148,76	0	0	0	148,76km
Year 0	149,76	0	0	0	23.8 km



Road Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(ii)	*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)
Service Objectives : Community of Ndlambe has safe and efficient access to good quality roads, built according to applicable standards									
Elimination of gravel roads in townships	1 Kilometer of gravel road tarred	1,5 km gravel roads tarred	0 km gravel road tarred	1,5 km gravel road tarred	1 km gravel road tarred	1 km gravel road tarred			
Upgrading of municipal roads as required	0 kms of municipal roads developed	0,5 kms	0,5 kms	6 kms	5 kms	5 kms			
Compilation of Storm Water Master Plans for all towns	Approved Storm Water Master Plans	0	0	2	2	0			

Employees: Road Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
0-3	96	90	96	6	6.25%
4-6	18	18	18	0	
7-9	3	3	3	0	
10-12	2	2	2	0	
13-15					
16-18	2	2	2	0	
19-20					
Total	121	115	121	6	6.25%

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The priority of the four largest capital projects was determined by traffic volume and level of disrepair. Due to the unavailability of internal capital funds, grants were solicited through the Expanded Public Works Programme. This programme rewards effective service delivery and the intention is to expand this programme to each urban footprint, thereby creating a spread of job opportunities and skills enablement.

The year 5 targets set out in the IDP schedule cannot be attained within approved budget provision due to the scope of backlog and scale of need. To rectify the matter, grant funders need to be convinced that the pilot projects are best practice and are effective in the delivery of suitable road surfaces.

Should the above be deemed effective, the programme will be unbundled and enlarged to include all townships in Ndlambe, which would result in a huge variation to any total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

The Ndlambe maintenance team is currently ensuring that all roads are functioning regardless of lack of funding, through wet blading, regravelling, pothole patching, slurry sealing and stormwater cleaning.

No provincial roads have been delegated to the Ndlambe Municipality.

3.5 STORMWATER (STORMWATER DRAINAGE)

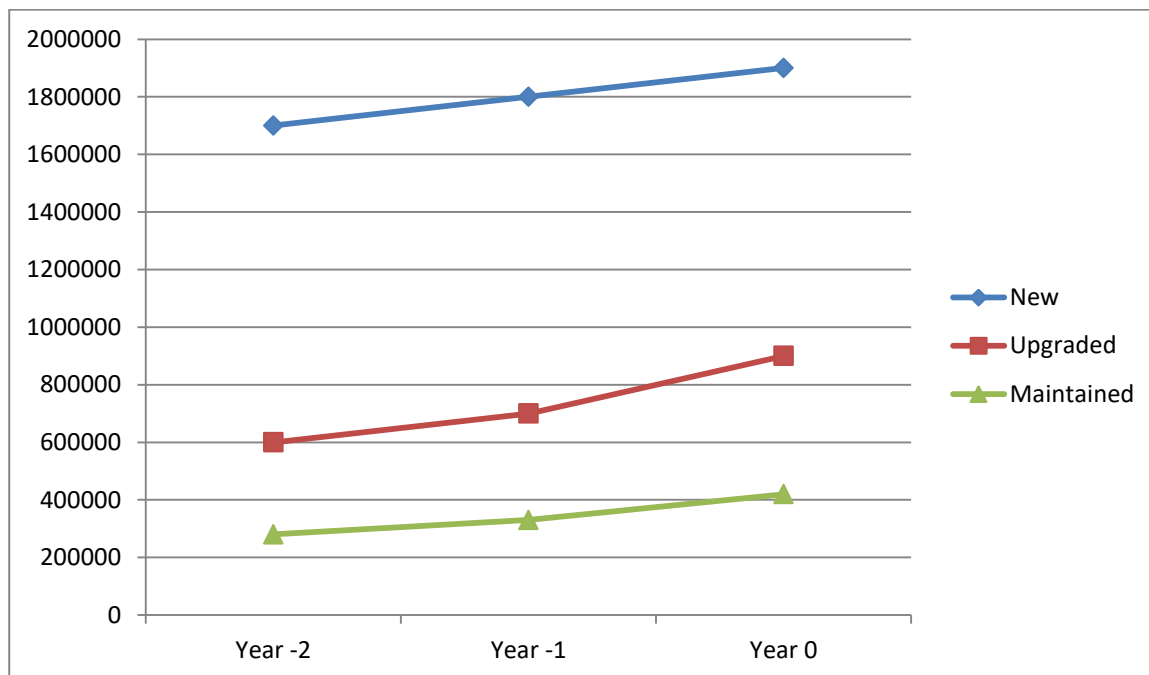
INTRODUCTION TO STORMWATER DRAINAGE

The floods which occurred in Oct of Year -1 highlighted the reality of how marginal and in places how completely absent storm water infrastructure is within the various urban footprints of Ndlambe Municipality. Township development practice did not always consider appropriate stormwater infrastructure, due to affordability and pressing need to house the homeless, bulk infrastructure such as water and Sanitation . This backlog is real and growing, due to the absence of funding required to address this situation. Existing infrastructure, especially underground reticulation, is mostly undersized or completely absent.

The municipality has a challenge of eroding gravel roads during heavy rains and stormwater pipes get blocked by the eroded material. The upgrading of these gravel roads will be a solution in order to control the stormwater with limited solids/ material to stormwater system, but again limited funding is a challenge to address this problem.

Stormwater Master Plans have been solicited and these will be prioritised and implemented as and when funding allows. These will be linked to dovetail with the planned road maintenance plan, as discussed previously.

Stormwater Infrastructure				
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgrade	Stormwater measures maintained
Year -2	115,40	115,40	0	65,24
Year -1	125,56	125,56	10,16	75,17
Year 0	125,56	125,56	0	68.50
Cost of construction / maintenance				
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2				
Year -1				
Year 0	Included in roads, above	Included in roads, above		1 341 510



Stormwater Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		*Previous year (iii)		*Previous Year (v)	*Current Year (vi)		*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : Community of Ndlambe has safe and efficient stormwater management, to minimise the risk of flooding and collateral damage.									
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining

Employees: Stormwater Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	16	26	16	10	63%
4-6					
7-9					
10-12	1	1	1		
13-15					
16-18					
19-20					
Total	17	27	17	10	63%

Financial Performance Year 0: Stormwater Services (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	1 050 870	1 341 510		1 341 510	
Expenditure:	672 790	838 280		838 280	
Employees	60 000	63 000		63 000	
Repairs and Maintenance	318 080	440 230		440 230	
Other					
Total operational Expenditure	1 050 870	1 341 510		1 341 510	
Net Operational Expenditure					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Stormwater drainage performance does not achieve expectations due to various factors, which can be considered as follows:

Historically, town plans were developed by the respective Local Town Councils. These towns concentrated on developing the business areas as residential properties were seen as being holiday accommodation

- Sub-surface stormwater infrastructure is costly to install and was rarely considered in the urban development of communities within Ndlambe Municipality
- Former subsidised housing projects did not prioritise the establishment and implementation of stormwater systems and it is now with hindsight that this oversight is so glaring.
- Consecutive development has exacerbated the lack of stormwater drainage insufficiencies.
- Stormwater Master Plans were previously not considered within the urban development criteria.

3.6 FLEET MANAGEMENT

Municipal transport is provided strictly for official services only and is not to be used for private purposes. Council will provide transport to on-duty employees in accordance with its normal operational requirements, as well as in specific circumstances approved by the relevant director. The municipality has a shortage of fleet due to lack of internal capital budget. Furthermore, extended downtime of fleet when it is in the workshop is another hindrance to service delivery.

Fleet Management Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
		*Previous year (iii)		*Previous Year (v)	*Current Year (vi)		*Current year (viii)	*Current year (ix)	*Following year (x)
(i)	(ii)		(iv)	(v)		(vii)			
Service Objectives : Ensure an effective fleet management system, to include maintenance, refurbishment, procurement and disposal of fleet related resources owned, managed and maintained by the Ndlambe municipal workshop									
Ensure an effective fleet management system, to include maintenance, refurbishment, procurement and disposal of fleet related resources owned, managed and maintained by the Ndlambe municipal workshop			There is an effective fleet management in place. The policy has been updated and will go to council for adoption			There is an effective fleet management in place. The policy has been updated and will go to council for adoption			

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development

INTRODUCTION TO PLANNING AND DEVELOPMENT

3.7 PLANNING

INTRODUCTION TO PLANNING

The revision of the planning legislation, specifically for Municipalities, started almost four years back with the promulgation of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013. Since then the Regulations for this Act was published. As part of the National Planning Legislation Revision, Ndlambe Municipality initiated a process of ensuring compliance with the new legislation by amongst other things establishing its Municipal Planning Tribunal; reviewing its respective old apartheid Zoning Schemes.

Employees: Planning Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	Nil	Nil	Nil	Nil	Nil
4-6	Nil	Nil	Nil	Nil	Nil
7-9	1	1	1	Nil	100%
10-12	1	1	Nil	1	0%
13-15	1	1	1	1	100%
16-18	1	1	1	Nil	100
19-20	Nil	Nil	Nil	Nil	Nil
Total	3	3	2	1	

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The Ndlambe Spatial Development Framework (SDF) sets out the long-term spatial development for the municipality which is informed and guided by the vision for the area. It guides land use and development and ensures that future public or private development is implemented in line with the vision and development objectives and strategies of the municipality as set out in the IDP. It therefore acts as a planning and land use management tool to assist the local authority to make informed decisions on a day to day basis and on strategic issues regarding the land use options, timing and phasing of development in the area.

The SDF also functions as a marketing tool to facilitate public and private partnerships in the implementation of projects and to assist to bring about economic and social regeneration of the various towns and settlements. It also:

- provides a long-term vision of the spatial development of the municipality
- aligns the municipality's spatial development goals, strategies and policies with relevant national and provincial spatial principles, strategies and policies;
- guides the proposals contained in the more detailed local plans which cover a shorter planning time frame and the preparation of Local Spatial Development Plans (LSDF's);
- helps to spatially coordinate, prioritise and align public investment in the municipality's five-year Integrated Development Plan (IDP);
- directs private investment by identifying areas that are suitable for urban development, areas where the impacts of development needs to be managed, and areas that are not suited for urban development;

- identifies strategies to prevent indiscriminate loss and degradation of critical biodiversity areas, and to ensure the necessary level of protection for the remaining areas;
- provides policy guidance to direct decision-making on the nature, form, scale and location of urban development, land use change, infrastructure development, disaster mitigation and environmental resource protection.

A Spatial Development Framework (SDF) is to a large extent influenced by the following legislation:

- The Local Government: Municipal Systems Act (Act No. 32 of 2000);
- The IDP and Performance Management Regulations (2001); and
- The Spatial Planning and Land Use Management Act (Act No. 16 of 2013).

The reviewed SDF will give effect to the development principles contained in the Spatial Planning & Land Use Management Act (Act No. 16) of 2013 including:-

- Spatial Justice;
- Spatial Sustainability;
- Efficiency;
- Spatial Resilience; and
- Good Administration

Review of the Ndlambe Spatial Development Framework (SDF)

The current Ndlambe Municipality's Spatial Development Framework (SDF) was approved by Ndlambe Council in 2013 in terms of the Municipal Systems Act (MSA). Tshani Consulting CC was appointed in July 2020 to review that Ndlambe SDF and the project has already commenced with Phase 1 of the project being compiled. The project is expected to be completed by June 2021.

SPATIAL PLANNING AND LAND USE MANAGEMENT ACT, 2013 (ACT NO. 16 OF 2013)

The Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) was promulgated on 5 August 2013 and its Regulations to come into effect on 1 July 2015. The objects of the Act are the following:

- Provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic;
- Ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- Provide for development principles and norms and standards;
- Provide for the sustainable and efficient use of land;
- Provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- Redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

SDF's form the basis of all future decisions in terms of SPLUMA and they will be taken by authorised officials or tribunals, which are non-political /technical bodies, established in terms of Section 35 of SPLUMA. It broadly determines that a municipality or municipalities jointly, must constitute a Planning Tribunal to consider all land use planning applications. Ndlambe Municipality has adopted, and gazetted Municipal Planning By-Law (Spatial Planning and Land Use Management Bylaw) in 2016. The Bylaw determines the procedural and administrative aspects of land use planning and management, instead of the Provincial Regulations. One of the implications of the SPLUMA legislation and processes is that a municipality now becomes legally accountable for decisions, i.e. an applicant or aggrieved party will no longer sue the MEC and add the municipality as a respondent. Instead, the municipality will be sued and it must provide for the costs and administration of such litigation processes.

The Municipality has managed in 2018 to establish its Municipal Planning Tribunal and it is now fully functional. The following table represents the Municipalities Compliance with SPLUMA:

SPLUMA REQUIREMENTS	Compliance %	Ndlambe Status	Comments
Approved &Gazetted Bylaw	100%	Bylaws approved &Gazetted on 4 February 2016	Complied
Appointed Authorised Official	100%	Council Appointed Authorised Official Director Infrastructure	Complied
Land Use Applications Categorised	100%	Applications categorized according to the SPLUM Regs	Complied
Municipal Planning Tribunal (MPT) Established	100%	Ndlambe has established a Single MPT, trained the members, gazzeted their names and the first meeting of the Planning Tribunal was in December 2018 and it has been having its meetings every second month.	Complied
Appeal Authority Established	100%	Council confirmed that the Executive Committee will be the AA for Ndlambe as per SPLUMA.	EXCO to receive training and the appointment of internal Manager of Legal Services to assist with appeals.
Integrated Land Use Schemes	100%	SBDM has funded Ndlambe for the project and appointed Urban Dynamics Town Planners for the project. Public Participation process commenced in November 2018 and closing in January 2019. The ILUS was APPROVED & ADOPTED BY COUNCIL IN MARCH AND CAME INTO EFFECT ON THE 1 JUNE 2019.	APPROVED & ADOPTED BY COUNCIL IN MARCH AND CAME INTO EFFECT ON THE 1 JUNE 2019.
SPLUMA Compliant SDF	50%	The review of the SDF has commenced and Phase 1 has already been completed. The expected completion date is June 2021.	Municipality is funding this project from internal funding.
Town Planning Personnel Capacity	50%	2 Professional Town Planners 1 Administrative Assistant 1Contract worker as Tribunal Administrator.	A lot of improvement has been made however; the staff component compared to the number of applications received is not in line.
GIS System	100%	Currently the Municipality is using IMIS as its GIS System.	Complied

INTEGRATED LAND USE SCHEME

In terms of Section 24 of the Spatial Planning and Land Use Management Act (Act 16 of 2013) all municipalities are required to adopt and approve a single Land Use Scheme for its entire area within five (5) years from the commencement of the Act.

The Ndlambe Integrated Land Use Scheme after intensive public participation was approved and adopted by full Council on the 27th of March 2019 and was thereafter gazetted in the Provincial gazette. The commencement of the new scheme was the 1st of June 2019.

Policy Formulation

There has been an increasing need for policy formulation in the planning department, however due to capacity issues within the section it has been a challenge to ensure that policy formulation is prioritized as there needs to be proper SPLUMA compliant systems in place. The following policies are policies that the section have been complied and have gone through public participation; they will soon be submitted to Council for adoption:

- Land Use Management Policy.
- Geographical Name Change Policy
- Cell Phone Tower Policy
- House Shop Policy

Systems

Systems deal with the establishment of planning processes and procedures, these have been effectively instituted through strategies such as creating brouchers with frequently asked town planning questions; established procedures for land use application submissions. The supporting electronic system namely GIS (MIS). The Municipality has outsourced this function to TGIS and the system used is IMIS. The aim of the system is to have less paper and ensure that everything is done on the system. The Municipality has no GIS personnel to assist internally.

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

With the implementation of the new legislation and population growth came new challenges. The planning department has accepted the challenges and is creating an organised planning environment with documents, strategies, policies and ensuring to motivate the need of fully-fledged personnel component to promote effective planning, which will ensure that the targets set in the IDP can be reached. The development of the Spatial Development Framework and the new Zoning Scheme is crucial instruments used by planners to ensure vibrant growing towns which can ensure every citizen can reach his or her full potential. The service rendered to the community is of a high standard with development to stimulate the local economy and create job opportunities.

3.8 PROJECT MANAGEMENT UNIT

ROLES AND RESPONSIBILITIES PMU

Responsible for the implementation, monitoring, evaluation and reporting sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to town and spatial planning, and through the co-ordination of technical and administrative operations against departmental, statutory and audit guidelines in order to ensure that service delivery is strategically managed and maintained in accordance with laid legislated standards.

3.8.1 Municipal infrastructure Grant projects (PMU)

Allocations for the three year MTEF Cycle

No	Financial Year	Allocation	Remarks
1	2018/2019	R 26 809 000.00	100%committed
2	2019/2020	R 27 295 000.00	100% committed
3	2020/2021	R 36 535 000.00	95% committed

List of projects for 2018/2019 financial year

NO	Project Description	Ward	Sector	Budget	People Employed	No of SMME'S	Status
1	Augmentation of the Alexandria Bulk Water Supply Phase 1	1&2	Water	R 9 403 191.00	26	0	On halt due to EIA issues and will proceed in 2019/20FY. The remaining budget to be distributed on registered projects under MIG.
2	Refurbishment of Internal Water Reticulation in Nolukhanyo (Bathurst) Phase 1)	5	Water	R 2 600 000.00	25	0	The project completed successfully
3	Upgrading of Ndlambe Roads(Phase 3 Klipfontein)	3	Roads	R4 338 820.00	15	1	The project completed successfully
4	Upgrading of Ndlambe Roads(Phase 3 Kenton on Sea)	4	Roads	R 2 242 372.32	15	1	The project completed successfully
5	Upgrading of Bathurst Road	5	Roads	R3 527 392.81	70	0	The project completed successfully
6	Upgrading of Marselle Main Road Phase 2	3	Roads	R3 356 773.47	45	3	The project completed successfully
7	5% PMU		N/A	R1 340 450.00			The project completed successfully
	Total			R 26 809 000.00			

PROJECT PROGRESS REPORT

List of projects for 2019/2020 financial year

No	PROJECT NAME	WARD	Sector	TOTAL PROJECT COST	BUDGET	STATUS
1	Augmentation of the Alexandria Bulk Water Supply Phase 2	1&2	Water	R 31 015 799.54	R 11 145 561.72	On halt due to EIA issues and will proceed in 2020/21FY. The remaining budget to be distributed on registered projects under MIG.
2	Upgrading of Klipfontein Sportsfield	3	Sportsfield	R 7 850 040.00	R 3 334 309.06	The project overlap to 20/21 financial year and is at 70% Complete
3	Upgrading of Marselle Main Road Phase 2	3	Road	R 0	R 0	The project completed successfully
4	Upgrading of Ndlambe Roads- Mangcangaza	8	Roads	R 7 500 000.00	R 2 400 000.00	The project completed successfully
5	Upgrading of Ndlambe Roads(Phase 3 Kenton on Sea)	4	Roads	R 22 622 000.00	R 381 928.98	The project completed successfully
6	Upgrading of Ndlambe Roads(Phase 3 Klipfontein)	3	Roads		R 646 004.74	The project completed successfully
7	Upgrading of Internal Bulk Sewer reticulation Line and in Thornhill Phase 1(Planning Project)	6	Sewer	R 1 557 756.65	R 816 829.00	Consultants are busy with the EIA processes and will be concluded in August 2020 as per the indication of Department of environment
8	Upgrading of Internal Bulk Sewer reticulation in Marsele 500 houses (Planning Project)	3	Sewer	R 450 000.00	R 450 000.00	The EIA is approved and the Construction will commence in

						2020/21 FY
9	Upgrading of Internal Bulk Water reticulation in Marsele 500 houses (Planning Project)	3	Water	R 400 000.00	R 400 000.00	The EIA is approved and the Construction will commence in 2020/21 FY
10	Upgrading of Internal Bulk water Reticulation in Thornhill Phase 1(Planning Project)	6	Water	R 800 590.20	R 666 586.00	Consultants are busy with the EIA processes and will be concluded in August 2020 as per the indication of Department of environment
11	Upgrading of Alfred Road	10	Roads	R 5 514 186.45	R 4 431 251.43	The is a multiyear project, the remaining budget will be spent in 20/21 Financial year
12	5% PMU ADMIN.	N/A	n/a	R 1 364 750	R 1 364 750	Complete
	Total Allocation				R 27 295 000,00	

List of proposed projects for 2020/2021 financial year

NO	PROJECT NAME	WARD	SECTOR	TOTAL PROJECT COST	BUDGET
1	Augmentation of the Alexandria Bulk Water Supply Phase 2	1&2	Water	R 33 000 000	R 10 467 058.00
2	Upgrading of Klipfontein Sportsfield	3	Sports field	R 7 850 040.00	R 1 152 232.00
4	Upgrading of Marselle Sports field	3	Sports field	R 4 680 500.00	R 4 680 500.00
5	Upgrading of Kenton on Sea Sports field	4	Sports field	R 4 741 500.00	R 4 741 500.00
6	Upgrading of Internal Bulk water Reticulation in Thornhill Phase 1(Planning Project)	6	Water	R 800 590.20	R 134 004.19

7	Upgrading of Internal Bulk Sewer reticulation Line and in Thornhill Phase 1(Planning Project)	6	Sewer	R 1 557 756.65	R 740 900.00
8	Upgrading of Alfred Road	10	Roads	R 5 514 186.45	R 2 220 821.99
	5% PMU			R 1 432 050,00	
	Total Allocation				<u>36 535 000.00</u>

List of projects for 2018/2019 financial year EPWP

NO	Project Description	Ward	Sector	SECTOR	TOTAL PROJECT COST	BUDGET
1	Upgrading of Diaz road	6	Roads	R 1 000 000,00	R 1 000 000,00	The project was completed Successfully

List of proposed projects for 2020/2021 financial year EPWP

NO	Project Description	Ward	Sector	TOTAL PROJECT COST	BUDGET
1	Upgrading of Kariega	8	Roads	R 1 002 000,00	R 1 002 000.00

List of proposed projects for 2018/2019 financial year (OTP)

NO	Project Description	Ward	Sector	TOTAL PROJECT COST	BUDGET	Status
2	Thornhill link services	6	Water	R 12 504 423.00	R 6 284 541.76	Construction Stage, Project is a multi-year.

List of proposed projects for 2019/2020 financial year (OTP)

NO	Project Description	Ward	Sector	TOTAL PROJECT COST	BUDGET	Status
1	Thornhill link services	6	Water	R 12 504 423.00	R 6 284 541.76	Construction Stage, Project is a multi-year.

List of proposed projects for 2018/2019 financial year (Disaster)

NO	Project Description	Ward	Sector	Budget	People Employed	No of SMME'S	Status
1	Telemetry & Monitoring Meters & Valves, Retrofit plumbing of households, Leak Detection Equipment, Wentzel Park Bulk Water Pressure Booster	All Wards	Water	R7 907 901.19	27	3	The project was completed Successfully
2	Refurbishment of Port Alfred East bank Dunes Wells System	Port Alfred	Water	R4 828 684.19	0	0	The project was completed Successfully
3	Supply and Installation of standby Generator, Replacement of Seafeld water main and R72 steel pipe (Includes SANRAL Approval) and Replacement of Domestic Water Meters in Ndlambe Municipality (Umfolozi, Nolukhanyo	All Wards	Water	R9 710 171.96	101	0	The project was completed Successfully
4	Bulk Water Supply Augmentation from Sarel Hayward Dam	Port alfred	Water	R7 983 044.10	8	1	The project was completed Successfully
5	Trappes Valley Water Augmentation and Investigation in Central belt Wellfields	ALL Wards	Water	R2 379 235.40	10	1	The project was completed Successfully

3.8 LOCAL ECONOMIC DEVELOPMENT (KPA 3)

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Ndlambe Municipality is land locked between four Municipalities namely Nelson Mandela Metro, Makana, Ngqushwa and Buffalo City Metro. Ndlambe Local Municipality is a predominantly rural area with agriculture and tourism dominating the economy. It encompasses the towns of Kenton-on-Sea, Boknes, Bathurst, Boesmansriviermond, Alexandria and Cannon Rocks.

The recently released population statistics by Stats SA indicates that Ndlambe has a population of 61 176 out of which youth unemployment is generally high especially in the townships. Unemployment is at 30.3% as per 2011 statistics. The Key economic sectors for the Ndlambe Municipal area are:

- Tourism
- Agriculture
- Services sector
- Enterprise Development

The employment within Ndlambe is largely spread across the following economic sectors: government, agriculture and services industry. Government and the agricultural Industry has for quite some time been the contributors in employment. Agriculture is less diversified with key farming activities being Dairy Farming, Beef Farming, Chicory, and Pineapple Farming. Most of the farming activities within the area are pursued by white farmers with black communities being the mere providers of labour. This is largely due to unaffordable high costs of production in farming in particular chicory production.

The Agricultural industry has in the past 10 years been in a state of decline the chicory industry has been the hardest hit with many farmers either shutting down operations or switching over to other commodities like beef farming. The decline in any of the key sectors always has a direct negative impact in the townships in terms of jobs losses and employment. Government has for the past few years started land acquisition initiatives by buying farms to settle groups of farmers or communities to take over some of the white owned farms. The land acquisitions through the Land Reform Programme have not been a great success, in many instances farms bought on behalf of communities and or farming groups started declining thus shedding more jobs with declining productivity. Government owned land and that owned by the municipality e.g. commonages is hardly commercialised or used productively to benefit local communities in a sustainable manner.

As part of a strategy to revive the contribution of the agricultural sector in the local economy, the municipality issued a call for proposals inviting service providers to tender for doing a land audit of state farm land within the municipality, propose strategies for scaling up production and alternative land use. The municipality further requested service providers to profile current performance of land reform farms and determine if there is scope for expansion, increased productivity, and value addition for maximum job creation opportunities.

COMMENT ON LOCAL JOB OPPORTUNITIES:

Port Alfred is the most sought-after holiday destination on Route 72 and is known for its wonderful temperate climate, endless pristine beaches, friendly village atmosphere, glorious surf, magnificent deep sea and river fishing and the laid-back lifestyle so beloved by all visitors, many of whom become permanent residents.

Alexandria is home to various heritage and tourism sites amongst them being the "Chungwa's Grave" that lies in an area known as the Woody Cape, the Nongqawuse's Grave at the Fick's Farm Holding. It is also famous for its chicory farming industry and has been branded as the "Chicory Country" while Bathurst brings together the past and the present, being the hub of one of the largest pineapple growing areas in South Africa and also the famous Ox - Braai held annually on the New year's eve. It is host to what is believed to be the oldest Inn in South Africa, as well as the third oldest pub in South Africa. It is accepted that the natural environment provides the basis for the regional economy, especially the primary agriculture and tourism sectors.

Kenton on Sea, is a small coastal town on the Sunshine Coast. It is situated between the Bushman's River and the Kariëga River. The area has many pristine beaches and green rolling hills, and a nature reserve along the shore ensures that no housing developments can spoil the coast. Ndlambe municipality equally boasts with its beaches, the municipality has two beaches, namely Kelly's and Kariëga Beaches with full Blue Flag Status whilst Middle Beach in Kenton is a pilot Blue Flag. This is one of the draw cards of tourists to the Ndlambe shores, Blue flag status promotes safety and cleanliness within our beaches.

Cannon Rocks is a village nestled in between the Boknes Village and the boundary of the Greater Addo Elephant Park it has the vast expanse of the warm Indian Ocean in front and rolling farmlands behind, making Cannon Rocks a small piece of paradise.

Livestock Farming

The livestock farmers in the Ndlambe Municipal area consist of a large number of small scale farmers who farms with very small herds of cattle, sheep and goats. At present the larger part of these farmers, who farms with cattle, only marketed their animals at an older age as C grade carcasses. The small size of the herds in this area is a contributing factor to this scenario. Farmers try to keep their cattle as long as possible before they market it so that the number of animals, and thus the size of their wealth, can stay as large as possible. The slow capital return from cattle marketed as C grades creates cash flow problems for the black farmers in partnership.

Very little value-adding and processing of the product is taking place within the Eastern Cape. Although the Eastern Cape has registered abattoirs to slaughter cattle, most cattle leave the province as weaner calves for feedlots in other provinces where they are marketed. One of the main reasons is that it is more efficient to take store animals to the source of feed to be fattened than to transport the feed. The current production of feed for livestock is entered in the North West, Free State and Mpumalanga provinces where maize and soybeans are traditionally produced. The Eastern Cape currently imports 120,000 tons of feed for the livestock industry and would use more were it not for the high transport cost.

Another important phenomenon is that the abattoirs in the Eastern Cape, situated mainly in Nelson Mandela Bay, East London, Queenstown, Mthatha and Kokstad are generally running below their slaughter capacity. These abattoirs are dependent on animals that are brought to acceptable condition mainly during the summer on natural grazing. Apart from on farm fattening by commercial farmers, the communal and smallholder livestock owners are not in a position to round their animals off for marketing purposes. This in turn results in low off-take as well as poor prices being realized. The natural grazing in the communal areas thus becomes grossly overgrazed with low levels of income generated are by the resource.

However, beef cattle farming in the Ndlambe Municipal area have great potential that needs to be developed. Any interventions done should seek to change the picture in favour of black farmers be it those farming in commonages or in land reform farms. The commercialisation of commonages through ensuring and promoting infrastructure development is being implemented at the Kruisfontein Farm in Alexandria, the intervention also seeks to promote proper and sustainable farming activities at the commonages.

There is a huge need to commercialise livestock farming in Commonages. If this is done there is an opportunity to create community wealth and more jobs, the abattoir project being planned in Alexandria is one of the projects to revive and resuscitate the economy of Alexandria.

Dairy Farming

The Dairy Industry is relatively stable with a positive cash flow, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. The Dairy Industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the Land Reform Farms and those going under Partnerships based on milk sharing or equity schemes are the most pragmatic option for making the black/community owned Dairy Farms to be functional and productive.

Pineapple Production

The main producing areas of pineapples in South Africa are Northern KwaZulu Natal (Hluhluwe district) and the Eastern Cape. The Eastern Cape generally account for over three quarters of the pineapples produced in South Africa. As pineapples are indigenous to the tropics, the crop requires areas where the climate is warm, humid and free from extreme temperatures (25°C being optimal).

In determining which pineapple cultivar to plant, a producer should take the following into consideration:

- The global demand and the demand in specific markets.
- His or her (the producer's) current infrastructure in respect of being able to cope with pruning, spraying, picking, cold storage and packing of a particular cultivar.
- The availability of natural resources like water, soil types, cold units and slopes.
- The land should be prepared so as to control water runoff and thereby limit soil erosion, facilitate good drainage and prevent root and heart rot, facilitate uniform distribution of sunlight to all plants, and have roads allowing machinery easy access to the pineapple plants to expedite spraying and harvesting.

Pineapple production has been declining over the past five years. Production declined by 6% during the 2009/10 season when compared with the 2008/09 volume. The decrease in production has previously been associated with the cadmium contaminated zinc sulphate fertilizer that was used by the pineapple producers. A multi-national fertilizer distributor operating in the Eastern Cape Province sourced low cost zinc sulphate from China. This zinc sulphate contained high concentrations of cadmium and lead. The resulting effect on crops dosed with these fertilizers was contaminated fruit which has damaged the reputation for South African fruit globally. The continuous decline may be an indication that the industry is still struggling to pull itself out of the crisis. Ndlambe municipal area has been hardest hit by the impact of this catastrophe in the Pineapple industry.

Chicory Production

Chicory in South Africa is exclusively produced and processed in the Eastern Cape, Alexandria since 1895. This is an established industry which used to have 100 Chicory commercial farmers each employing 40 workers thus translating to 4000 jobs created at farm operation level. The central processing plant used to create 130 permanent jobs. 95% of roasted Chicory produced by the Industry supplies two major roasted Chicory users namely Nestle for Ricoffy and National Brands Limited for Frisco, Koffiehuis, Ace and Kloof etc.

The CHICORY industry has been given a massive financial and economic boost when it received a R2 million grant from the Department of Rural Development & Agrarian Reform to revitalise the local chicory production. The department, in collaboration with reputable and JSE listed giant Nestle' South Africa, signed a Memorandum of Understanding with local farmers to ensure production of chicory in Ndlambe that will meet the supply demand by Nestle' for products produced using locally produced chicory. The government has heard the farmers' outcry for the revitalisation of the local chicory industry and has implemented a long-term solution that will not only revitalise the industry but recreate various jobs lost in the closing down of the chicory industry in Ndlambe.

Developments in the Hospitality Industry

Royal St. Andrews Hotel

People come to Port Alfred for the sunshine, the clear blue Indian Ocean lapping onto its Blue Flag beach, adventures on the Kowie River, its unique boutique shops and artisan brewery, its people and to simply relax.

The hotel has a total of 60 rooms which are designed, equipped and furnished to add a new luxury dimension to the Sunshine Coast experience. 50 modern luxurious rooms, as well as conference facilities, have been skilfully crafted to complement the old-world charm of the much-loved original hotel, which was built in 1924. Located in Port Alfred, South Africa, the Royal St. Andrews Hotel has re-opened after an extensive 3 year renovation.

Royal St. Andrews Hotel is the perfect destination for avid golfers as the hotel is situated within walking distance of the Royal Port Alfred Golf Club, one of the oldest and well known golf courses in South Africa. In addition the Gary Player designed Fish River Sun Country Club, and the new Belmont Valley Country Club are within a 45 minute drive.

Cannon Rock Beach Suites

Cannon Rocks Beach Suites through the support of the National Department of Tourism has been completed and handed over to the municipality. The Self Catering facility boasts with 5 fully furnished chalets, one of the chalets is disable friendly. In line with implementing transformation within the tourism sector, Ndlambe municipality has leased out the facility to a cooperative to manage it. Plans to extend the facility to a fully functional conference facilities and additional beds so as to accommodate people who hold conferences at the facility.

Each unit has a one or two bedrooms and a fully kitted kitchen, cutlery and crockery and top of the shelf electric appliances. Guests can relax in the living room or outside on the patio with a built in braai, dining table and outdoor shower. Fully equipped Conference Facility with a projector, screen and all the necessities for a successful corporate or social function are available on request. The Conference facility can accommodate 60-100 people depending on the seating plan.

Operation Phakisa

The Provincial Department of Public Works invited all District Municipalities and Local Municipalities who have coastal towns to participate in the Property Marketing Event held on the 27 - 28 June 2018. This marketing event was directed to all the Districts and Local Municipalities which have coastal towns and properties that could be developed to attract economic development and tourism in their towns.

The theme of the conference was “Attracting Investment in State Coastal Maritime Infrastructure and Properties, Expand Current Businesses and Create New Businesses, Create Employment Opportunities, Generate Revenue for the Municipalities, Stimulate Economic Growth and Ensure Economic Transformation”

The engagement with the province and coastal municipalities also sought to highlight the context of:

- Operation Phakisa:
- Oceans Economy:
- Small Harbours and State Coastal Property Development

The primary focus and objectives of the two day engagement was:

- To coordinate and integrate sector Department plans in Small Harbours in line with Operation Phakisa: Oceans Economy;
- Develop a Marine infrastructure development and maintenance Plan;
- Provide guidance in Property management including letting out;
- Develop a strategy to stimulate local economic development;
- To encourage job creation and SMME empowerment;
- To develop a revenue generation strategies
- To ensure radical socio-economic transformation.

From the Sarah Baartman District, four (4) coastal local municipalities were invited to present their investment plans and exhibit at the conference. These municipalities are: Koukamma, Kouga, Sundays River Valley and Ndlambe.

Building Inclusive Green Municipalities (BIGM)

The Building Inclusive Green Municipalities (BIGM) project aims to improve the capacity of South African municipal governments to support effective service delivery, improve local green economic growth, and enhanced climate change mitigation and adaptation measures. In the Municipality of Ndlambe, the BIGM project aims to improve municipal-level plans and policies targeting asset management integrating climate change adaptation and mitigation, including asset management practices. The Federation of Canadian Municipalities (FCM) will be implementing this project in partnership with the South African Local Government Association (SALGA). The City of Ottawa will be the partner municipality of Ndlambe. The project ensures and promotes the meaningful inclusion of women, youth and vulnerable groups in design and implementation of local economic development initiatives and increase their representation in decision-making processes at the local level. Ndlambe from the BIGM programme has been partnered with the City of Ottawa. The partnership is focusing on achieving the following objectives by the end of the programme:

- Sharing best practices in relation to goals of the project
- Create a toolkit and train partners
- Create and maintain good working relationships with partners in South Africa
- Understand challenges and opportunities with South African partners

Jobs created during Year 0 by LED initiatives (Excluding EPWP projects)				
Total jobs created / Top 3 initiatives	Jobs Created No.	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	10 initiatives	8 jobs lost	57 jobs created	EPWP Employment Contracts
Year -2	5	2	7	EPWP Employment Contracts
Year -1	5	Lot of businesses were affected by the COVID-19 Lockdown regulations	Lot of businesses were affected by the COVID-19 Lockdown regulations	EPWP Employment Contracts
Year 0	3	N/A		EPWP Employment Contracts

Job Creation through EPWP projects					
Details	EPWP Projects		Jobs created through EPWP projects		
	No.		No.		
Year -1	3		91		
Year 0					
Employees: Local Economic Development Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
7-9	1	1	1	0	0%
10-12	1	3	0	3	100%
13-15	1	1	1	0	0%
Total	3	5	2	3	60%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Ndlambe Municipality has a huge scope to increase and intensify cattle farming and goat farming as key focal farming enterprises to emerging farmers and commercial farmers.

Livestock farming based on commonages has to be commercialised and township based farmers have to be taken through a commercialisation path through a massive campaign, technical support, training and design of a programmes to support black farmers towards commercialisation of livestock farming out of the townships. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the land reform farms and those going under.

Partnerships based on milk sharing or equity schemes is the most pragmatic option for making the black/community owned dairy farms to be functional and productive. The Dairy industry is relatively stable and cash flow positive, a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long term sustainability of the industry. Unfortunately the Dairy industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it.

The LED Forum was launched by the Deputy Minister of Economic Development Department, Honourable Mr Madala Masuku, honouring up what he had committed to during the LED Conference in Alexandria.

5 Cooperatives have been assisted for funding, machinery and equipment, these are mainly from Alexandria.

Project Name	Funding Agent
1. Masiphathisane Co-op	Ndlambe Municipality
2. Injica Co-op	Ndlambe Municipality
3. Cannon Rocks Beach Suites(Siwelele Co-op)	Ndlambe Municipality, ECPTA and Sarah Baartman District
4. X-Man Tshisanyama	Ndlambe Municipality
5. Ndlambe Tanks	Ndlambe Municipality
6. Ice Making	Ndlambe Municipality
7. Laundry	Ndlambe Municipality
8. Bivas Eatery	Ndlambe Municipality, Sarah Baartman District
9. Masarheni Co-op	Ndlambe Municipality and Dept. of Agriculture

Ndlambe LED Unit through proposal submitted to the National Department of Tourism (NDT) received funding amounting to 10 million for Ndlambe Tourism Infrastructure. They have also appointed an Implementer for the project; Eastern Cape Tourism Agency (ECPTA) will be the project implementer. The project is at the design stage and an advert will be published for local SMME's to participate.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.9 INTRODUCTION TO LIBRARIES; ARCHIVES; COMMUNITY

Ndlambe Libraries are gradually progressing in terms of services and diversity of patrons, and we have launched a Mini-Lib which serves blind and partially blind patrons. The Libraries in Ndlambe Municipality have taken the role of promoting education by assisting schools to improve their pass-rate, and we also provide catering and transport for extra classes on Saturdays.

Library services have improved immensely as there are more newspapers offered than before, for example the libraries now have Sunday Times and City Press available as a result of community requests. Services also include Tablets in addition to computers; there is also Wifi available in libraries. This demonstrates improved technological progression in Ndlambe Libraries.

CIRCULATION OF LIBRARY MATERIALS

All Functional nine Ndlambe Municipal Libraries have migrated to Brocade Library System and some are still transferring their members and books that were on the manual system onto the Brocade Library System. Statistics for the Ndlambe Libraries for the whole year are as follows:

LIBRARIES	CIRCULATION	BOOK BLOCK LOAN
ALEXANDRIA	3932	Alexandria Christian Academy Day Care and Grade R
BUSHMANS	3544	Nompucuko Combined School
KENTON	8664	Kenton Primary School
EKUPHUMLENI	2527	
PORT ALFRED	11415	Port Alfred Social Welfare Freestone Library (Book Wagon)
BATHURST	2564	
FREESTONE	3124	Sizamele Educare Centre, Qhayiya Primary School and Port Alfred Library (Book Wagon)
DR. I. K. MABINDISA	3083	Alpha Lee Aftercare, Nonkqubela Community Project Port Alfred Library (Book Wagon)

LIBRARY STRUCTURES

Library Structures in the form of Book Clubs for any age group and Library Committees are part of Ndlambe Municipal Libraries. This ensures that the community can be part of the needs' analysis of Library services.

Julian Mike who is a Library Committee Member in Marselle Library represents Ndlambe Municipality in the Sarah Baartman District Committee and reports back to the municipality through Marselle Library.

LEARNER SUPPORT PROGRAM

In addition to the Saturday Classes initiated by the Municipality as school intervention program for improved matric passing rate, Ndlambe Municipality employed Ms Ncanywa as a Learner Support Assistant. She specialises in teaching Nompucuko's Grade 11 and 12 learners in Mathematics and Physical Science.

SCHOOL INTERVENTION PROGRAM

As stated in the introduction, these are extra classes provided by the Municipality on weekends to improve the matric pass rate of Ndlambe Municipality. This initiative involved an agreement between the Municipality and the Nelson Mandela University where Third Year Level students tutor Ndlambe Municipal learners with subjects that need upgrading.

AWARENESS PROGRAMS

One way of Library Promotion and Marketing is through awareness programs or events where Ndlambe Municipal Libraries take services to the communities through outreach programs.

Outreach Programs include the following:

- South African Library Week: Celebrated in March of every year
- World Book Day: Celebrated in April of every year
- World Play Day: Celebrated in May
- Career Day: done in May
- Mandela Day: July
- Holiday Programs: During School Recess
- National Book Week: Celebrated in September
- Spelling Bee: Celebrated in October
- Youth Empowerment Event: Celebrated in December
- World Aids Day Event: Celebrated in December

The above Outreach programs exclude the individual awareness programs performed.

3.10 CEMETERIES AND CREMATORIUMS

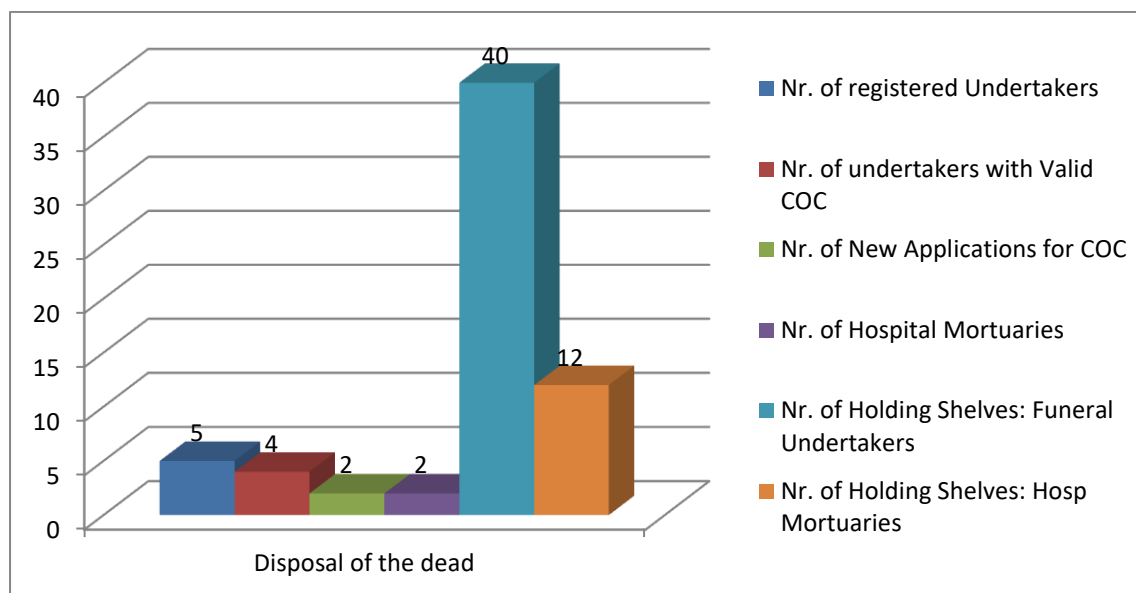
INTRODUCTION TO CEMETERIES

This service falls under Parks and Recreation Section. The municipality is currently under pressure due to unavailability of land for cemeteries. In terms of the revised SDF there is a need to identify new cemeteries but this will require environmental impact assessments and identification of land. All cemeteries throughout the municipality are cleaned on a regular basis as and when required. The cemeteries are reaching capacity and once the land disposal policy process is completed land needs to be identified for cemetery space and the necessary EIA and legislative requirements be followed. The municipality does not have its own crematorium facility and as such individuals utilise the services of funeral parlours.

1. Disposal of the Dead

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislation, which is Regulation 363 relating to the management of human remains including any other regulations relating to applicable health standards.

Illustration of information relating to disposal of the dead.



COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

There is no staff specifically employed for "Cemeteries" – these employees fall under "Parks & Recreation";

- *There are no posts in the Organogram allocated for "Cemeteries";and*
- *There has been no capital budget for Cemeteries and Crematoria during the 2019/2020 financial year*
-

• REFUSE REMOVAL SERVICES

- 15 961 formal + 4 632 informal households = **20 593 households**

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Port Alfred			
Monday	Town of Port Alfred	10	872
Tuesday	Nemato	7-9	709
	East Bank / Bottom West	10	861
Wednesday	Saltvlei / Station Hill	10, 6	1119

	Nemato	7-9	695
Thursday	Ndlovini	7-9	1595
	Thornhill	6	500
Thursday / Friday	Businesses in PA	10	*
TOTAL			<u>6351</u>

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Alexandria			
Monday	Alexandria Town	1	
Tuesday	Alexandria Town	1	273
Wednesday	Wentzel Park	1	736
Thursday	KwanonQubela	2	
Friday	KwanonQubela	2	1987
TOTAL			<u>2996</u>

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Bushman's River Mouth			
Monday	Riversbend / Harmony Park	3	487
Tuesday	Old Bushmans (Town)	3	254
Wednesday	Half Marselle / River Rd	3	581
Thursday	Rest of Marselle	3	750

Friday	Businesses, Bins & Beach	3	35
Kenton-on-Sea			
Monday	Kenton Businesses	4	36
Monday	Kenton Town	4	146
Tuesday	Kenton Residence	4	387
Wednesday	Kenton Residence	4	375
Thursday	Ekuphumleni	4	820
Friday	Businesses, Bins & Beach	4	36
TOTAL			<u>3800</u>

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Boknes / Cannon Rocks			
Monday	Boknes	1	350
Monday	Cannon Rocks	1	250
Greater Bathurst			
Monday	Town of Bathurst	5	205*
Tuesday	Nolukhanyo	5	856
Wednesdays	Freestone Ndlovini	5	918
Seafield / Kleinemonde			
Monday	Seafield / Kleinemonde	6	235
TOTAL			<u>2814</u>
Informal areas	Ndlambe area		<u>4632</u>

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

3.12 POLLUTION CONTROL

- There is no staff employed for pollution control – the Environmental Health Practitioners are carrying out this function;
- There are no posts in the Organogram specifically for pollution control;
- There is no budget allocated specifically for pollution control.

3.13 BIO-DIVERSITY AND LANDSCAPE

ENVIRONMENTAL CONSERVATION

OUR MISSION

“Protection, Preservation and Sustainable Utilization of fauna, flora and our natural resources to benefit present and future generations”

KEY PERFORMANCE AREAS

- Blue Flag beach Management
- Beach Front and Infrastructure Management.
- Nature Reserve Management
- Environmental Education
- Environmental Compliance (Marine; Estuaries; Terrestrial)

BLUE FLAG BEACH MANAGEMENT

- Kariega Main Beach; Kelly’s Beach (Full Blue Flag Status)
- Middle Beach K.O.S (Pilot Blue Flag Status)

STAFF

- Conservation Officer’s portfolio covers Blue Flag beaches; Beaches; local and private Nature Reserves, Public open spaces, commonages, rate payers in town and on farms complaints and queries.
- Two permanent staff members in that of a Blue Flag beach attendant and one permanent staff member working every alternative weekend and public holidays at Kelly’s beach and kariega.
- 1 Blue flag attendant at home due to age being over 60 years during lockdown
- Appointed 8 contractual lifeguards, 4 - Kelly’s Beach and 4 - Kariega Main Beach. (01 December 2019 – 1 May 2020)
- Appointed 15 short term lifeguards on the (09 December 2019 until the 08 JANUARY 2020), 3 x Kleinemonde; 3 x Boknesstrand; 3 x East beach; and 3 Fish River and 3 Bushmans slipway
- No lifeguards were to be placed at Cannon Rocks swimming beach & Middle beach Kenton-on Sea.
- West Beach was manned by 4 casuals beach marshals over December period starting (14 Dec – 2 Jan 2020)
- 12 Beach buddies casuals were given the opportunity to be employed over the December period at Kareiga and Middle beach KOS. (14th Dec – 2 Jan)

BLUE FLAG STATUS BEACHES

- Ndlambe municipality applied for two full status beaches namely that of Kelly’s Blue Flag Beach (15th season in a row), Kariega Main Beach (11th season in a row), and Middle beach (7th season).
- At the National launch Ndlambe received two Blue Flags, namely that of Kelly’s Beach (Ward 10), Kariega Main Beach and a Pilot beach, Middle Beach (Ward 4).
- During this period 1 unannounced visit were carried out by a Blue Flag South Africa Inspector.

- Applications for season 2020 2021 have been submitted in March 2020 to WESSA and National Jury will sit between July and September 2020 for this coming year evaluation. The results will be via a press release from WESSA.

Contractual / Casual staff:

1. 2 Casual at Kelly's Beach over season
2. Casuals at Kariega Beach – during peak periods
3. Casuals at Middle Beach – Covering Blue Flag period
4. Beach buddies 12 at KOS middle beach at Kariega Beach.
5. Casual Beach Marshall X 4 at West Beach.
6. Casual at Fish river camp site x 1 for a period of 19 Dec 2019 to 2 Jan 2020

Ndlambe staff beach management goals

- Ensured the Blue Flag areas are clean over festive period
- Ensure that the following stretches are cleaned, Eastbourne road from Kariega to slipway as well as roads leading off that, up Kariega road to R72
- The casuals and permanent staff worked according to a pre-season plan where teams came in early in the mornings to maintain cleanliness
- Blue Flag was hoisted on time every day.

RESCUES LIFEGUARDS

	BOKNES	KLEINEMONDE	KELLY'S	KARIEGA	EAST
Drownings/Near Drownings	0	0	0	1	0
Helpouts/RTB	5	0	8	14	12
Board/ski	1	0	0	0	0
Boat/IRB	1	0	0	0	0
Resuscitation	0	0	0	0	0

FIRST AID

	BOKNES	KLEINEMONDE	KELLY'S	KARIEGA	EAST
Cuts and Abrasions	0	0	0	0	0
Sprains/fractures	0	0	0	0	0
Stings	6	10	15	12	6
Sunburn	0	0	0	0	0
Hospitalised	0	0	0	0	0

Drowning's/Near drowning

There was no drowning during season on our beaches this year

Rescues/Help outs

A number of rescues and help outs were done this year with torpedo buoys. This was partly due to some freak strong currents at the beaches but mostly due to alcohol and negligence of parents. Drinking at/on beaches is becoming a huge concern and stricter enforcement of the law is needed. It is a major safety risk for the lifeguards and municipal Officials when dealing with a drunken person in these situations where their lives are also at risk.

First Aid

A number of bluebottle stings treated in the season when a predominantly easterly wind was blowing.

NATURE RESERVE MANAGEMENT

STAFF

- Conservation Officer; 3 Rangers and one Lodge attendant that are permanent staff members in the reserve section.
- 1 of the Rangers is paralyzed from waist down and is in a wheel chair. He is at work and has given him more of the admin duties as well as to run the nursery.
- Two (2) Rangers stayed at home during lockdown as they are over 60
- Nature Reserves closed for public as per National State of Disaster from 26 March 2020 till end August 2020.

RESERVE MANAGEMENT

- Local Authority Reserves under Management of the Conservationist are namely :
 - Joan Muirhead Nature Reserve
 - Kap River Nature Reserve
 - Great Fish River Wetland Reserve
 - Roundhill Oribi Reserve Nature Reserve
- A monthly duty Plan was compiled for the Nature Reserves namely:
 - Kap River reserve
 - Roundhill Oribi Reserve
- Other two Reserves are not manned, however there are local communities that are in the area that keep an eye on any suspicious behavior and report to conservationist for further investigation, namely:
 - Great Fish River Wetland Reserve
 - Joan Muirhead Nature reserve
 - Ghio Wetland Nature Reserve
- The water level in the Kap River has increased after the completion of the low level bridge, thus rendering it a natural boundary.
- Poaching remains a major problem in all the reserves.

INFRASTRUCTURE

- Kap River- Orchard park home, fisherman cottage continue to be burgled.

ACCESS CONTROL: FISH RIVER RESERVE

- The fish river camping ground were open to campers this year, this was due to the public protector instruction, the grounds are not up to standard however the main commodities where carried out before season, this being cleaning of ablutions, cutting the grass and placing portaloo's.
- The site was kept clean by a casual, the Kap River Rangers and lifeguards on the beach.

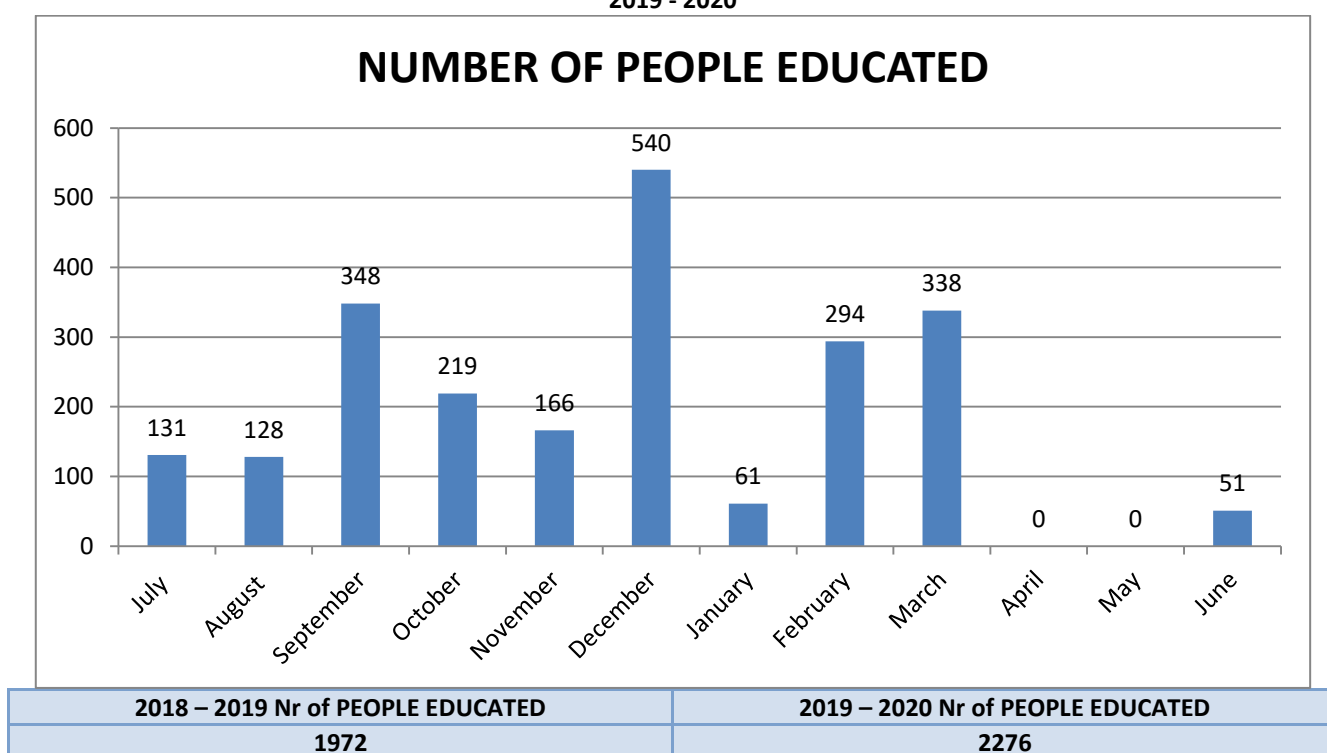
End June 2020 Game count on Municipal Reserves

<u>Round Hill Oribi Nature Reserve</u>		<u>Kap River Nature Reseve</u>	
Species	Pop.	Species	Pop.
Bontebok	6	Bushbuck	3
Burchells zebra	44	Common Duiker	2
Springbuck	12	Giraffe	8
Bushbuck	0	Impala	66
Common Duiker	1	reedbuck	3

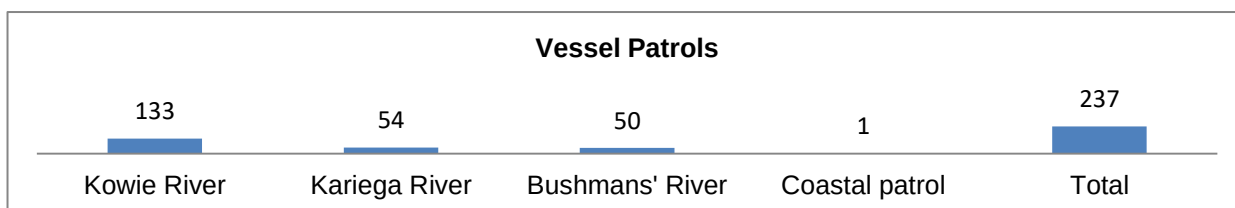
		Nyala	5
		Red hartebeest	10
		Warthog	18
		Waterbuck	2
		Burchells zebra	57

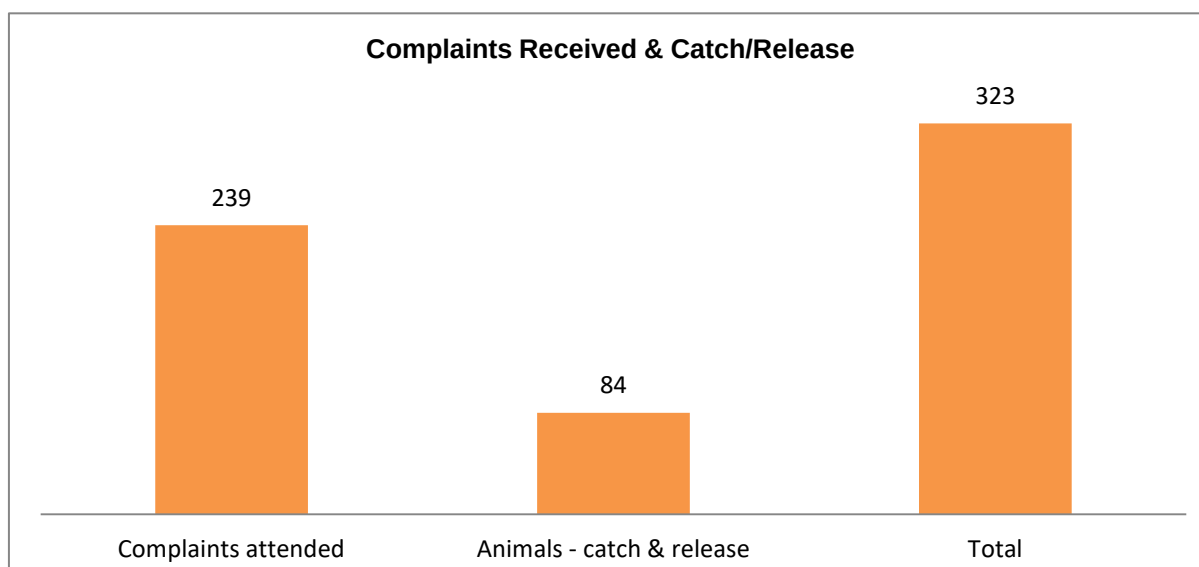
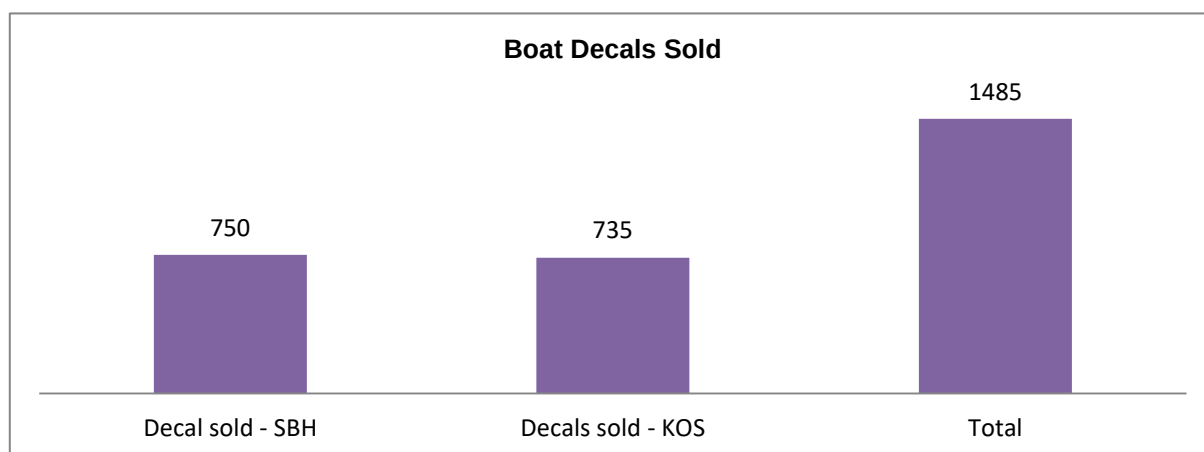
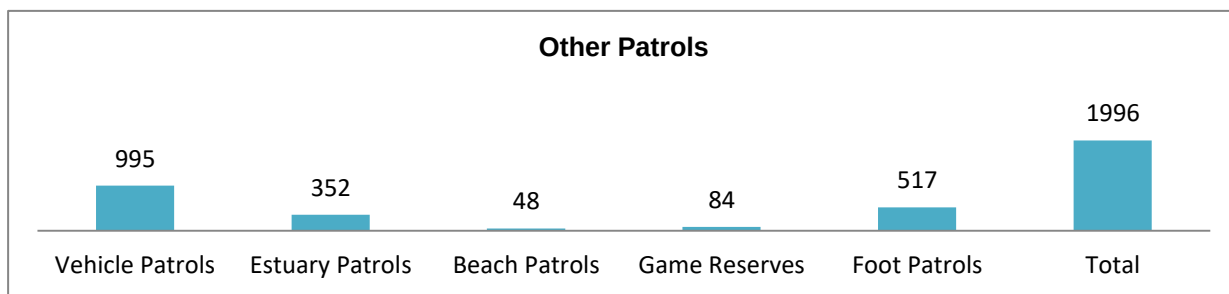
ENVIRONMENTAL EDUCATION

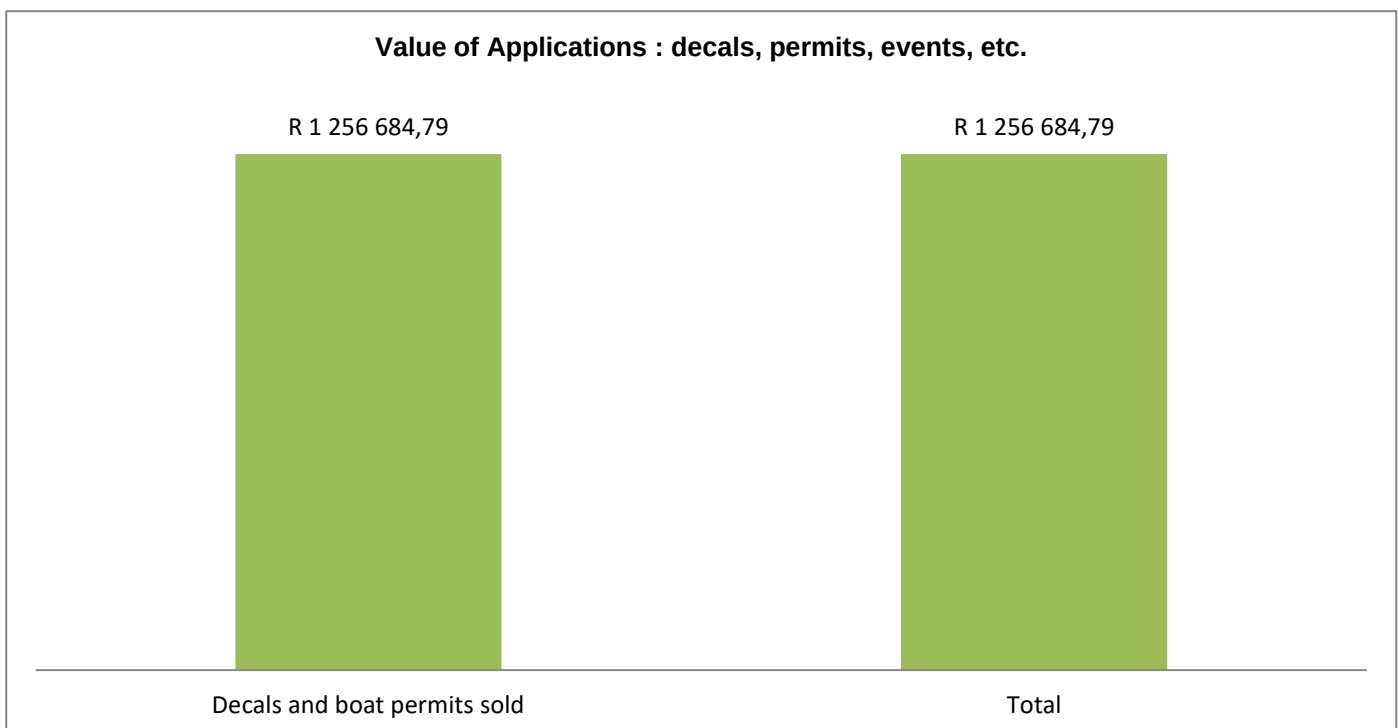
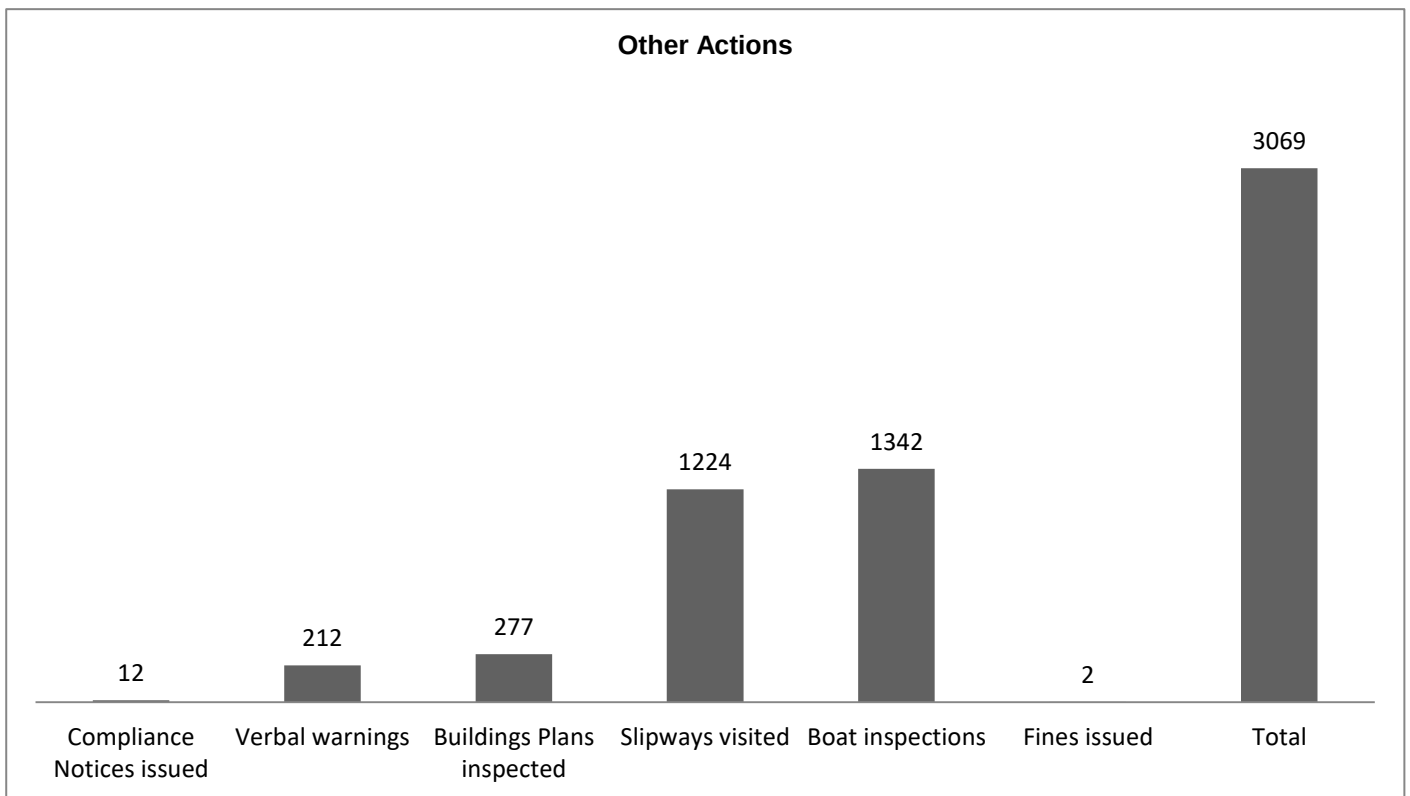
2019 - 2020



ENVIRONMENTAL COMPLIANCE







3.14 ENVIRONMENTAL HEALTH

2. Background

3. Background

Environmental health services means the health services falling within the definition of Municipal Health Services as outlined in the National Health Act, 2003 (Section 3.12 or 2.12), also known as Municipal Health Services in respect of which the District Municipality has full legislative and executive authority in terms of section 84(1)(i) of the Municipal Structures Act.

Ndlambe Municipality has entered into a Service Level Agreement with Sarah Baartman District Municipality to render Municipal Health Services Function on behalf of the district municipality. In the service level agreement Sarah Baartman District Municipality commits that the district will provide a subsidy that transfer of payment quarterly will be undertaken by the district for the purposes of rendering the agreed Municipal Health Services.

It is recorded that the package of Municipal Health Services which the District Municipality request Local Municipality to perform as agreed in terms National Health Amendment Act, 2013 (Act No. 12 of 2013) that only a health officer who is registered with as an Environmental Health Practitioner in terms of the Health Professions Act, 1974 (Act No. 56 of 1974) may exercise any of the powers conferred under this section.

The definition of Municipal Health Services is provided in section 1 of the National Health Act, (Act 61 of 2003) and includes:

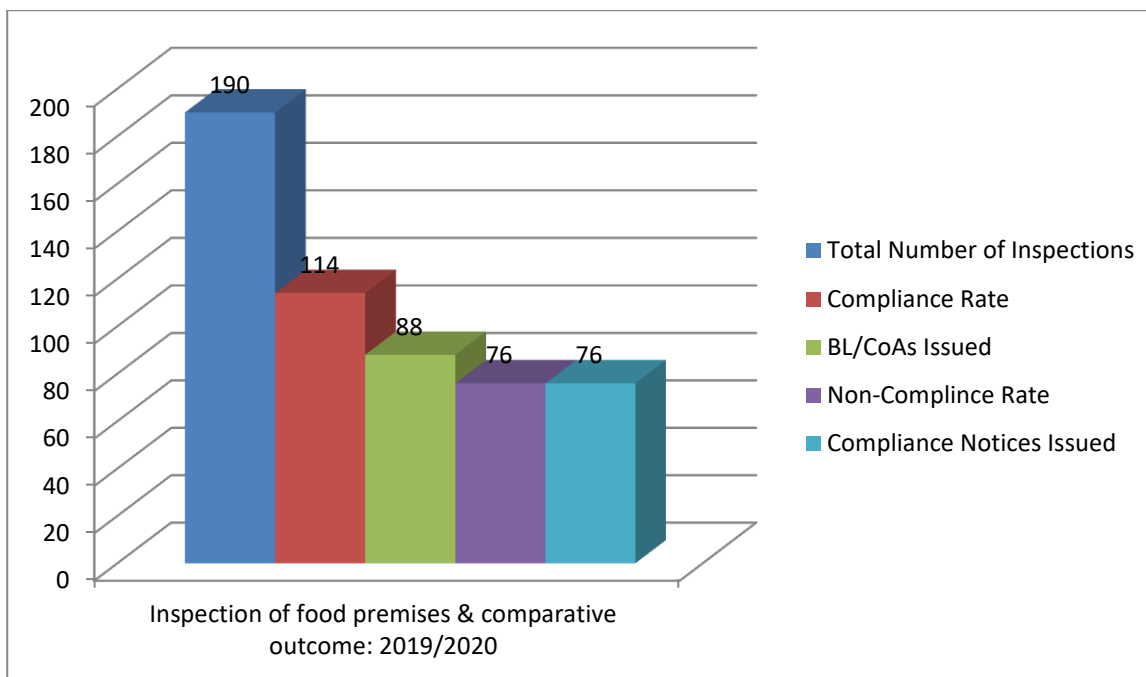
- Water quality monitoring;
- Food control;
- Waste management;
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunisation;
- Vector control
- Environmental pollution control;
- Disposal of the dead; and
- Chemical safety.

According to the National Norms and Standards for Environmental Health and the World Health Organisation (WHO) norm for staffing of Environmental Health Practitioners, the acceptable ratio is 1: 10 000 population in order to enable Environmental Health Practitioners to render municipal health service effectively. Currently, Ndlambe Municipality with the latest 2011 Census population which is estimated around 61 176, with this population, Ndlambe Municipality is not adhering to the WHO and National Norms and Standards for Environmental Health. The norms and standards stipulate that for such population there should be 6 functional Environmental Health Practitioners, instead of the current 2 Environmental Health Practitioners.

4. Food Quality Control – Inspection of Food Premises

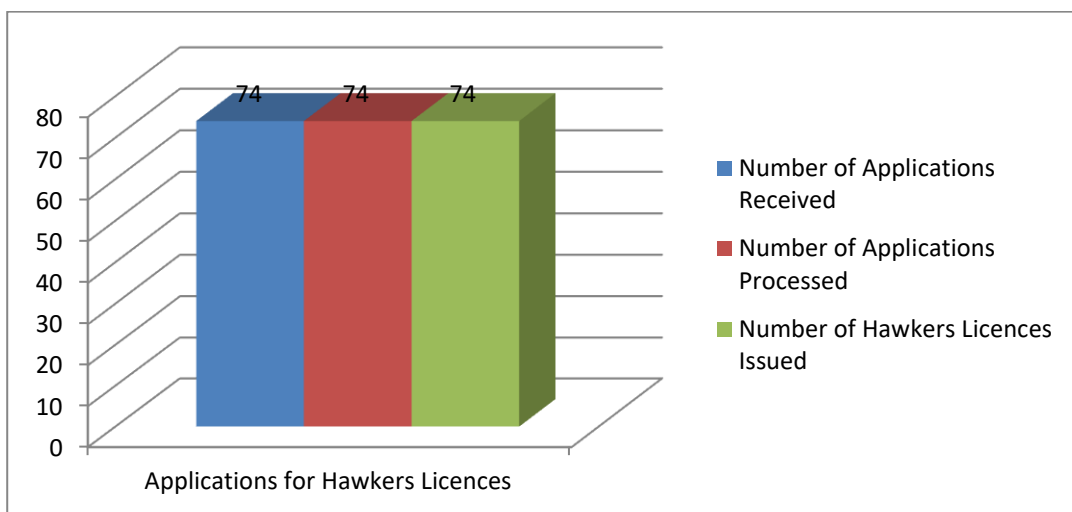
Inspection of food premises is one of the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Food Quality Control is also set out on the municipal IDP as one of the key performance areas for environmental health services. Regular unannounced inspections are carried out on food premises to make sure that food premises are compliant with food hygiene handling requirements as per legislative requirement by ensuring food safety in respect of acceptable microbiological and chemical standards, quality of all food for human consumption and optimal hygiene control throughout the food chain. Vigorous efforts are made to assist and encourage all food premises inspected to be compliant with the regulations governing general food hygiene handling where there are contraventions with the regulations.

Analysis of Inspections carried out.



5. Hawkers Licences / Street Trading Permits

The chart below illustrates the number of applications received for hawkers licence and number of hawkers licences issued.



6. Special Permit for Informal Traders: Lockdown Level 4

Special permits for informal traders were issued during national lockdown, alert level 4. The permits were issued in terms of Regulation 480, for the following categories:

- Regulation 480, Table 1- Alert Level 4, Part 'E': Informal Traders.
- Regulation 480, Table 1- Alert Level 4, Part 'I': Food Service Category.
- Regulation 480, Table 1- Alert Level 4, Part 'P' (5): Animal Care Facility.

7. Water Quality Monitoring

Water quality monitoring is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Water Quality monitoring is also set out on the municipal IDP as one of the priority areas for basic service delivery. Regular drinking water samples are taken for bacteriological and chemical analysis as per legislative mandate (SANS 0241) to establish water safeness for human consumption.

The graph below indicates compliance/failure as a result of Escherichia coli (E. coli) which is an indicator of faecal pollution by warm blooded animals (often interpreted as human faecal pollution). E.coli is responsible for infectious diseases such as gastroenteritis, cholera, dysentery and typhoid fever after ingestion of contaminated water.

The graph is generated automatically based on water quality data loaded onto the electronic Water Quality Management System (eWQMS) and further provides summary information on key water quality results as required for legislative compliance.

Water Quality Compliance Table: July 2019 – June 2020

Water Quality Compliance Table

E.coli (health) (count per 100 mL) for Ndlambe Municipality

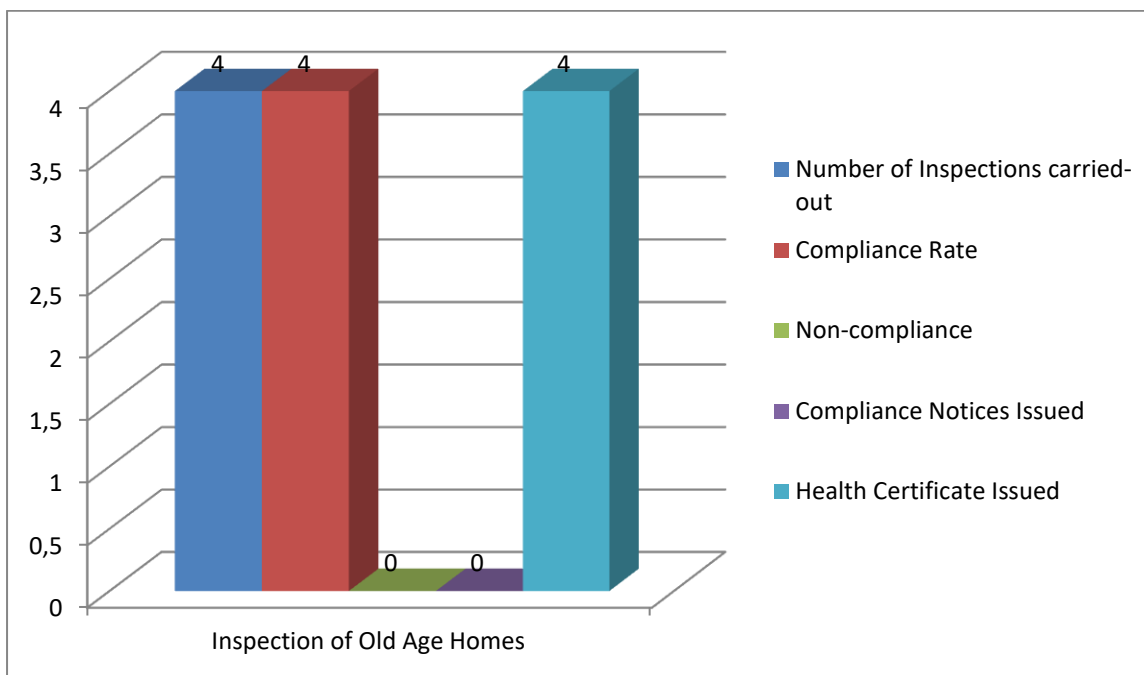
Area	July 2019 – June 2020	
	Samples Complied	% Compliance
Ndlambe Municipality	220 / 240	91.7%
Alexandria	34 / 34	100.0%
Bathurst	26 / 31	83.9%
Bushmans River	34 / 36	94.4%
Cannon Rocks / Boknes	24 / 24	100.0%
Kenton-on-Sea	17 / 23	73.9%
Kleinemonde / Seafeld	12 / 12	100.0%
Port Alfred	73 / 80	91.3%

Complying samples indicates the number of samples complying with **SANS: Microbiological - Standard Limits** vs. the total number of samples collected in an area.

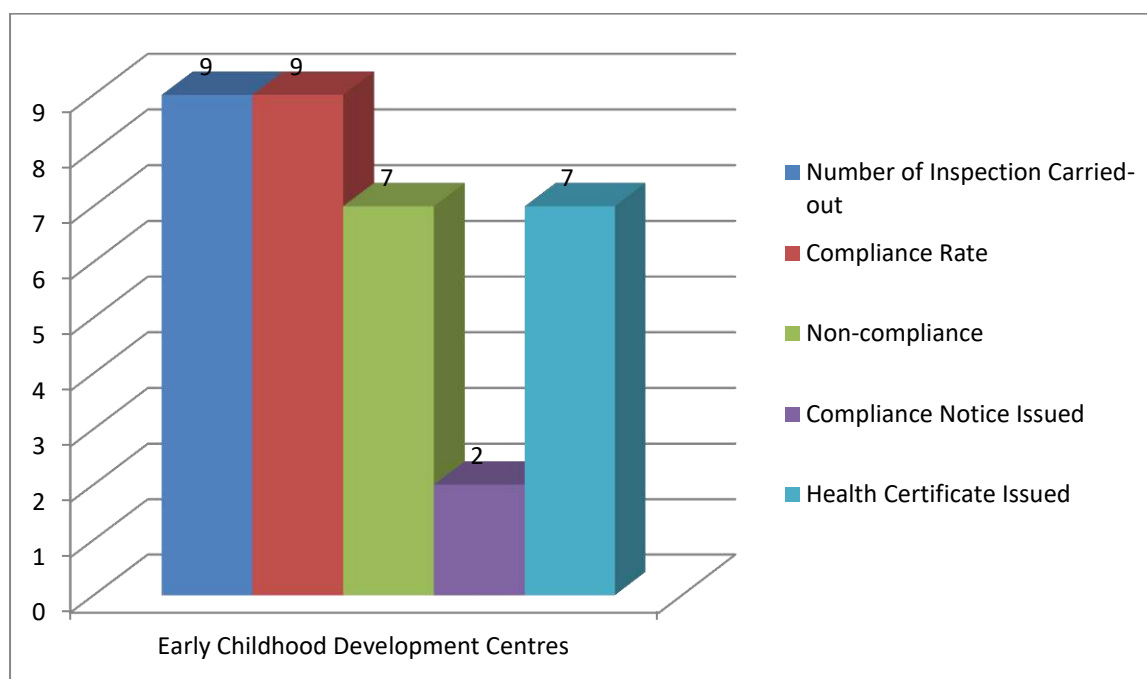
The percentage compliance displayed is the percentage of all samples collected in the area falling within limits of **SANS: Microbiological - Standard Limits**

8. Health Surveillance of Premises

10.1 Inspection of Old Age Homes



10.2 Inspection of Early Childhood Development Centres



9. Inspection of Taxi Ranks

The National Environmental Health Norms and Standards provides for Health surveillance of premises which is aimed at ensuring the health and safety of public transport facilities such as buses, trains, taxis, boats and aero planes as well as **all other facilities in connection therewith.**

Environmental health inspection of taxi rank were carried in a risk management approach with specific focus on the following areas: Ventilation, lighting, indoor air quality, structural safety; Food safety; Water and sanitation practices; Management of waste; Pest control methods; Disease infection risk factors and prevention strategies; The immediate environment and any other conditions that is likely to pose a hazard or risk to human health. Periodic and sanitization of taxi ranks was carried out as a preventative way of containing the spread of covid-19 pandemic. Cleansing services are carried out on a daily basis as per cleansing schedule.

10. Environmental Health Related Complaints

Environmental health is concerned with all aspects of natural and built environmental that may affect human health. Environmental health also contributes to the promotion of wellness and prevention of disease, primarily by controlling environmental factors that negatively impact on human health; it also encompasses the discipline of anticipating, recognizing, evaluating and controlling health hazards. Most of the complaints attended are the priority areas of the municipality as listed on the municipal IDP document.

The tables below illustrate environmental health related complaints received during the 2019/2020 financial year. These environmental health complaints were attended to, and are as follows:

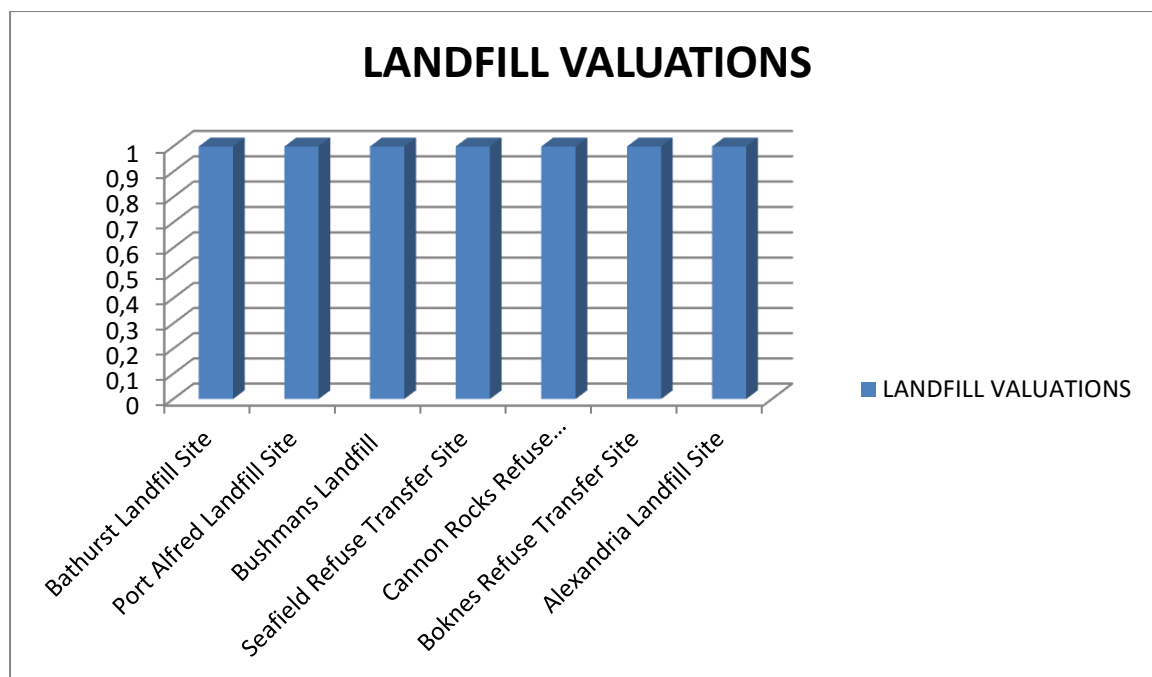
Months	Overgrown plots			Street Trading			Illegal Dumping			Public Nuisances		
	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending
July 2019	1	0	1	1	1	0	2	0	2	1	0	1
Aug. 2019	2	0	2	2	2	0				1	1	0
Sept 2019	3	0	3									
Oct. 2019	3	0	3									
Nov. 2019	3	0	3							1	1	0
Dec. 2019	4	0	4							2	2	0
Jan. 2020	13	1	12				1	1	0	1	0	1
Feb. 2020	11	1	10							2	1	1
Mar. 2020										1	1	0

Apr. 2020	1	1	0							2	2	0
May 2020										1	1	0
Jun. 2020	1	1	0							1	1	0
Totals	42	4	38	3	3	0	3	1	2	13	10	3
Months	Condemnations			Refuse Receptacles			Traditional Rituals			Pauper Burial Processing		
	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending
Aug. 2019	2	2	0	2	2	0	1	1	0	4	4	0
Sept 2019				1	1	0	2	2	0	3	3	0
Oct. 2019							3	3	1	1	1	0
Dec. 2019							1	1	0			
Jan. 2020	1	1	0	2	2	0				1	1	0
Feb. 2020				1	1	0				1	1	0
Mar. 2020	1	1	0	3	3	0						
Apr. 2020	1	1	0	1	1	0						
May 2020										1	1	0
Totals	5	5	0	10	10	0	7	7	0	11	11	0
Months	Sewage Spillages			Discharging of Grey Water			Carcass (Dead Cow)			Blocking of Walk Way		
	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending
Sept 2019	2	1	1	1	1	0						
Nov. 2019							1	1	0			

Dec. 2019	2	1	1	1	1	0				1	0	1
Jan. 2020	2	2	0							1	1	0
Feb. 2020										1	1	0
Mar. 2020	1	1	0									
Totals	7	5	2	2	2	0	1	1	0	3	2	1
Months	Liquid Waste Spillages			Animal Keeping in Residential			Exhumations			ECDC Operating on Lockdown		
	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending	No.	Solved	Pending
Jan. 2020	1	1	0	2	0	2						
Feb. 2020				4	2	2	1	1	0			
Mar. 2020				2	2	0				1	1	0
May 2020				4	2	2						
Jun. 2020				2	0	2						
Totals	1	1	0	14	6	8	1	1	0	1	1	0

11. Annual Landfill Site: External Valuations

The valuations of the municipal landfill sites were carried out by an independent service provider. Information used in compiling the valuations was mainly supplied by the Municipality, which has been supplemented the visual inspections of the landfill sites undertaken by the service provider and environmental health practitioners. The chart below indicates facilities that were considered during the 2019/2020 landfill valuations.



12. Meetings / Trainings / Workshops Attended

- Preparatory Meeting Nelson Mandela's Day Celebrations;
- Early Childhood Development Centre (ECDC) - Consultative Session (ECDC Forum Meetings);
- Launch of Provincial Winter Feeding Programme;
- Meeting with Kleinemonde Ratepayers Association - Re: Kleinemonde Transfer Site Operations;
- Municipal Health Services Forum Meeting;
- Meeting Re: Working for the Coast Programme;
- Special Events Monthly Planning Meetings;
- Ward Committee Meetings;
- Bid Evaluation Meetings;
- Budget Steering Committee;
- Municipal Town Planning Tribunal Meetings;
- 2019 Environmental Health Summit;
- Asset Management Workshop;
- Training of Health and Safety Representatives;
- Greenest Municipality Competition Assessments;
- Green House Gases Inventory Assessment;
- Brucellosis and Tuberculosis Committee Meeting;
- Meeting with Department of Environment Forest and Fisheries – Waste Management Services;
- Community Needs Assessment Sessions;
- Performance Management Sessions;
- Environmental Health Joint Management Meetings;
- Meetings: Funeral Undertakers, Re: Covid-19 Regulations ;
- Establishment of Covid-19 Joint Operations Centre – Outbreak Response Preparedness;
- Virtual Covid-19 Occupational Health and Safety Sub-Work Stream;
- Virtual Covid-19 Municipal Health Services Work Stream;
- Virtual Covid-19 Preparedness and Prevention Training.

COMPONENT G: SECURITY AND SAFETY

3.15 SECURITY SERVICES

INCIDENT	PLACE	DATE AND TIME	DESCRIPTION	ACTION TAKEN
Theft	Port Alfred landfill site	2019/07/14	A door was stolen from the access control building	Criminal case has been opened for investigation at the Nemato police station as per CAS 40/07/2019.
Malicious damage to property	Klipfontein community hall	2019/07/16	All windows were broken ,bulbs damaged, locks broken and toilets damaged	Criminal Case has been opened for malicious damage to property as per Kenton on Sea CAS 42/07/2019
House breaking	Civic centre , Port Alfred	2019/07/20	A break took place , the transgressor broke a front window and used an object to pull out a lap top	Criminal case has been opened for investigation at Port Alfred SAPS as per CAS 72/07/2019 Security beams have been installed at the civic centre
Vandalism	East beach ablutions	2019/09/03	Ablutions vandalised tap stolen basin broken	SAPS report made as per OB 2491/08/2019
Malicious damage to Property	Station hill field	2019/09/02	Windows broken	Criminal case reported for investigation as per SAPS CAS no 08/09/2019 refers
Theft	Waste water treatment plant	12/08/2019	2 metre cable stolen	A criminal case has been opened for investigation as per SAPS Port Alfred cas no 54/08/2019
Theft	Workshop	2019/09/21	Angle grinder	A criminal case has been opened as per Port Alfred cas no 56/09/2019
House breaking and theft	Port Alfred workshop	2019/10/23	Copper wire from tools	A criminal case has been opened for investigation as per cas no 88/10/2019
Window removed but not stolen	Councillor Mbunge's office , Alexandria	2020/01/30	Window removed but not stolen	Internal staff to fix the window and scm is procuring for fixing of electricity supply
HB and theft	Alexandria admin office	2020/02/09	Burglar forced open	A criminal case has been opened for investigation as per Alexandria CAS no 24/02/2020
Attempted house	Port Alfred Library	2020/02/15	Burglar proof gate damaged	No arrests have been made and a criminal case has been registered

breaking				as per CAS no 42/02/2020
Theft of external lights	Alexandria administration office	30/05/2020	Six led flood lights stolen	Matter reported to the police for investigation as per Alexandria cas
Theft of diesel	Port Alfred workshop	Between 2020/05/26 and 2020/06/08	120 litres of diesel stolen	A criminal case has been opened for investigation as per cas no 30/06/2020

Total security audits done: **3**

Interactions with external specialised law enforcement agencies is on going

Security companies verified with PSiRA: 32

Current security service providers: 5

Current guarded sites: 15 sites

- Alexandria = 3
- Bushmans = 2
- Kenton on Sea = 2
- Port Alfred = 5
- Bathurst = 3

Security ad hoc visits by the Security Coordinator = 240

Security awareness done by the Security Coordinator = 15

TRAFFIC SERVICES

Report financial year 2019/2020 - Motor Vehicle Licencing and Registration (MVRA)

Temporary permits issued	223	R12 915,00
Temporary permits (blank) issued	31	R32 550,00
Special permits issued	18	R1 458,00
Registration of vehicles	2 292	R254 759,40
Duplicate registration certificates issued	90	R110 628,25
Licencing of vehicles	10 571	R6 286 714,06
Allocated personal number plates	11	R2 376,00

Transaction fee	6 513	R468 936,00
TOTAL FEES COLLECTED BY RA		R7 170 336,71
TOTAL AGENCY FEES (NDLAMBE)		R1 617 879,72
TOTAL PROVINCIAL FEES		R5 083 520,99
RTMC FEES		R468 936,00

The Motor vehicle Licencing and Registration section collected a total of **R1, 617 879.72** for the financial year 2019 / 20

Report Financial Year 2019/20 - Driving Licence Testing Centre (DLTC)

Application for Learner Licences	591	R125 883.00
Application for PrDP	541	R58 428.00
Application for Heavy Motor Vehicle tests	358	R123 510.00
Application for Light Motor Vehicle tests	156	R45 864.00
Duplicate Learner Licences issued	36	R6 480.00
Issued Driving Licences	2 951	R491 832.00
Issued Learner Licences	480	R33 120.00
Issued Temporary Driving Licences	960	R9 624.00

The Driving Licence Testing Centre section collected a total of **R905 741.00** for the Financial Year 2019 / 20.

Report financial year 2019/20 - Law Enforcement (TCS)

Income collected by TCS		R308 750.00
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The Law Enforcement section collected a total of **R308 750.00** for the financial year 2019/2020

FIRE & EMERGENCY SERVICES

CATEGORY	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020	SUSPECTED CAUSES
NUMBER OF FIRES AS FOLLOWS					0	
BUILDINGS	1	2	0	1	4	ELECTRICAL

DWELLINGS	7	2	3	5	17	LIQUOUR / NEGLIGENCE
I/DWELLINGS	9	11	9	8	37	LIQUOUR / NEGLIGENCE
ELECTRICAL	0	0	0	4	4	UNDETERMINED
RUBBISH	22	25	12	9	68	VAGRANTS
VEGETATION	11	42	3	16	72	ELECTRICAL. C-BURN
TRANSPORT	1	1	4	1	7	ELECTRICAL
OTHER (not specified above)	0	0	0	0	0	
SUB TOTAL	51	83	31	44	209	

NUMBER OF SPECIAL SERVICES	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January – March 2020	4th Quarter April - June 2020	Grand Total 2019/2020	SUSPECTED CAUSES
ACCIDENTS	36	28	32	18	18	SPEED / NEGLIGENT
RESCUE	5	0	2	0	0	MAINTENANCE/ NEGLIGENCE
SPILLAGES	0	1	2	1	1	MVA
MISCELLANEOUS	141	176	128	205	205	MAINTENANCE / CRIME
HAZMAT SPILLAGES	0	0	0	0	0	
SUB TOTAL	182	205	164	224	775	

NUMBER OF ANCILLARY SERVICES	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
Provision of Potable Water	0	0	0	0	0
Locked premises	0	0	0	0	0
Any other types of humanitarian services	0	0	0	0	0
SUB TOTAL	0	0	0	0	0

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
NUMBER OF NO - SERVICES					
EBA	1	0	0	2	3
FAGI	1	0	1	1	3
FAM	2	1	0	0	3
SUB TOTAL	4	1	1	3	9
GRAND TOTAL OF INCIDENTS.	237	289	196	271	993

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
NUMBER OF PEOPLE INVOLVED IN:					
Fires	80	88	59	79	306
Accidents	45	60	79	35	219
TOTAL	125	148	138	114	525

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
NUMBER OF FATALITIES					
Fires	0	0	0	2	2
Accidents	4	1	2	0	7
TOTAL	4	1	2	2	9

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
NUMBER OF INJURIES:					
Fires	0	0	0	0	0
Accidents	25	30	34	15	104
TOTAL	25	30	34	15	104

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
ESTIMATED DAMAGES (inclusive of Contents and Building/land)	569500	524000	204000	6306400	7603900
ESTIMATED VALUES (Contents and Building)	3175000	2094000	463000	7395000	13127000

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
ESTIMATED DAMAGES (Veld Fires) hectares	0		130	43	173
ESTIMATED VALUES	0		13000	43000	56000

TRAINING & DEVELOPMENT OF STAFF	ALL STAFF TRAINED TO DATE (NOT ONLY DURING THIS QUARTER)				
Number of staff trained in:	FIRE FIGHTER 1	FIRE FIGHTER 2	HAZMAT OPERATIONS	HAZMAT AWARENESS	BAA / Level 3
TOTAL	27	16	16	27	27

	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
CATEGORY					
IN- SERVICES TRAINING TO FIRE STAFF	144	135	164	104	547

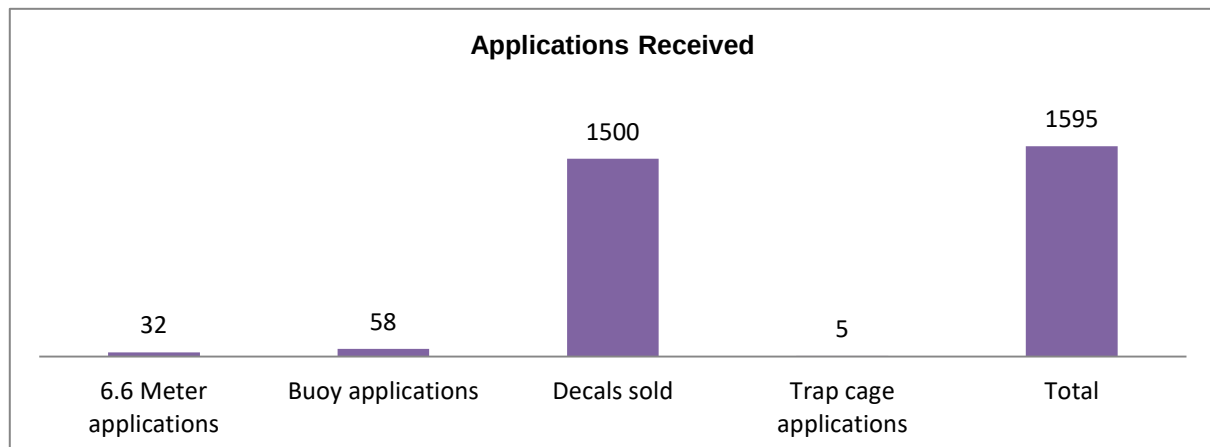
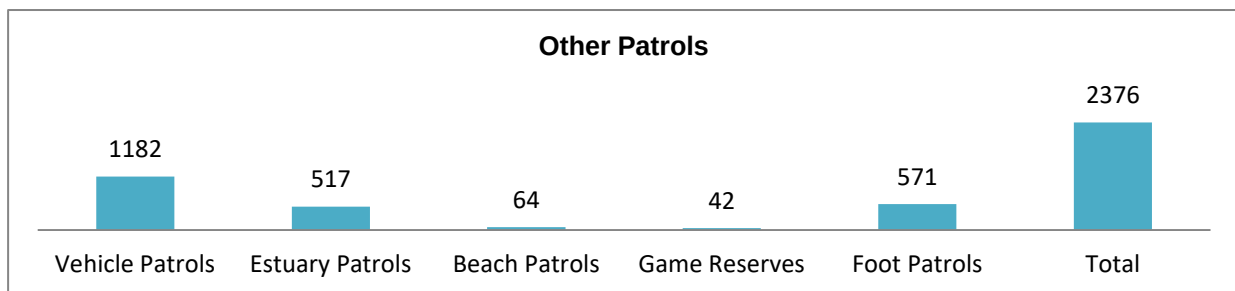
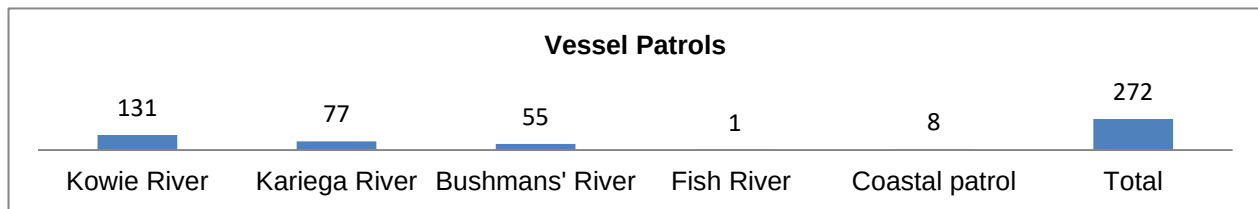
Specify subjects covered (e.g. ropes/ship/aircraft fire fighting/ hazmat)	EQUIPMENT	EQUIPMENT	SIMULATION	EQUIPMENT / SIMULATIONS	EQUIPMENT
Number of hours i.r.o theoretical and practical	292	278	328	274	1172
TOTAL	292	278	328	274	1172

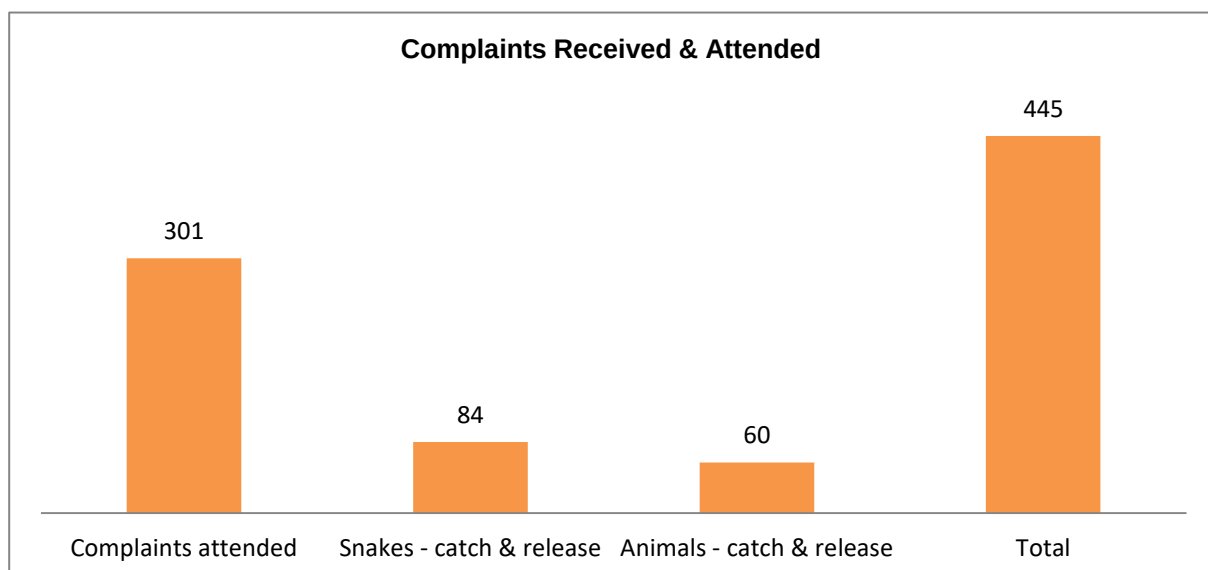
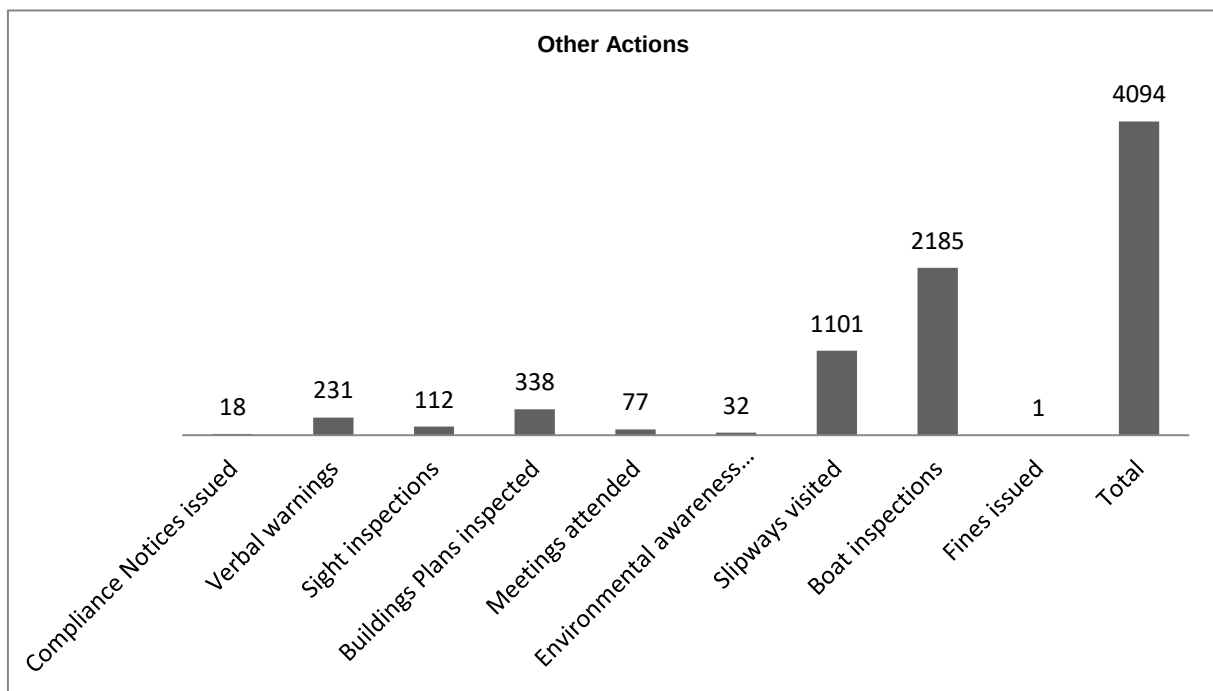
	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
FORMAL TRAINING BY FIRE STAFF					
Specify type of training (Eg. FF1/FF2/BAA/Hazmat etc.)	0	IIMP	TRAINING CANCELLED DUE TO VIRUS	0	
Number of Staff Trained during the Quarter	0	1	0	0	1
TOTAL	0	1	0	0	1

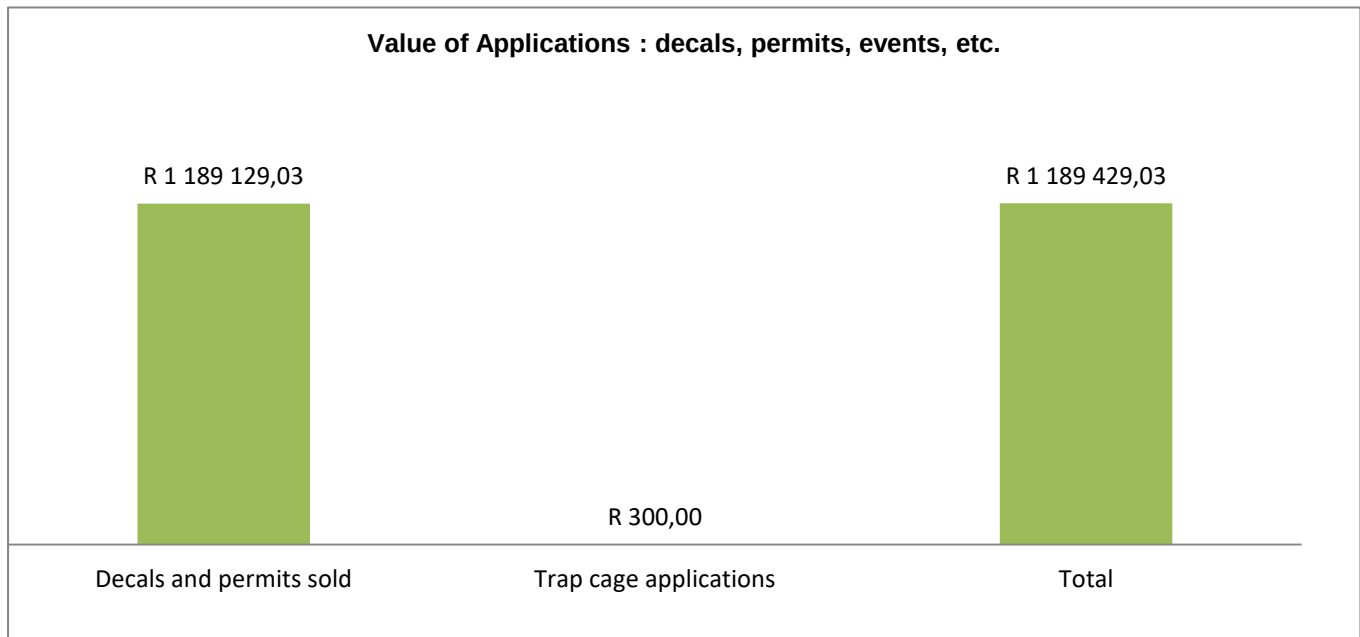
	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
AWARENESS AND TRAINING					
Number of civilians made aware	360	152	36	0	548
Specify the type of intitutions visited (e.g. Old age home/Hospital / Clinic / Factory / Govt. buildings / Library etc.)	COMMERCIAL INSTITUTIONAL	COMMERCIAL INSTITUTIONAL	COMMERCIAL INSTITUTIONAL	COMMERCIAL INSTITUTIONAL	
Number of children and teachers made aware	310	28	26	0	364
Number of schools covered	4	2	2	0	8
TOTAL	314	30	28	0	920

FIRE SAFETY (number of inspections conducted)	1st Quarter July - September 2019	2nd Quarter October - December 2019	3rd Quarter January - March 2020	4th Quarter April - June 2020	Grand Total 2019/2020
General Inspections	258	200	258	7	723
Flammable Liquid	60	5	9	3	77
Building Plans	66	79	78	50	273
Fire Hydrants	342	318	406	192	1258
Burn Permits Issued	11	4	5	5	25

ENVIRONMENTAL COMPLIANCE







3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

- Disaster Management is a competency of Sarah Baartman District Municipality. A Disaster Co-Ordinator has been appointed by the District Municipality and he has a satellite office in Port Alfred;
- The Municipality is currently not carrying out the function of Animal Licensing. The control of animals and
- Public Nuisances is a shared function between Environmental Conservation and Environmental Health.

COMPONENT H: SPORT AND RECREATION

Employees: Sport and Recreation					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalent) No.	Vacancies (as a % of total posts) %

Financial Performance Year 0: Sports and Recreation (R'000)					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total operational Expenditure					

CHAPTER 4

ORGANISATIONAL DEVELOPMENT

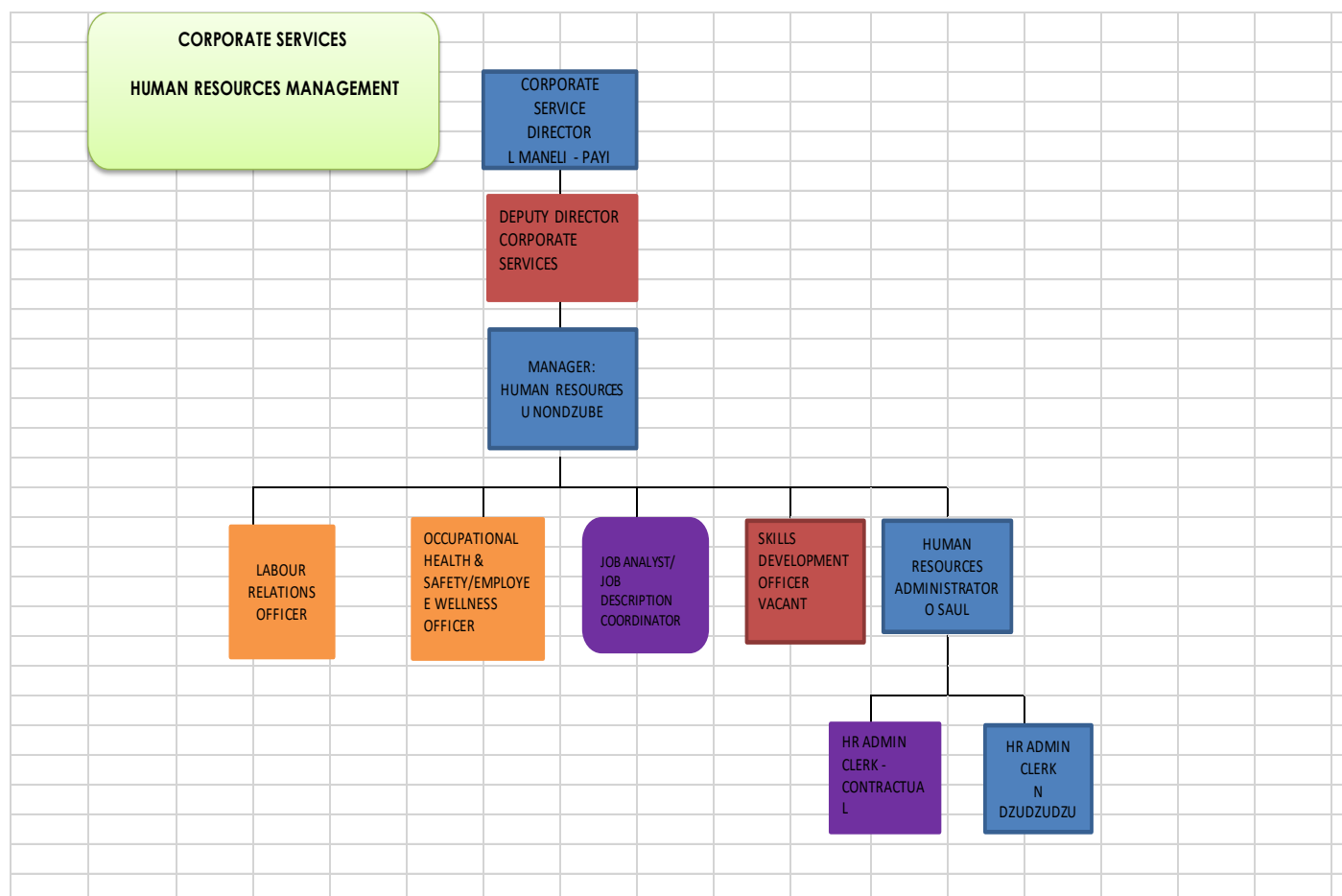
INTRODUCTION TO HUMAN RESOURCE SERVICES

Ndlambe Municipality employs approximately 504 people who currently account for more than 38% of the local municipality's overall budget. It should be understood that people are not only an organisation's most valuable assets, they are the organization. Without them nothing will happen. The staff should be seen and treated as the organisation's customers-it therefore becomes the duty of the municipality to work towards making them successful.

Critical to people management is management of their performance through not only goal setting but also regular performance reviews which is championed by the Office of the Municipal Manager. Of importance in Human Resource Management is the investment in the training of staff-the more staff know the more value will the Municipality be able to add to its customers.

Lastly the Municipality through the Human Resources has to develop mechanisms to measure, absenteeism and staff turnover so as to ensure that the people management process is working optimally through the PayDay System. The effective and strategic management of human resources therefore becomes the cornerstone of the wider transformation of the Local Government Service.

To survive and to remain a key player in sustainable development the municipality thus has to develop measures that will ensure a strategic human resource management approach. The Municipality has an adopted Organisational Structure.



4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees: Human Resources Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Sec 56	1	1	1	0	
Task Grade 6 – 16	3	4	3	1	

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	17	23	17	6	
Waste water (sanitation)	37	38	37	1	
Electricity	2	4	2	2	
Waste Management	57	63	57	6	
Housing	7	8	7	1	
Waste Water (storm water drainage)	58	61	58	3	
Roads	51	59	51	8	
Transport	0	0	0	0	
Town Planning & Building Control	10	9	10	1	
Local Economic Development	2	6	2	4	
Planning (strategic and Regulatory)	0	0	0	0	
Community and Social Services	49	60	49	11	
Environmental Protection / Health	3	3	2	1	
Sport and Recreation	1	1	1	0	
Corporate Policy Offices and Other	141	168	141	27	
Totals	435				

Vacancy Rate: Year 2019/20			
Designations	Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Post)	3	0	0
Other S57 Managers (Finance Post)	0	0	0
Fire Fighters	11	1	0
Senior Management levels 13 – 17 (excluding Finance Post)	17	0	0
Senior Management levels 13 – 17 (Finance Post)	3	0	0
Highly skilled supervision: levels 9 – 12 (excluding Finance posts)	20	0	0
Highly skilled supervision: levels 9 -12 (finance posts)	3	0	0
Internal Audit Staff : (Levels 9– 12)	2	1	0

COMMENT ON VACANCIES AND TURNOVER:

The critical positions mentioned in the above column are filled which positively reflect the stability of the Municipality and the functioning of the Retention Strategy of Ndlambe Municipality. However other terminations in lower positions are as a result of resignations, deaths, retirements and dismissals.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Council has reviewed and adopted policies including new policies have been developed. The process of policy development is on-going as the needs may arise with time. It must be noted that the engagement process in consultation with labour at the Local Labour Forum meetings and with the working session with the Councillors in policy development has led to the final adoption of the policies. Local Labour Forum sits on a monthly basis to discuss issues of mutual interest between the employer and organised labour. When the Local Labour Forum does not sit a memorandum of agreement is signed by the Employer and Organised Labour.

The next phase in the policy development is now to workshop staff in all administrative units and consolidate such into HR Municipal Employee Handbook.

4.2 POLICIES

No.	Policy	Last Reviewed & Adoption Date	Custodian(s) Responsible person
1	Allowances Policy	30 June 2017	Corporate Services
2	Bereavement Policy	29 August 2018	Corporate Services
3	Employee Wellness Policy	07 December 2018	Corporate Services
4	Labour Relations Policy	30 June 2017	Corporate Services
5	Leave Policy	25 August 2020	Corporate Services
6	Occupational Health & Safety Policy	26 June 2020	Corporate Services
7	Overtime Policy	25 August 2020	Corporate Services
8	Private Work (Code of Conduct) Policy	07 December 2018	Corporate Services
9	Remuneration Policy	30 June 2017	Corporate Services
10	Recruitment and Selection Policy	29 March 2018	Corporate Services
11	Essential User Car Scheme Policy	07 December 2018	Corporate Services
12	Study and Capacity Building Policy	20 May 2020	Corporate Services
13	New Policy Disciplinary Procedure Agreement	29 March 2018	Corporate Services
14	Motor Vehicle Allowance	25 August 2020	Corporate Services
15	Policy On Casual Or Contract Workers	17 November 2017	Corporate Service
16	Grievance Policy	25 August 2020	Corporate Services
17	Attendance and Punctuality Policy	25 August 2020	Corporate Services
18	Relocation Policy	25 August 2020	Corporate Services
19	Retention and scarce skills Policy	27 March 2019	Corporate Services
20	Smoking Policy	27 March 2019	Corporate Services
21	Substance abuse Policy	25 August 2020	Corporate Services
22	Job Evaluation Policy	25 August 2020	Corporate Services
23	Chronic illness Policy	25 August 2020	Corporate Services
24	Sexual Harassment Policy	27 March 2019	Corporate Services

25	Covid-19 Ready Workplace Plan and return to Work Policy	20 May 2020	Corporate Services
26	Training, Education and development Policy and skills development plan for Councillors	26 June 2020	Corporate Services

4.3 INJURIES, SICKNESS AND SUSPENSIONS

COMMENT ON INJURY AND SICK LEAVE:

The use of injury on duty leave has been low as the injuries sustained during the year were not gross in nature. Six cases were reported to the Compensation Fund for injuries. Two employees were dismissed for serious misconduct. On the other hand the use of sick leave has proven to be high due to lifestyle diseases amongst other things. There are various reasons to this and they could be ill-health as there are chronic illnesses and also the abuse of sick leave. There has been no suspension of employees.

Financial Competency Development: Progress Report*						
Description	A. Total Number of officials employed by municipality (Regulations 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials						
Accounting Officer	1	0	1	1	1	1
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	4	0	4	4	4	4
Any other Officials	10	0	0	10	0	0
Supply Chain Management Officials	3	0	0	3	0	0
Heads of supply chain management units	1	0	0	1	0	0
Supply chain management senior managers	0	0	0	0	0	0
Total	20	0	6	20	6	6

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality recognises the investment in human capital through capacitation of staff. Annually the Workplace Skills Plan is developed and submitted to the Local Government Seta. The plan contains the capacity building programmes for its Councillors and workforce.

COUNCILLORS TRAINING REPORT:

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Nosiselo Xhasa Ward Councillor	Bursary	Local Government Law and Administration 4th Year
2. Thembekile Mbunge Ward Councillor	Bursary	Local Government Law and Administration 4th Year
3. Phil Yedwa Kani Ward Councillor	Bursary	Local Government Law and Administration 4th Year
4. Monica Mateti Councillor	Learnership	CPMD
5. Andile Marasi Councillor	Learnership	CPMD
6. Nkosincedile Gamlashe Councillor	Bursary	Certificate in Project Management
7. Mkhululi Raco Councillor	Bursary	Diploma Business Management

EMPLOYEE TRAINING REPORT:

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Wanezile Futuse Cashier	Bursary	Bachelor of Financial Accounting
2. Aubrina Coltman Records Administrator	Bursary	Bachelor of Arts Archives/ Information Science
3. Unathi Nondzube Human Resources Manager	Bursary	Practical Labour Law Programme NQF Level 6
4. Olwethu Saul Senior Personnel Officer	Bursary	Post Graduate Diploma Human Resources Management
5. Xolani Tyatya Superintendent Roads and General	Bursary	Btech Urban Civil Engineering
6. Siphokazi Mfanyana ISD Officer	Bursary	Diploma Disaster Management
7. Patrick Jokani Building Inspector	Bursary	Bachelor of Commerce

8. Thulani Maluleke Deputy Director Infrastructure	Bursary	BTech Civil Engineering
9. Lazola Velebayi Superintendent Roads and General	Bursary	BTech Civil Engineering
10. Sizeka Dili Accounting Clerk	Bursary	Bachelor of Public Administration
13. Anelisa Klaas Personal Assistant to Director Infrastructure	Bursary	Diploma Public Administration
11. Simphiwe Daniso Committee Clerk	Bursary	Diploma Pubic Administration
12. Yandiswa Fana General Worker	Bursary	Supervisory Management Course

LGSETA DISCRETIONARY GRANT

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Tandazwa Gcweka	Learnership	National Certificate: Water and WasteWater Treatment Process Control (NQF L 3)
2. Nosithembiso Mjuza	Learnership	National Certificate: Water and WasteWater Treatment Process Control (NQF L 3)
3. Phindile Gilbert Gula	Learnership	National Certificate: Water and WasteWater Treatment Process Control (NQF L 3)
4. Mzwandile Ngene	Learnership	National Certificate: Water and WasteWater Treatment Process Control (NQF L 3)
5. Sinethemba Mandara	Learnership	National Certificate: Water and WasteWater Treatment Process Control (NQF L 3)

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The expenditure on skills development is prioritised according to the needs of the organisation in order to enhance service delivery. All the Head of Departments have attended the financial competency regulations. The municipality also invests on its employees through formal education. The Finance Interns are also trained in the financial competency space through the MSIG.

CUSTOMER CARE UNIT

OBJECTIVES

- To use the Batho Pele Principles as a milestone for monitoring and providing feedback on quality of municipal service delivery;
- To use and entrench people centeredness and Batho Pele as a service delivery improvement tool for the municipality

The White Paper on Transformation of Public Services aims to provide people centred customer service. It calls for a shift away from inward looking systems, processes and attitudes to the issues and interests of the people or the public.

To deliver people centred services it is important for the municipality to embrace and institutionalize the Batho Pele principles. This is not only to ensure that the municipality complies with legislation but a people centred culture leads to improved service delivery.

1. PROPOSED PROCESS PLAN

- Conduct diagnostic analysis
- Develop tools for diagnostic analysis in a phased approach
- Develop and propose solutions
- Develop Customer Relations Framework/Strategy
- Integrated Service Delivery (a move away from silo mentality negative effect on service delivery)
- Surveys (CRM) internal and external
- Reporting Matrix for continuous improvement
- Understanding the importance of customer / customer retention

COMMITTEE SUPPORT

COUNCIL

INITIALS & SURNAME	CONTACT DETAILS	Political Party
Councillor N V Maphaphu (Speaker)	0837900232	African National Congress
Councillor K C Ncamiso (Mayor)	0682588862	African National Congress
Councillor N Gamlashe	0733749106	African National Congress
Councilor T M Mbunge	0794509779	African National Congress
Councillor C B James	0721509667	African National Congress
Councillor A Ngqosha	0648608009	African National Congress
Councillor A L Marasi	0734282952	African National Congress
Councillor M Raco	0836909634	African National Congress
Councillor M W Yali	0783619802	African National Congress
Councillor T Mazana	0837900242	African National Congress
Councillor S Melani	0630767964	African National Congress
Councillor R L Schenk	0835583195	Democratic Alliance
Councillor M Mateti	0837900248	African National Congress
Councillor N Xhasa	0815451556	African National Congress

Councillor K Daweti	0794935247	Democratic Alliance
Councillor J P Guest	0785391910	Democratic Alliance
Councillor Y P Kani	0733608113	Democratic Alliance
Councillor S Venene	0837900252	Democratic Alliance
Councillor X Runeli	0736400624	Economic Freedom Fighters
Councillor T D Mbekela	0734908838	Democratic Alliance

EXECUTIVE COMMITTEE (EXCO)

Councillor K C Ncamiso	Mayor, Chairperson & Portfolio Head: Corporate Services	African National Congress
Councillor T Mazana	Portfolio Head: Infrastructural Development	African National Congress
Councillor R Schenk	Portfolio Head: Finance	Democratic Alliance
Councillor N Xhasa	Portfolio Head: Community and Protection Services	African National Congress

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Councillor T Mbunge	Chairperson	African National Congress
Councillor K Daweti	Member	Democratic Alliance
Councillor M Mateti	Member	African National Congress
Councillor T Mbekela	Member	Democratic Alliance

RULES AND ETHICS COMMITTEE

Councillor N Maphaphu	Chairperson	African National Congress
Councillor K Daweti	Member	Democratic Alliance
Councillor M Mateti	Member	African National Congress
Councillor N Gamlashe	Member	African National Congress
Councillor S Venene	Member	Democratic Alliance

INTERGOVERNMENTAL RELATIONS (IGR)

Initials & Surname	Political Party
Councillor K C Ncamiso (Mayor)	African National Congress
Councillor N V Maphaphu (Speaker)	African National Congress

Councillor N Gamlashe	African National Congress
Councillor T M Mbunge	African National Congress
Councillor C B James	African National Congress
Councillor A Ngqosha	African National Congress
Councillor A L Marasi	African National Congress
Councillor M Raco	African National Congress
Councillor M W Yali	African National Congress
Councillor T Mazana	African National Congress
Councillor S Melani	African National Congress
Councillor M Mateti	African National Congress
Councillor N Xhasa	African National Congress
Councillor R L Schenk	Democratic Alliance
Councillor J P Guest	Democratic Alliance
Councillor Y P Kani	Democratic Alliance
Councillor S Venene	Democratic Alliance
Councillor K Daweti	Democratic Alliance
Councillor T D Mbekela	Democratic Alliance
Councillor X Runeli	Economic Freedom Fighters

CHAPTER 5

ORGANISATIONAL SCORECARD

At this level the performance of the municipality is measured and managed against progress made in achieving the strategic objectives as set out in the Integrated Development Plan (IDP) of the municipality. This will be done on the basis of Key Performance Indicators and targets set for each of the strategic objectives of the municipality. Given the fact that the IDP has a five year time span, the measures set at this level will be of a strategic and mostly long-term nature with an outcome and impact focus. The measures set for the municipality at an organisational level are captured in an organisational scorecard below.

CHAPTER 5

ORGANISATIONAL SCORECARD

At this level the performance of the municipality is measured and managed against progress made in achieving the strategic objectives as set out in the Integrated Development Plan (IDP) of the municipality. This will be done on the basis of Key Performance Indicators and targets set for each of the strategic objectives of the municipality. Given the fact that the IDP has a five year time span, the measures set at this level will be of a strategic and mostly long-term nature with an outcome and impact focus. The measures set for the municipality at an organisational level are captured in an organisational scorecard below.

[illegible]

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
52	[CPA 3] Local Economic Development																	
	Internal Ref / Indicator Code	Responsible Owner	Responsible Directorate	KPI Name	Strategic Objective	Project	Baseline	YTD Actual	Quarter ending September 2019					Overall Performance for Quarter ending September 2019 to Quarter ending June 2020				
									Original Target	Target Adjustments	Departmental KPI Performance Comment	Departmental KPI Corrective Measures	Original Target	Target	Actual			
53	2_3_18_P036-P037_P038-P039	Municipal Manager	Office of the Municipal Manager	18. The number of jobs created through the production of dairy products including capital projects.	Develop a vibrant, rapidly growing, agri-based employment generating economy	Unspecified	500	785	65		0 (2_3_18_P036-P038-P039) Municipal Manager: There was no jobs created provided for this quarter and due to Covid 19 (June 2020)	2_3_18_P037_P038-P039 Municipal Manager: The jobs are seasonal (June 2020)	500	500	205			
54	2_3_19_P038	Municipal Manager	Office of the Municipal Manager	20. Number of emerging farmers supported in the production of dairy	Develop a vibrant, rapidly growing, agri-based employment generating economy	Project implementation (ED Dairy Projects) (616762-054-445-885)- (file#616762054)	2	1,50	7		0 (2_3_19_P038) Municipal Manager: There was no money on our budget supported for dairy in Quarter (June 2020)	2_3_19_P038 Municipal Manager: There was no money on our budget supported for dairy in Quarter (June 2020)	2	2	1,50			
55	2_3_20_P038	Municipal Manager	Office of the Municipal Manager	21. Number of emerging farmers supported in the production of dairy	Develop a vibrant, rapidly growing, agri-based employment generating economy	Project implementation (ED Dairy Projects) (616762-054-445-885)- (file#616762054)	300 000ha	100 000ha	0 000ha	0 000ha	0 (2_3_20_P038) Municipal Manager: No dairy projects were submitted in this quarter and no dairy projects were provided. But we did submit a memo for Muzungu Group Dairy Cooperative in 3rd Quarter but due to destruction of roads in June 2020	2_3_20_P038 Municipal Manager: We did submit to Estate Office as a dairy project in 3rd quarter (June 2020)	300 000ha	300 000ha	100 000ha			
56	2_3_21_P038	Municipal Manager	Office of the Municipal Manager	22. Number of adventure and water sports supported	Develop and support adventure and extreme water sports	Unspecified	2	0	0	0	0 (2_3_21_P038) Municipal Manager: All outdoor activities were prohibited due to Covid 19 regulations (June 2020)	2_3_21_P038 Municipal Manager: All outdoor activities were prohibited due to Covid 19 regulations (June 2020)	2	2	0			
57	2_3_22_P038	Municipal Manager	Office of the Municipal Manager	23. Number of heritage and cultural events/initiatives supported	Develop cultural heritage economy	Unspecified	1	0	0	0			1	1	0			
58	2_3_23_P038	Municipal Manager	Office of the Municipal Manager	24. Number of MAM's and Cooperatives supported	Develop vibrant, rapidly growing, tourism based, employment generating economy	Unspecified	4	4	4	4			4	4	4			
59	2_3_24_P033	Director Corporate Services	Corporate Services	24. Number of Bursaries awarded	Position the municipality as a learning hub of excellence	Unspecified	0	53	0	0	0 (2_3_24_P033) Director Corporate Services: Due to an increase in external funding, it was possible to increase the number of bursaries. (June 2020)		20	20	11			
60	Total KPIs																	
61 Summary of Results: Local Economic Development																		
62	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
63	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
64	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
65	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
66	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
67	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
68	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
69	KPI	Actual	Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target	Actual/Target
70	Total KPIs																	

Summary of Results: Local Economic Development

61	High	KPI Not Yet Applicable	0	0
62	Low	KPI Not Yet Applicable	0	0
63	Medium	KPI Not Yet Applicable	0	0
64	Good	KPI Not Yet Applicable	0	0
65	Excellent	KPI Not Yet Applicable	0	0
66	Very Good	KPI Not Yet Applicable	0	0
67	Very Excellent	KPI Not Yet Applicable	0	0
68	Outstanding	KPI Not Yet Applicable	0	0
69	Exceptional	KPI Not Yet Applicable	0	0
70	Superb	KPI Not Yet Applicable	0	0
71	Outstanding	KPI Not Yet Applicable	0	0

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R		
VPA 4) Financial Viability and Management																				
22	Overall Performance for Quarter ending September 2019 to Quarter ending June 2020																			
23	Internal Ref / Indicator Code	Responsible Owner	Responsible Directorate	KPI Name	Strategic Objective	Project	Baseline	VTD Actual	Quarter ending September 2019				Departmental KPI: Performance Comments		Departmental KPI: Corrective Measures		Original Target	Target	Actual	R
24	1.6.25_P034	Chief Financial Officer	Financial Services	25. Number of Finance employees enrolled towards KPI certification	Improve financial viability of the municipality	Unspecified	4	5	5	0	1.6.25_P034 Manager Budget and Treasury: Target of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	1.6.25_P034 Manager Budget and Treasury: The process of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	5	5	5	5	5	5	0	
25	1.6.26_P020_P039	Chief Financial Officer	Financial Services	26. Percentage of budget approved allocated for sport repairs and maintenance	Improve financial viability of the municipality	Unspecified	4.6%	3.79%	1.00%	0.00%	1.6.26_P020_P039 Manager Budget and Treasury: Target of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	1.6.26_P020_P039 Manager Budget and Treasury: The process of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0	
26	1.6.27_P040	Chief Financial Officer	Financial Services	27. Collection rate	Improve financial viability of the municipality	Unspecified	0.7 00%	0.2 79%	0.0 00%	0.00%	1.6.27_P040 Manager Budget and Treasury: Target of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	1.6.27_P040 Manager Budget and Treasury: The process of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0	
27	1.6.28_P041	Chief Financial Officer	Financial Services	28. Net debt ratio	Improve financial viability of the municipality	Municipal Revenue: Cmt 15 348 121 7 500- 405 3 295 729 954 000	0.0 00%	0.0 00%	0.0 00%	0.0 00%	1.6.28_P041 Manager Budget and Treasury: Target of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	1.6.28_P041 Manager Budget and Treasury: The process of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0	
28	1.6.29_P042	Chief Financial Officer	Financial Services	29. Cost coverage rate	Improve financial viability of the municipality	Municipal Revenue: Cmt 15 348 121 7 500- 405 3 295 729 954 000	0.0 00%	0.0 00%	0.0 00%	0.0 00%	1.6.29_P042 Manager Budget and Treasury: Target of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	1.6.29_P042 Manager Budget and Treasury: The process of appointing candidates for the recruitment program was found and hereby met by the applicants and supported. Value quantity no registrars could take place. (June 2020)	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0.0 00%	0	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
	1.6.20_2043	Chief Financial Officer	Financial Services	30. Creditors Payment Period	Improve financial viability of the Municipality		Municipal Running Cost (1,048,227,506) 405,378,127,995,600,000											
40																		
41																		

Summary of Results: Financial Viability and Management			
KPI	Actual	Target	Notes
42. KPI Not yet applicable			
43. KPI Not Met	0%	Actual/Target	
44. KPI Almost Met	75.000%	Actual/Target	
45. KPI Met	99.999%	Actual/Target	
46. KPI Met	100.000%	Actual/Target	
47. KPI Met	100.000%	Actual/Target	
48. KPI Met	100.000%	Actual/Target	
49. KPI Met	100.000%	Actual/Target	
50. KPI Met	100.000%	Actual/Target	
51. KPI Met	100.000%	Actual/Target	

92. KPIA.5] Good Governance and Public Participation

Overall Performance for Quarter ending September 2019 to Quarter ending June 2020												
Internal Ref / Indicator Code	Responsible Owner	Responsible Directorate	KPI Name	Strategic Objective	Project	Baseline	Quarter ending September 2019			Original Target	Target	Actual
							YTD Actual	Original Target	Target Adjustments			
4.1.31_2044	Director Corporate Services	Corporate Services	33. Percentage of ward committees with 6 or more ward committee members (excluding the ward committee)	Improve the efficient running of and the governance of the Municipality	Municipal Running Cost (1,048,227,506) 405,378,127,995,600,000	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%
4.1.32_2045	Director Corporate Services	Corporate Services	32. Number of Council meetings held	Improve the efficient running of and the governance of the Municipality	Municipal Running Cost (1,048,227,506) 405,378,127,995,600,000	0	4	4	0	100.00%	100.00%	100.00%
4.1.33_2046	Municipal Manager	Office of the Municipal Manager	33. Number of repeat audit findings	Improve the efficient running of and the governance of the Municipality	Municipal Running Cost (1,048,227,506) 405,378,127,995,600,000	1	0	0	0	100.00%	100.00%	100.00%
4.1.34_2047	Director Corporate Services	Corporate Services	34. Number of active suspensions longer than three months	Improve the efficient running of and the governance of the Municipality	Human Resource Management: Legal (108,829,516,404,812) 108,829,516,404,812	1	1	0	0	100.00%	100.00%	100.00%
4.1.35_2048	Municipal Manager	Office of the Municipal Manager	35. Number of public participation programmes held	Improve the efficient running of and the governance of the Municipality	Unspecified	4	3	1	0	100.00%	100.00%	100.00%
4.1.36_2049	Municipal Manager	Office of the Municipal Manager	36. Number of interdisciplinary programmes held	Create a safe and secure living environment	Unspecified	10	5	5	0	100.00%	100.00%	100.00%
Departmental KPIs: Corrective Measures												
4.1.37_2048 Director Corporate Services: Not Activated Due to the fact that the KPI was not possible to hold for meetings, at the time of the direct social distancing protocols. (June 2020)						Target Adjustments			4.1.37_2048 Director Corporate Services: This will be corrected as soon as the team has been given the go-ahead. (June 2020)			
4.1.38_2045 Director Corporate Services: Due to COVID19 restrictions, additional - Special Council meetings had to be held (June 2020)						Target Adjustments			4.1.38_2045 Director Corporate Services: N/A (June 2020)			
4.1.39_2047 Director Corporate Services: Municipal Manager to consider appointing external Presiding Officers, Presiding and up skill Management. (June 2020)						Target Adjustments			4.1.39_2047 Director Corporate Services: Municipal Manager to consider appointing external Presiding Officers, Presiding and up skill Management. (June 2020)			
4.1.39_2048 Municipal Manager: We could not have held a public participation program because of Covid 19. (June 2020)						Target Adjustments			4.1.39_2048 Municipal Manager: Once things normalise we will be able to hold these programmes. (June 2020)			

[illegible]

ANNEXURE A

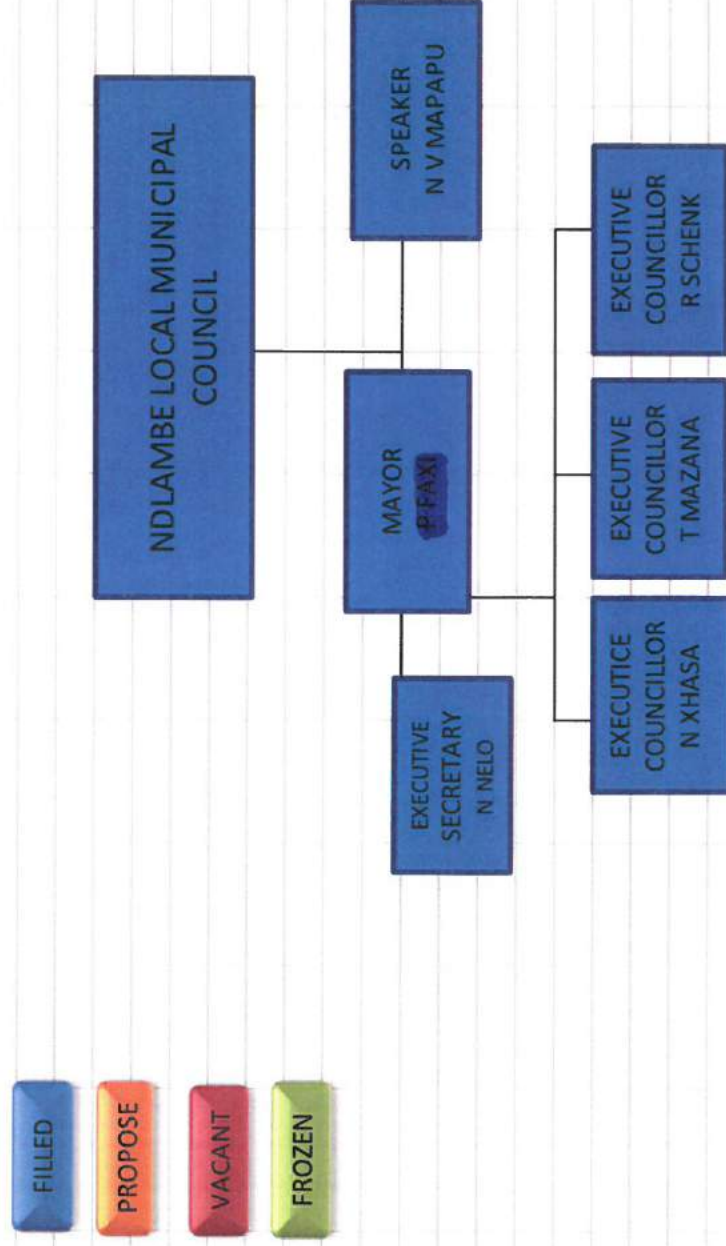
ORGANISATIONAL STRUCTURE

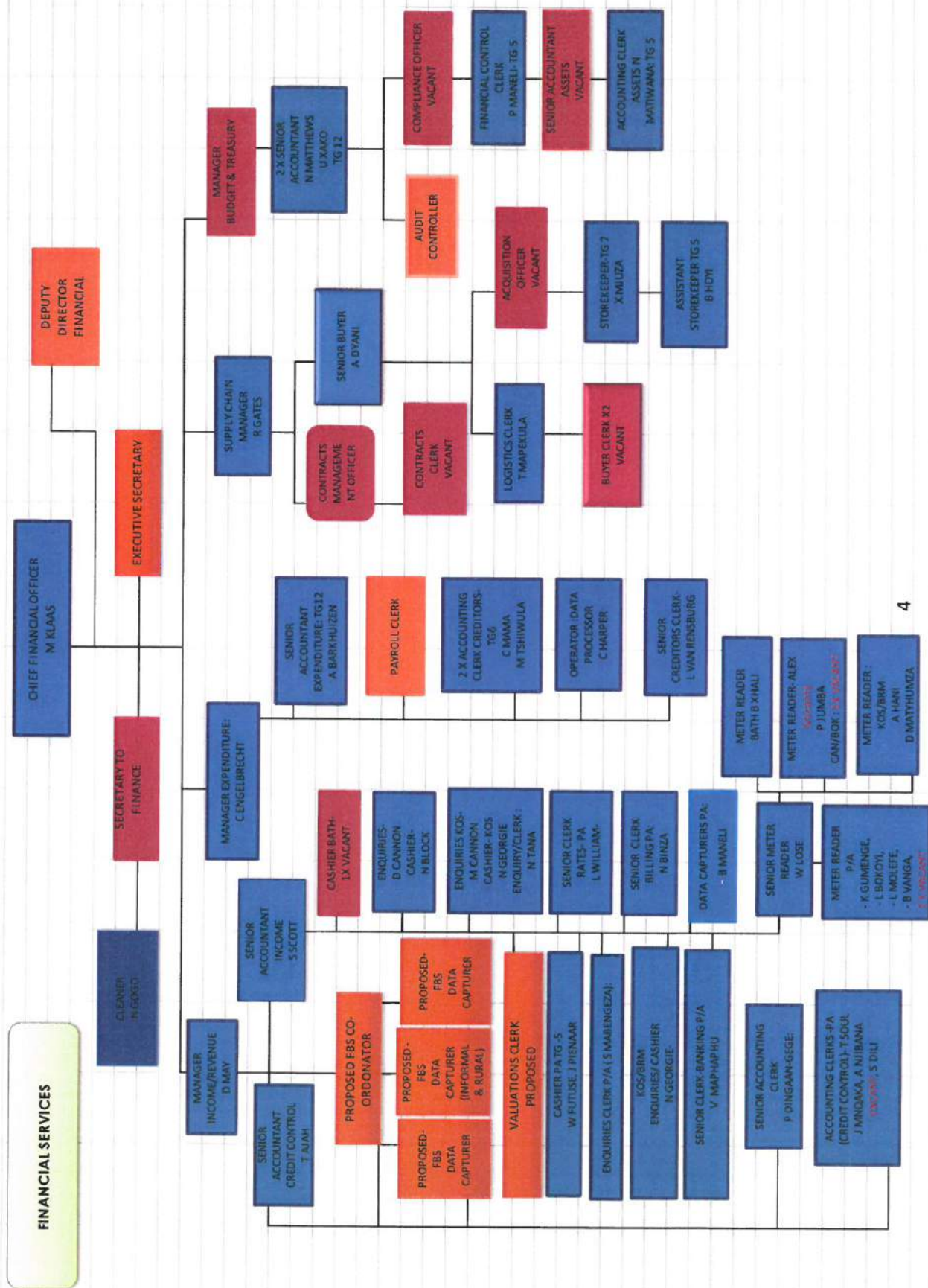


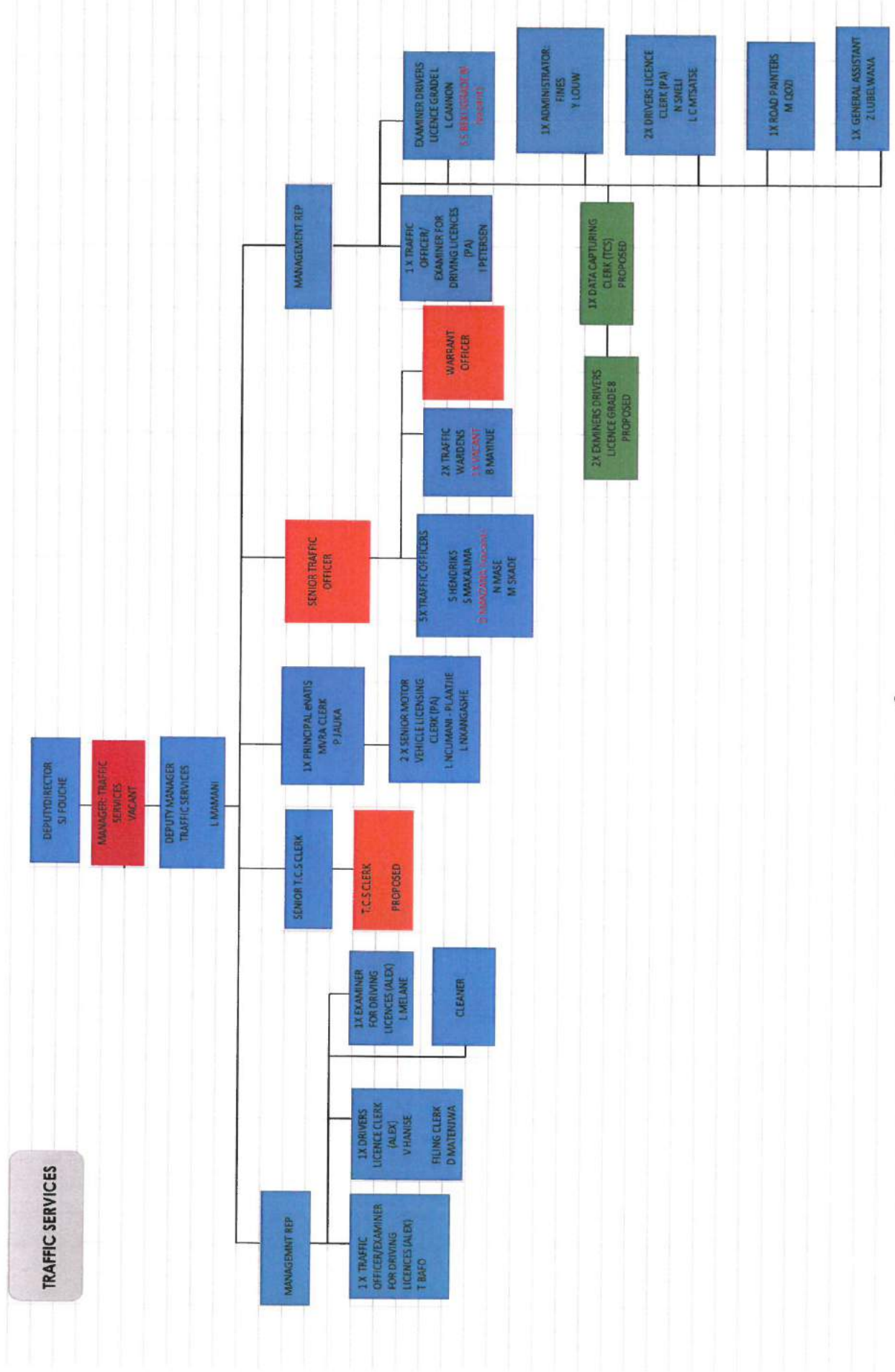
OFFICE OF THE MAYOR AND
SPEAKER

NDLAMBE LOCAL MUNICIPALITY EC 105

ORGANISATIONAL STRUCTURE

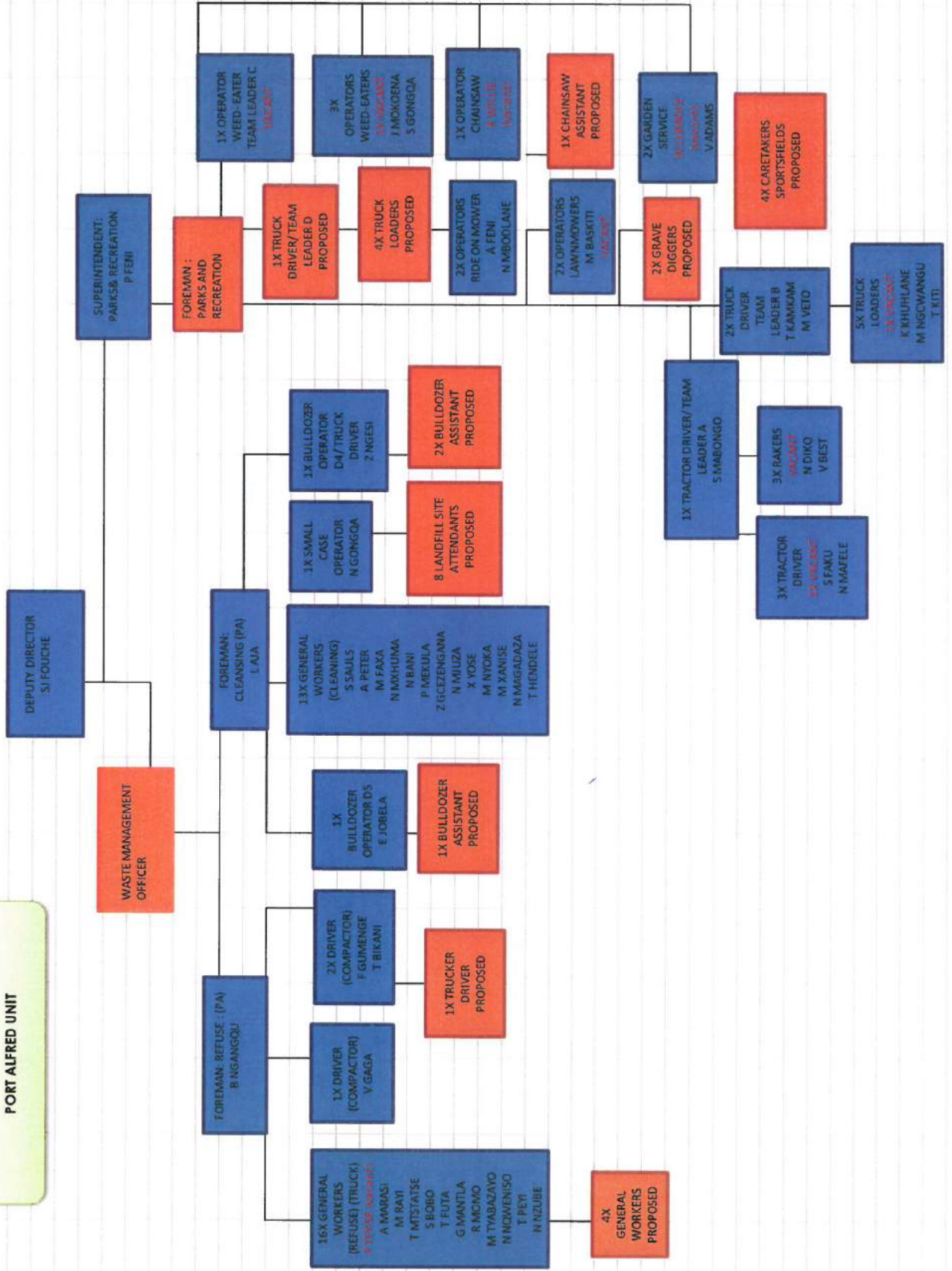


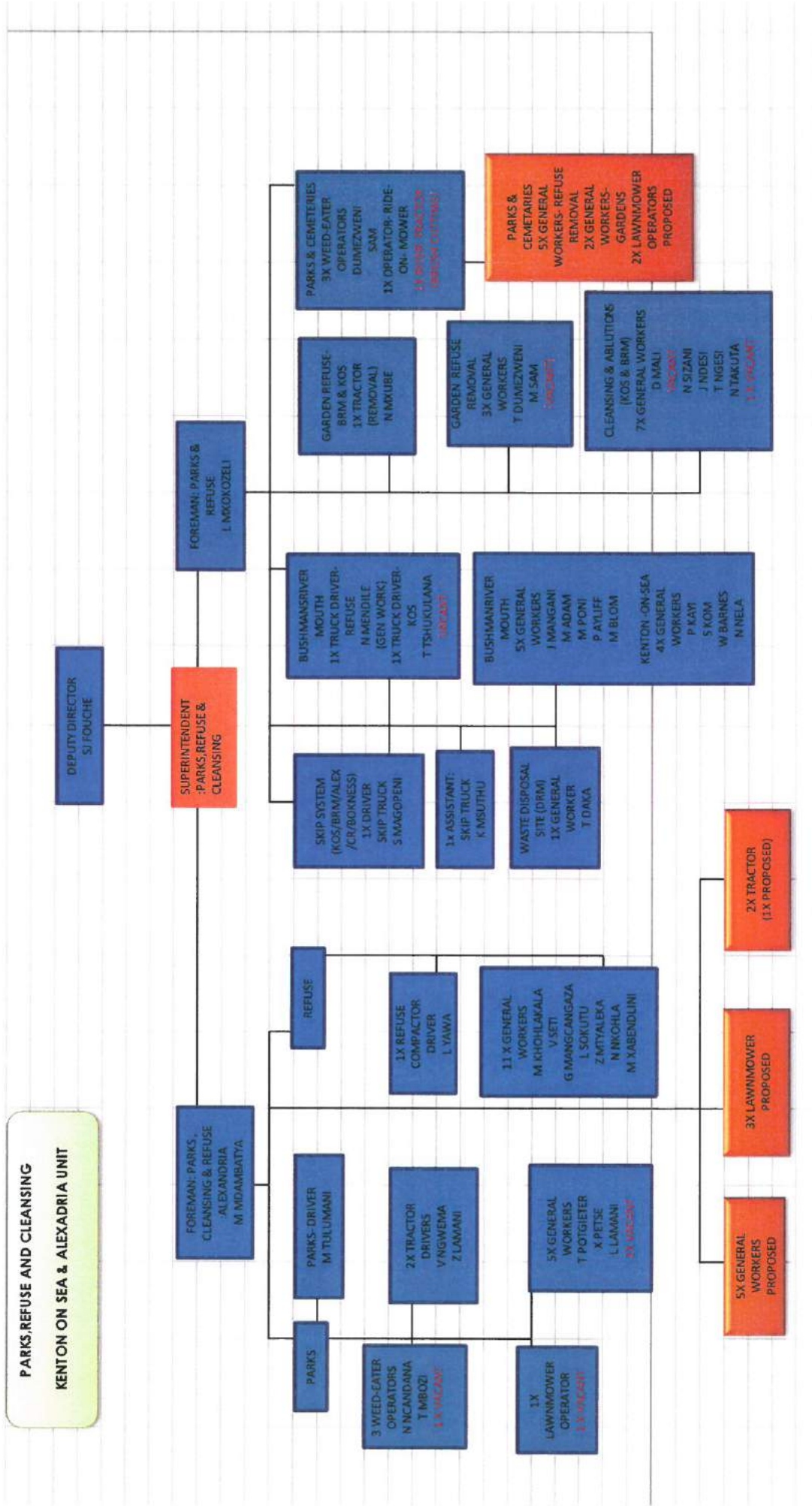




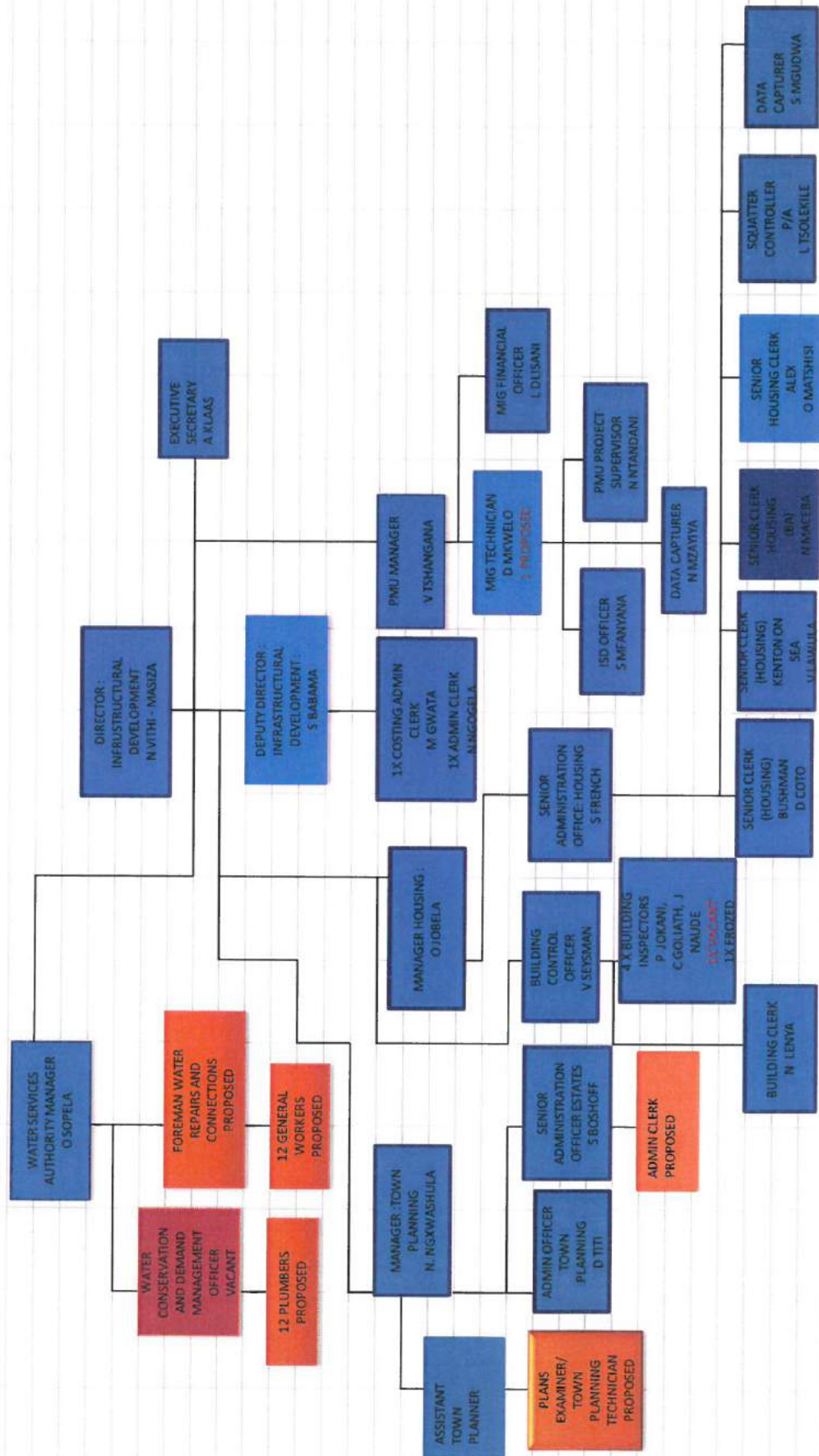
REFUSE AND CLEANSING

PORT ALFRED UNIT

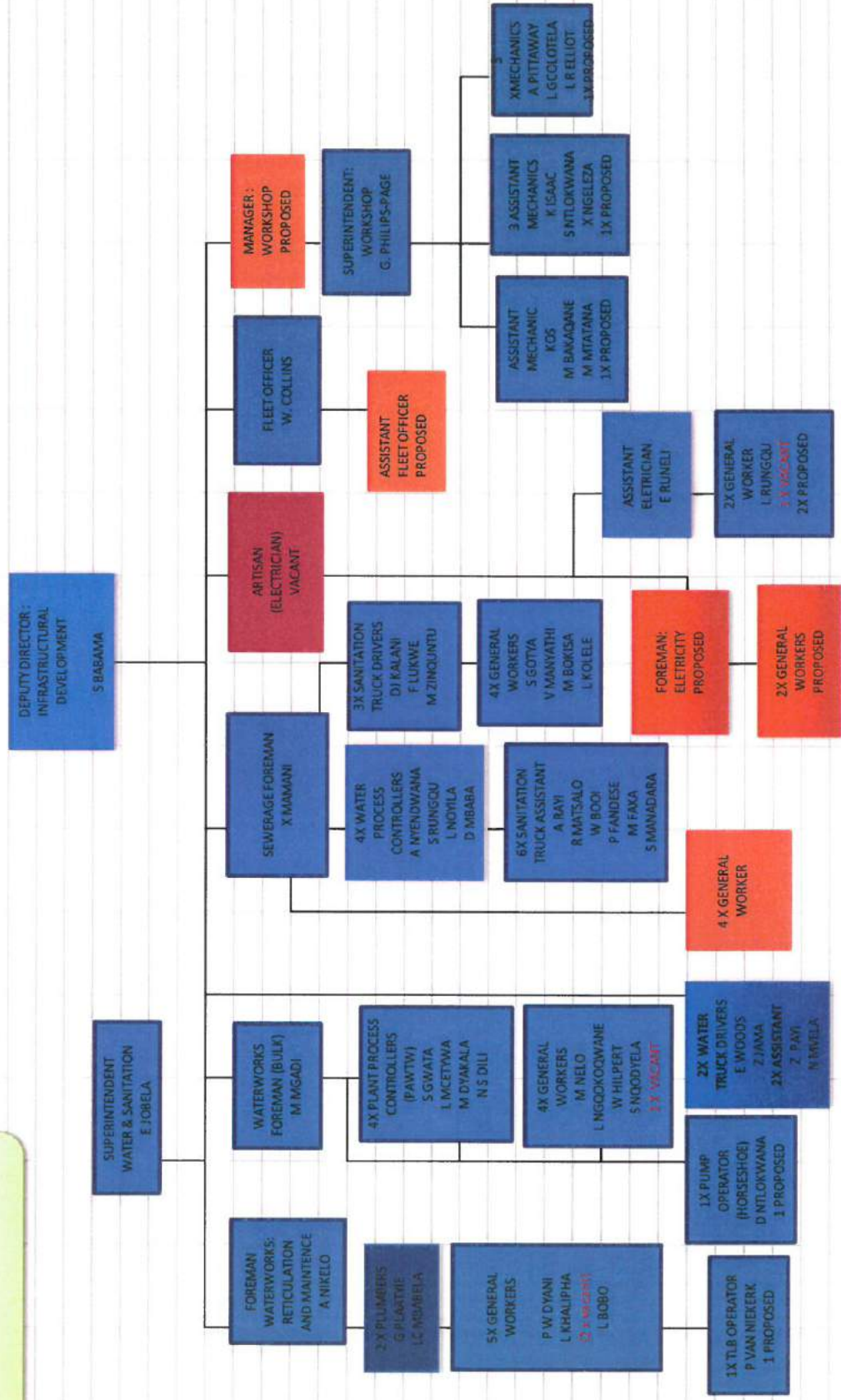




INFRASTRUCTURAL DEVELOPMENT
ADMINISTRATION, TOWN
PLANNING, HOUSING AND PMU - PORT
ALFRED UNIT

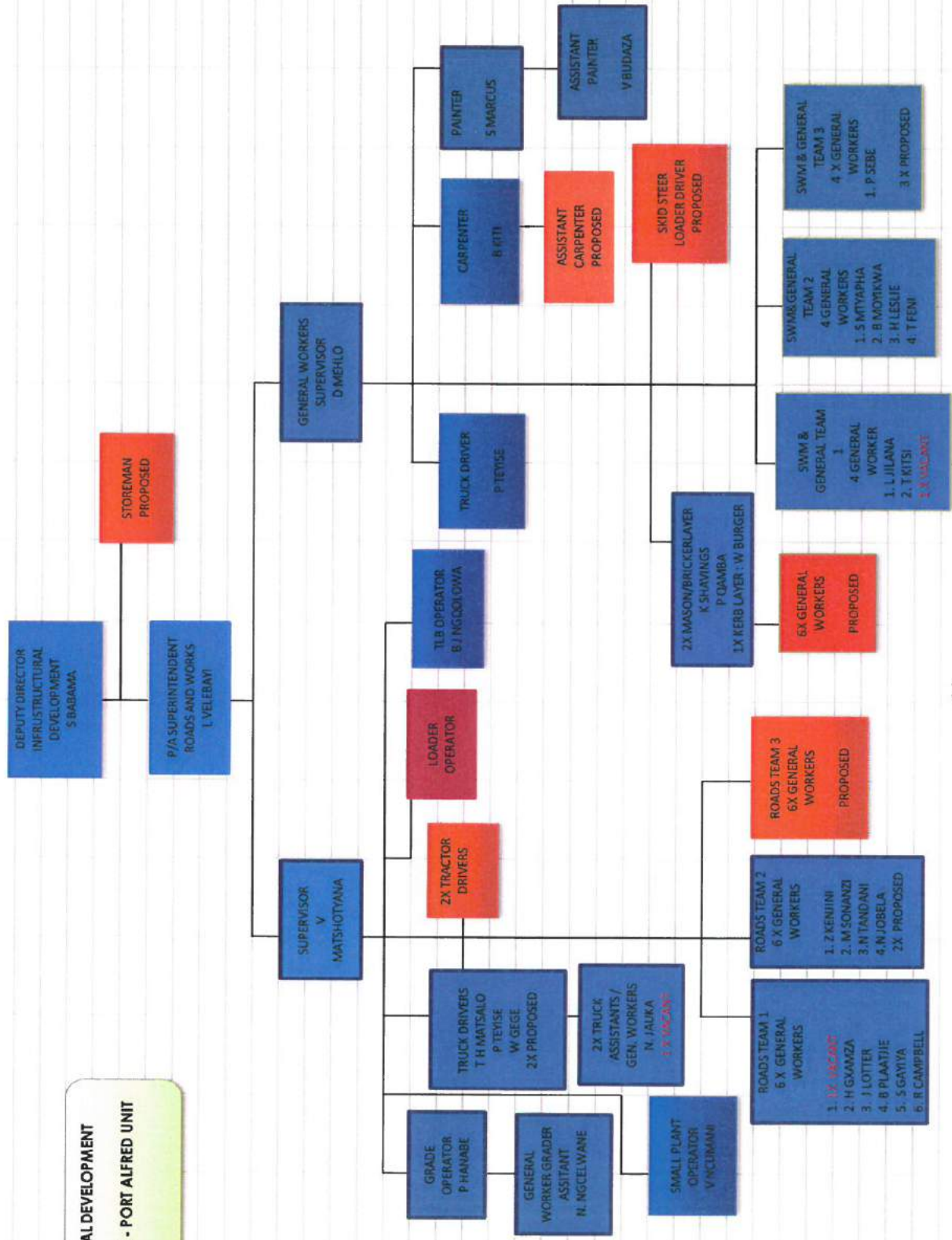


INFRASTRUCTURAL DEVELOPMENT
WATER WORKS, SANITATION,
ELECTRICITY, FLEET AND WORKSHOP



INFRASTRUCTURAL DEVELOPMENT

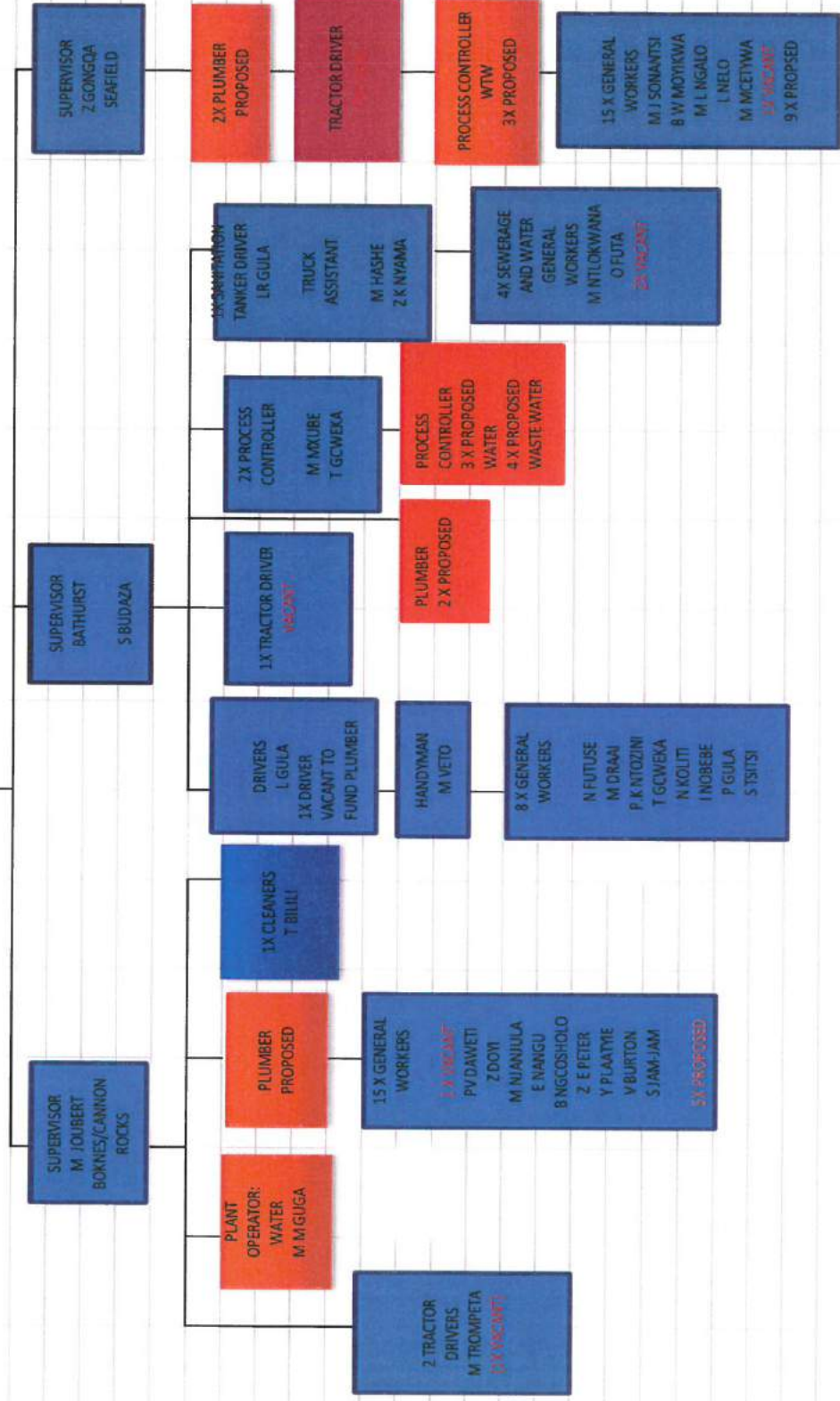
ROAD DEPARTMENT - PORT ALFRED UNIT

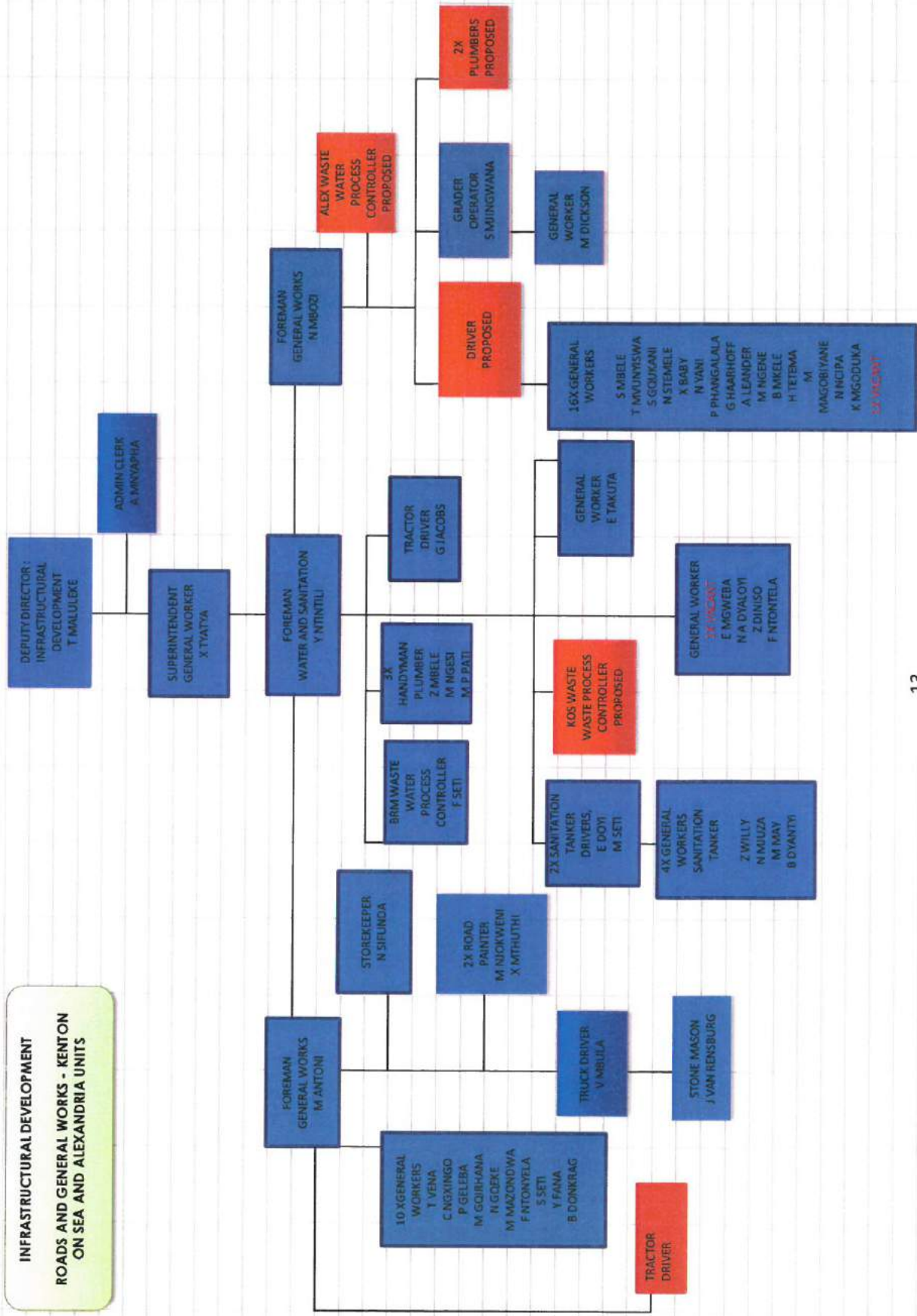


INFRASTRUCTURAL DEVELOPMENT

ROADS AND GENERAL WORKS - SEAFIELD,
CANNON ROCKS AND BATHURST UNITS

DEPUTY DIRECTOR
INFRASTRUCTURAL
DEVELOPMENT
T MALULELE





ANNEXURE B

AUDITED ANNUAL FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2020



Ndlambe Local Municipality

Annual Financial Statements
for the year ended 30 June 2020

**AUDITOR GENERAL
SOUTH AFRICA**

15 APR 2021

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity

Ndlambe Municipality (EC 105) is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

Executive committee

Mayor

Ex-Mayor

Speaker

Executive Councillors

Councillor KC Ncamiso - Corporate Services Portfolio

Councillor PP Faxi *

Councillor NV Maphaphu

Councillor T Mazana - Infrastructure Portfolio

Councillor N Xhasa - Community Protection Portfolio

Councillor LR Schenk - Finance Portfolio

Councillor TM Mbunge - MPAC Chair

Councillor AL Marasi - Chief Whip

Councillor N Ngamlashe

Councillor A Ngqosha

Councillor CB James

Councillor M Raco

Councillor JP Guest

Councillor MW Yali

Councillor SI Melani replacing councillor ME Njibana **

Councillor M Mateti

Councillor K Daweti

Councillor PY Kani

Councillor S Venene

Councillor TD Mbekela

Councillor X Runeli

Councillors

Accounting Officer

R Dumezweni

Business address

47 Campbell Street
Port Alfred
6170

Postal address

P O Box 13
Port Alfred
6170

Bankers

First National Bank

Auditors

Auditor General

Jurisdiction

The Ndlambe Local Municipality includes the following areas:

Port Alfred

Bathurst

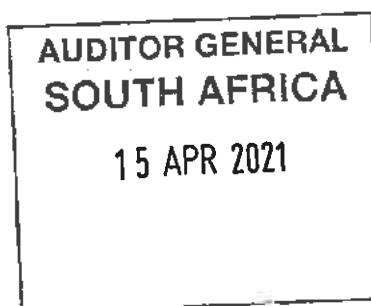
Alexandria

Kenton-on-Sea

Cannon - Rocks

Seafield

Marselle



* Effective date - 5 July 2019

** Effective date - 12 December 2019

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Index

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

	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 11
Accounting Policies	12 - 45
Notes to the Annual Financial Statements	46 - 96

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
FMG	Financial Management Grant
DSRAC	Department of Sports, Recreation, Arts and Culture
DME	Department of Minerals and Energy
DWAF	Department of Water and Forestry
ACIP	Accelerated Capital Infrastructure Project
DoRA	Division of Revenue Act

**AUDITOR GENERAL
SOUTH AFRICA**

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Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Responsibilities and Approval

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

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

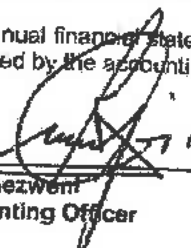
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 100, which have been prepared on the going concern basis, were approved by the accounting officer on 31 October 2020.


R Dumezweni
Accounting Officer

AUDITOR GENERAL
SOUTH AFRICA

15 APR 2021

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	3	1,295,966	1,153,324
Receivables from non-exchange transactions	4	27,960,653	24,266,913
Receivables from exchange transactions	5	10,769,733	9,418,488
Cash and cash equivalents	6	30,738,562	45,325,049
Operating lease asset	7	217,109	289,300
		70,982,023	80,453,074
Non-Current Assets			
Investment property	8	184,053,335	185,229,772
Property, plant and equipment	9	963,354,431	942,330,604
Intangible assets	10	381,197	604,544
Heritage assets	11	16	16
Other financial assets	12	49,246	59,389
		1,147,838,225	1,128,224,325
Total Assets		1,218,820,248	1,208,677,399
Liabilities			
Current Liabilities			
Consumer deposits	14	2,191,712	2,130,231
Payables from exchange transactions	15	55,928,372	35,426,276
Unspent conditional grants and receipts	16	1,172,988	1,738,982
VAT payable	17	6,866,396	4,638,097
Financial liabilities - DBSA	18	1,995,124	2,169,244
Operating lease liability	7	98,938	82,049
Employee benefit obligation	19	3,353,962	3,596,681
Provisions	20	12,941,151	12,268,947
		84,548,643	62,050,507
Non-Current Liabilities			
Financial liabilities - DBSA	18	6,108,252	8,103,376
Employee benefit obligation	19	55,963,264	62,555,657
Provisions	20	39,643,715	27,886,468
		101,715,231	98,545,501
Total Liabilities		186,263,874	160,596,008
Net Assets		1,032,556,374	1,048,081,391
Accumulated surplus		1,032,556,374	1,048,081,391

AUDITOR GENERAL
SOUTH AFRICA
15 APR 2021

* See Note 41

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	137,689,720	127,069,229
Rendering of services		375,306	343,948
Rental of facilities and equipment		34,584	54,054
Interest received - trade and other receivables		5,448,742	5,656,350
Licences and permits		1,944,400	2,689,714
Housing debtor income		2,338,455	2,087,700
Other income	23	2,390,517	2,933,675
Interest received - investment	24	3,919,309	4,818,048
Total revenue from exchange transactions		154,141,033	145,652,718
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	119,177,412	101,277,220
Licences and Permits (Non-exchange)		1,171,779	1,169,621
Environmental levies		4,406,567	5,267,299
Interest received - non-exchange receivables		3,138,798	2,791,489
Transfer revenue			
Government grants & subsidies	26	137,495,007	169,124,507
Public contributions and donations	27	153,606	4,222,579
Fines, Penalties and Forfeits		246,342	609,830
Total revenue from non-exchange transactions		265,789,511	284,462,545
Total revenue	21	419,930,544	430,115,263
Expenditure			
Employee related costs	28	(145,087,419)	(128,140,675)
Remuneration of councillors	29	(7,474,067)	(7,280,050)
Depreciation and amortisation	30	(45,965,335)	(43,647,203)
Finance costs	31	(5,152,056)	(6,207,342)
Lease rentals on operating lease		(2,015,486)	(1,814,898)
Debt Impairment		(38,703,039)	(27,331,566)
Renewable Energy Programmes		(951,443)	(832,280)
Bulk purchases	32	(61,420,962)	(59,185,522)
Contracted services	33	(57,113,109)	(51,772,608)
Transfers and Subsidies		(2,978,408)	(3,286,036)
General Expenses	34	(60,497,050)	(56,402,510)
Total expenditure		(427,358,374)	(385,900,690)
Operating (deficit) surplus		(7,427,830)	44,214,573
Gain (loss) on disposal of assets and liabilities		226,480	(4,815,128)
Fair value adjustments	35	(8,323,663)	(2,654,235)
		(8,097,183)	(7,469,363)
(Deficit) surplus for the year		(15,525,013)	36,745,210

**AUDITOR GENERAL
SOUTH AFRICA**

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* See Note 41

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		1,008,551,008	1,008,551,008
Adjustments			
Correction of errors	41	2,785,173	2,785,173
Balance at 01 July 2018 as restated*		1,011,336,181	1,011,336,181
Changes in net assets			
Surplus for the year		36,745,210	36,745,210
Total changes		36,745,210	36,745,210
Restated* Balance at 01 July 2019		1,048,081,387	1,048,081,387
Changes in net assets			
Deficit for the year		(15,525,013)	(15,525,013)
Total changes		(15,525,013)	(15,525,013)
Balance at 30 June 2020		1,032,556,374	1,032,556,374
Note(s)			

AUDITOR GENERAL
SOUTH AFRICA

15 APR 2021

* See Note 41

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Rates and services		223,280,041	201,085,488
Government Grants and Subsidies		137,495,007	169,124,507
Interest income		12,506,849	13,265,887
Other receipts		4,975,314	5,631,205
		<u>378,257,211</u>	<u>389,107,088</u>
Payments			
Employee costs		(152,561,486)	(135,420,725)
Suppliers		(164,546,732)	(191,165,314)
Finance costs		(5,152,056)	(6,207,342)
Grants and subsidies		(2,978,408)	(3,286,036)
		<u>(325,238,682)</u>	<u>(336,079,417)</u>
Net cash flows from operating activities	37	<u>53,018,529</u>	<u>53,027,671</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(65,435,774)	(70,058,824)
Proceeds from sale of property, plant and equipment	9	-	21,211
Purchase of other intangible assets	10	-	(3,363)
Net cash flows from investing activities		<u>(65,435,774)</u>	<u>(70,040,976)</u>
Cash flows from financing activities			
Repayment of financial liabilities - dbsa		(2,169,242)	(1,925,010)
Net cash flows from financing activities		<u>(2,169,242)</u>	<u>(1,925,010)</u>
Net (decrease) in cash and cash equivalents		<u>(14,586,487)</u>	<u>(18,938,315)</u>
Cash and cash equivalents at the beginning of the year		45,325,049	64,263,364
Cash and cash equivalents at the end of the year	6	<u>30,738,562</u>	<u>45,325,049</u>

AUDITOR GENERAL
SOUTH AFRICA

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* See Note 41

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustment	Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
AUDITOR GENERAL SOUTH AFRICA 15 APR 2021						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	138,812,041	-	138,812,041	137,689,720	(1,122,321)	49.1
Rendering of services	562,286	-	562,286	375,306	(186,980)	49.2
Rental of facilities and equipment	185,236	-	185,236	34,584	(150,652)	49.3
Interest received	4,239,187	-	4,239,187	5,448,742	1,209,555	49.4
Licences and permits	11,971,083	-	11,971,083	1,944,400	(10,026,683)	49.5
Housing debtor income	(1,924,721)	-	(1,924,721)	2,338,455	4,263,176	49.6
Other income	3,720,244	-	3,720,244	2,390,517	(1,329,727)	49.7
Interest received - investment	528,388	-	528,388	3,919,309	3,390,921	49.8
Total revenue from exchange transactions	158,093,744	-	158,093,744	154,141,033	(3,952,711)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	119,118,383	-	119,118,383	119,177,412	59,029	49.9
Licences and Permits (Non-exchange)	1,881,415	-	1,881,415	1,171,779	(709,636)	49.10
Environmental levies	5,174,813	-	5,174,813	4,406,567	(768,246)	49.11
Interest received - non-exchange receivables	-	-	-	3,138,798	3,138,798	49.12
Transfer revenue						
Government grants & subsidies	144,172,422	103,405,340	247,577,762	137,495,007	(110,082,755)	49.13
Public contributions and donations	-	530,378	530,378	153,606	(376,772)	49.14
Fines, Penalties and Forfeits	737,026	-	737,026	246,342	(490,684)	49.15
Total revenue from non-exchange transactions	271,084,059	103,935,718	375,019,777	265,789,511	(109,230,266)	
Total revenue	429,177,803	103,935,718	533,113,521	419,930,544	(113,182,977)	
Expenditure						
Personnel	(146,827,577)	(3,196,199)	(150,023,776)	(145,087,419)	4,936,357	49.16
Remuneration of councillors	(7,402,522)	-	(7,402,522)	(7,474,067)	(71,545)	49.17
Depreciation and amortisation	(8,534,122)	-	(8,534,122)	(45,965,335)	(37,431,213)	49.18
Finance costs	(2,794,716)	1,598,085	(1,196,631)	(5,152,056)	(3,955,425)	49.19
Lease rentals on operating lease	(2,134,456)	46,120	(2,088,336)	(2,015,486)	72,850	49.20
Debt Impairment	(18,779,024)	1,100,000	(17,679,024)	(38,703,039)	(21,024,015)	49.21
Renewable Energy Programmes	-	-	-	(951,443)	(951,443)	49.22
Bulk purchases	(63,518,485)	-	(63,518,485)	(61,420,962)	2,097,523	49.23
Contracted Services	(64,976,719)	(852,530)	(65,829,249)	(57,113,109)	8,516,140	49.24
Transfers and Subsidies	(2,586,100)	(248,121)	(2,834,221)	(2,978,408)	(146,187)	49.25
General Expenses	(61,649,763)	(231,632)	(61,881,395)	(60,497,050)	1,384,345	49.26
Total expenditure	(379,203,484)	(1,582,277)	(380,785,761)	(427,358,374)	(46,572,613)	
Operating deficit	49,974,319	102,353,441	152,327,760	(7,427,830)	(159,755,590)	
Gain on disposal of assets and liabilities	-	-	-	226,480	226,480	49.27
Fair value adjustments	-	-	-	(8,323,663)	(8,323,663)	49.28

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	-	-	-	(8,097,183)	(8,097,183)	
Deficit before taxation	49,974,319	102,353,441	152,327,760	(16,525,013)	(167,852,773)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	49,974,319	102,353,441	152,327,760	(15,525,013)	(167,852,773)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	711,276	-	711,276	1,295,966	584,690	49.29
Operating lease asset	391,739	-	391,739	217,109	(174,630)	49.30
Receivables from non-exchange transactions	26,566,374	-	26,566,374	27,960,653	1,394,279	49.31
Receivables from exchange transactions	8,681,990	305,000	8,986,990	10,769,733	1,782,743	49.32
Cash and cash equivalents	63,932,239	(305,002)	63,627,237	30,738,562	(32,888,675)	49.33
	100,283,618	(2)	100,283,616	70,982,023	(29,301,593)	

Non-Current Assets

Investment property	196,658,220	-	196,658,220	184,053,335	(12,604,885)	49.34
Property, plant and equipment	699,920,722	79,630,911	779,551,633	963,354,431	183,802,798	49.35
Intangible assets	2,689,742	(392,468)	2,297,274	381,197	(1,916,077)	49.36
Heritage assets	17	-	17	16	(1)	49.37
Other financial assets	155,746	-	155,746	49,246	(106,500)	49.38
	899,424,447	79,238,443	978,662,890	1,147,838,225	169,175,335	

Total Assets

	999,708,065	79,238,441	1,078,946,506	1,218,820,248	139,873,742	
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Liabilities

Current Liabilities

Consumer deposits	2,110,414	-	2,110,414	2,191,712	81,298	49.39
Payables from exchange transactions	39,241,953	(50,000)	39,191,953	55,928,363	16,736,410	49.40
Unspent conditional grants and receipts	101,107	-	101,107	1,172,988	1,071,881	49.41
VAT payable	11,098,732	-	11,098,732	6,866,396	(4,232,336)	49.42
Financial liabilities - DBSA	448,207	-	448,207	1,995,124	1,546,917	49.43
Operating lease liability	31,361	-	31,361	98,938	67,577	49.44
Employee benefit obligation	3,205,834	-	3,205,834	3,353,962	148,128	49.45
Provisions	12,314,567	-	12,314,567	12,941,151	626,584	49.46
	68,552,175	(50,000)	68,502,175	84,548,634	16,046,459	

Non-Current Liabilities

Financial liabilities - DBSA	35,585,164	(23,065,000)	12,520,164	6,108,252	(6,411,912)	49.47
Employee benefit obligation	69,143,836	-	69,143,836	55,963,264	(13,180,572)	49.48
Provisions	23,737,102	-	23,737,102	39,643,715	15,906,613	49.49
	128,466,102	(23,065,000)	105,401,102	101,715,231	(3,685,871)	

Total Liabilities

	197,018,277	(23,115,000)	173,903,277	186,263,865	12,360,588	
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Net Assets

	802,689,788	102,353,441	905,043,229	1,032,556,383	127,513,154	
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Net Assets

Reserves

Accumulated surplus	802,689,788	102,353,441	905,043,229	1,032,556,383	127,513,154	49.50
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Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Rates and services	226,243,936	-	226,243,936	223,280,041	(2,963,895)	49.51
Government Grants and subsidies	143,170,422	103,818,635	246,989,057	137,495,007	(109,494,050)	49.52
Interest income	4,516,390	-	4,516,390	12,506,849	7,990,459	49.53
Other receipts	26,013,403	117,083	26,130,486	4,975,314	(21,155,172)	49.54
	399,944,151	103,935,718	503,879,869	378,257,211	(125,622,658)	

Payments

Supplier and Employee costs	(346,509,525)	(4,084,238)	(350,593,763)	(317,108,218)	33,485,545	49.55
Finance costs	(2,794,716)	1,598,085	(1,196,631)	(5,152,056)	(3,955,425)	49.56
Grants and subsidies paid	(2,586,100)	(246,121)	(2,832,221)	(2,978,408)	(146,187)	49.57
	(351,890,341)	(2,732,274)	(354,622,615)	(325,238,682)	29,383,933	

Net cash flows from operating activities	48,053,810	101,203,444	149,257,254	53,018,529	(96,238,725)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(68,572,162)	(79,238,443)	(147,810,605)	(65,435,774)	82,374,831	49.58
Proceeds from sale of property, plant and equipment	1,002,000	-	1,002,000	-	(1,002,000)	49.59
Decrease in non-current investments	(97,335)	97,335	-	-	-	

Net cash flows from investing activities	(67,667,497)	(79,141,108)	(146,808,605)	(65,435,774)	81,372,831	
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Cash flows from financing activities

Borrowing long term/refinancing	23,065,000	(23,065,000)	-	-	-	
Increase in consumer deposits	32,052	(32,052)	-	-	-	
Repayment of financial liabilities - dbsa	(448,207)	-	(448,207)	(2,169,276)	(1,721,069)	49.60

Net cash flows from financing activities	22,648,845	(23,097,052)	(448,207)	(2,169,276)	(1,721,069)	
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Net increase/(decrease) in cash and cash equivalents	3,035,158	(1,034,716)	2,000,442	(14,586,521)	(16,586,963)	
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Cash and cash equivalents at the beginning of the year	60,364,825	-	60,364,825	45,325,049	(15,039,776)	49.61
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Cash and cash equivalents at the end of the year	63,399,983	(1,034,716)	62,365,267	30,738,528	(31,626,739)	
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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Figures in Rand	Note(s)	2020	2019
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency and Rounding

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All amounts are rounded to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

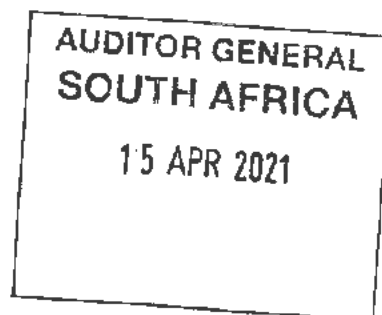
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.



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Annual Financial Statements for the year ended 30 June 2020

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follows -

The municipality considers the nature of the agreements entered into between itself and other entities. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Should it render a service on behalf of another entity or vice versa, it will trigger the need to the related disclosure in terms of GRAP 109.

The municipality has identified that it acts as an agent for the collection of motor vehicle licence fees on behalf of the department of Transport.

Additional information is disclosed in Note 50.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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Accounting Policies

1.4 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 8).

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	50 Years
Plant and machinery	Straight-line	15 Years
Motor vehicles	Straight-line	5 - 15 Years
Office equipment	Straight-line	3 - 5 Years
IT equipment	Straight-line	3 - 5 Years
Community	Straight-line	10 - 30 Years
Electricity Network	Straight-line	20 - 30 Years
Roads	Straight-line	20 Years
Wastewater Network	Straight-line	20 Years
Water Network	Straight-line	20 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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Accounting Policies**1.5 Property, plant and equipment (continued)**

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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1.6 Intangible assets (continued)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 Years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.7 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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1.7 Heritage assets (continued)

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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Accounting Policies**1.8 Financial instruments (continued)**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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Accounting Policies

1.8 Financial Instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Receivables from exchange transactions
Receivables from non-exchange transactions
Cash and cash equivalents
Other financial assets

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Payables from exchange transactions
DBSA Loans

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

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1.8 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

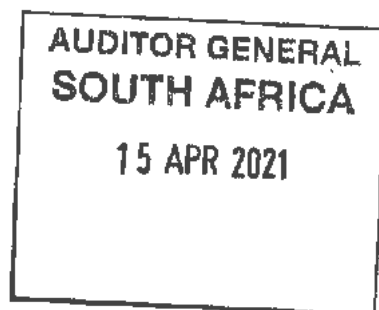
Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



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Accounting Policies**1.8 Financial instruments (continued)****Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value,
- Financial instruments at amortised cost,
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.8 Financial Instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

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1.9 Statutory receivables (continued)

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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1.10 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

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1.12 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.12 Impairment of cash-generating assets (continued)

Reversal of Impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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1.13 Impairment of non-cash-generating assets (continued)

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.14 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

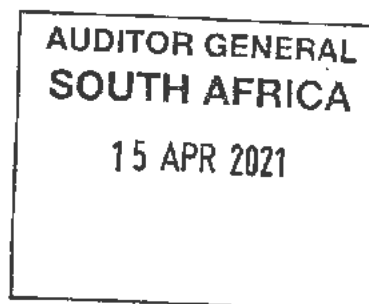
The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.



1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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1.14 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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1.14 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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1.15 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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1.16 Revenue from exchange transactions (continued)

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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1.17 Revenue from non-exchange transactions (continued)

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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1.17 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Accounting by principals and agents

Identification

Accounting Policies

1.20 Accounting by principals and agents (continued)

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Unauthorised expenditure

Unauthorised expenditure means:

Accounting Policies

1.22 Unauthorised expenditure (continued)

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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1.25 Budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.28 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of the financial period the municipality determined commitments in respect of capital expenditure in terms of GRAP 17 that has been approved and contracted for.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

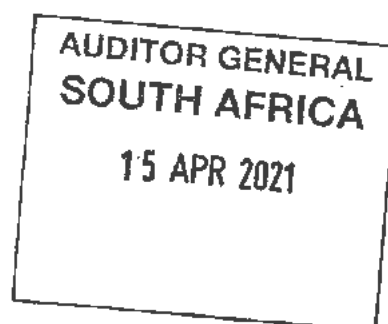
Accounting Policies

1.29 Material Losses (Water and Electricity)

Water and electricity losses are required to be disclosed as part of the material loss disclosure of the MFMA Section 125. Losses are calculated on the following basis -

Nr of units of lost supply, being the difference between what was supplied and what has been sold at the per unit tariff rate.

The unit tariff rate, in the case of electricity being the lower rate of Kwh as charged per council and the case of water the lowest rate per Kl (incl VAT).



Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

2020

2019

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme - GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements - GRAP 7 (as revised 2010): Investments in Associates - GRAP 8 (as revised 2010): Interests in Joint Ventures - GRAP 20: Related parties	01 April 2019 01 April 2019 01 April 2019 01 April 2019 01 April 2019	The impact of the is not material. The impact of the is not material. The impact of the is not material. The impact of the is not material. The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
AUDITOR GENERAL SOUTH AFRICA 15 APR 2021 - GRAP 32: Service Concession Arrangements: Grantor - GRAP 105: Transfers of functions between entities under common control - GRAP 106 (as amended 2016): Transfers of functions between entities not under common control - GRAP 107: Mergers - GRAP 108: Statutory Receivables	01 April 2019 01 April 2019 01 April 2019 01 April 2019 01 April 2019	The impact of the is not material. The impact of the is not material. The impact of the is not material. The impact of the is not material. The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 109: Accounting by Principals and Agents	01 April 2019	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
- IGRAP 11: Consolidation – Special purpose entities - IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures - IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset - IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land - IGRAP 19: Liabilities to Pay Levies	01 April 2019 01 April 2019 01 April 2019 01 April 2019 01 April 2019	The impact of the is not material. The impact of the is not material. The impact of the is not material. The impact of the is not material. The impact of the is not material.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- IGRAP 19: Liabilities to Pay Levies

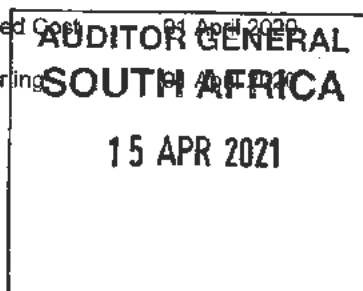
01 April 2019

The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	01 April 2009	Unlikely there will be a material impact
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact
Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2020	Unlikely there will be a material impact
Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact
GRAP 18 (as amended 2016): Segment Reporting	01 April 2021	Not expected to impact results but may result in additional disclosure



3. Inventories

Game
Water
Stores, materials and fuels

57,000	57,000
117,933	117,933
1,121,033	978,391
1,295,966	1,153,324

No Inventories were written down to net realisable value.

Game is held for recreational purposes in the form of viewing of game at the reserves by the public. These animals are held for the enjoyment of the public and not for resale. It is not the intention of the municipality to trade in wildlife and as such these animals have not been recognised as Biological assets. Game is measured at the lower of cost or current replacement cost.

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
4. Receivables from non-exchange transactions		
Consumer debtors - Rates	56,456,184	45,902,521
Environmental Levies	5,681,337	5,178,172
Deposits	85,500	85,500
Housing Sundry	125,061	125,061
Recoverable legal expenses	326,494	326,494
Government grants and subsidies	—	2,408,395
Provision for doubtful debts - Receivables from Non-Exchange Transactions	(34,713,923)	(29,759,230)
	27,960,653	24,266,913
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Consumer debtors - Rates	56,456,184	45,902,521
Environmental Levies	5,681,337	5,178,172
Provision for doubtful debts - Receivables from Non-Exchange Transactions	(34,713,923)	(29,759,230)
	27,423,598	21,321,463
Financial asset receivables included in receivables from non-exchange transactions above	537,055	2,945,450
Total receivables from non-exchange transactions	27,960,653	24,266,913

Statutory receivables general information

Statutory receivables past due but not impaired

Statutory receivables which are past due are not considered to be impaired. At 30 June 2020, R7,785,908 (2019: R4,944,357).

Statutory receivables impaired

As of 30 June 2020, Statutory receivables of R34,713,923 (2019: R29,759,230) were impaired and provided for.

Factors the entity considered in assessing statutory receivables impaired

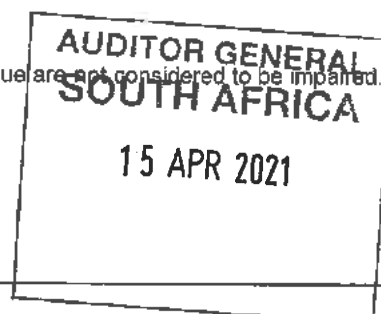
The municipality has adopted a policy for the determination of the provision for doubtful debts based on the national treasury principals. These principals are used to rate debtors based on various risk criteria associated with the type and status of their accounts. Furthermore an analysis is undertaken to accumulate the risk associated with the long outstanding nature of each account. These factors produce an overall risk factor which is utilised to prepare an impaired amount. The collectable cashflow is therefore determined and present valued based on the average days outstanding on each account. The overall impairment is thereafter pro-rata'd per non-exchange and exchange portions of each debtors' account. Lastly this is accumulated to produce the provision for impairment as raised at year end. Refer to the municipal policy for full details.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(29,759,230)	(35,474,484)
Provision for impairment	(7,590,588)	2,479,122
Amounts written off as uncollectible	2,635,895	3,236,132
	(34,713,923)	(29,759,230)

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2020, R 537,055 (2019: R 2,945,450) were past due but not impaired.



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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
6. Receivables from exchange transactions		
Gross balances		
Electricity	19,125,320	17,773,788
Water	39,530,392	31,050,587
Waste water	14,717,750	12,316,798
Refuse	18,351,178	15,492,974
Prepaid Electricity Sales	402,317	304,030
Housing rental	1,550,277	1,033,988
Service charges and other	10,497,966	12,087,118
	104,176,200	90,059,283
Less: Allowance for Impairment		
Provision for doubtful debts - Receivables from Non-Exchange Transactions	(93,405,467)	(80,640,795)
	10,769,733	9,418,488
Net balance		
Electricity	19,125,320	17,773,788
Water	39,530,392	31,050,587
Waste water	14,717,750	12,316,798
Refuse	18,351,178	15,492,974
Prepaid electricity sales	402,317	304,030
Housing rental	1,550,277	1,033,988
Service charges and other	10,497,966	12,087,118
Provision for doubtful debts - Receivables from exchange transactions	(93,405,467)	(80,640,795)
	10,769,733	9,418,488
Electricity		
Current (0 -30 days)	5,570,810	6,940,375
31 - 60 days	2,233,631	1,695,212
61 - 90 days	1,089,147	909,893
91 - 120 days	726,962	543,730
121 - 365 days	3,336,692	2,128,654
> 365 days	6,168,078	5,555,924
	19,125,320	17,773,788
Water		
Current (0 -30 days)	6,206,008	4,706,925
31 - 60 days	2,632,544	1,516,329
61 - 90 days	1,612,180	982,652
91 - 120 days	1,372,223	912,669
121 - 365 days	6,878,670	4,808,853
> 365 days	20,828,767	18,121,159
	39,530,392	31,050,587
Waste water		
Current (0 -30 days)	1,377,954	989,380
31 - 60 days	661,374	483,542
61 - 90 days	487,904	402,118
91 - 120 days	455,828	338,609
121 - 365 days	2,322,401	1,809,861
> 365 days	9,412,289	8,293,488
	14,717,750	12,316,798

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5. Receivables from exchange transactions (continued)

Refuse

Current (0 -30 days)	1,586,347	1,305,745
31 - 60 days	768,974	643,286
61 - 90 days	593,759	487,816
91 - 120 days	550,551	428,257
121 - 365 days	2,913,469	2,408,796
> 365 days	11,938,078	10,219,074
	18,351,178	15,492,974

Housing rental

Current (0 -30 days)	69,243	67,162
31 - 60 days	46,852	43,200
61 - 90 days	46,899	46,722
91 - 120 days	48,609	41,187
121 - 365 days	386,935	231,372
> 365 days	951,739	604,345
	1,550,277	1,033,988

Service charges and other

Current (0 -30 days)	230,267	336,621
31 - 60 days	210,211	199,421
61 - 90 days	191,423	185,332
91 - 120 days	197,916	195,163
121 - 365 days	1,350,705	1,229,246
> 365 days	8,317,444	9,941,335
	10,497,966	12,087,118

Reconciliation of allowance for impairment

Balance at beginning of the year	(80,640,795)	(70,336,955)
Contributions to allowance	(31,112,451)	(29,810,687)
Debt impairment written off against allowance	18,347,779	19,506,847
	(93,405,467)	(80,640,795)

Consumer debtors past due but not impaired

Consumer debtors which are past due and are not considered to be impaired, at 30 June 2020, R 9,452,005 (2019: R 6,434,000) were past due but not impaired.

Consumer debtors impairment process

The municipality has adopted a policy for the determination of the provision for doubtful debts based on the national treasury principals. These principals are used to rate debtors based on various risk criteria associated with the type and status of their accounts. Furthermore an analysis is undertaken to accumulate the risk associated with the long outstanding nature of each account. These factors produce an overall risk factor which is utilised to prepare an impaired amount. The collectable cashflow is therefore determined and present valued based on the average days outstanding on each account. The overall impairment is thereafter pro-rated per non-exchange and exchange portions of each debtors' account. Lastly this is accumulated to produce the provision for impairment as raised at year end. This process is similar to the process undertaken for the provision of doubtful debts as documented under note 4. Refer to the municipal policy for full details.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

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6. Cash and cash equivalents (continued)

Cash on hand	5,111	5,111
Bank balances	8,791,788	4,166,617
Short-term deposits	21,941,683	41,153,321
	30,738,562	45,325,049

Ndlambe Municipality also holds four bank accounts with the New Republic Bank Limited. These accounts related to bank investments made by Port Alfred TLC. New Republic Bank Limited went into liquidation in 1999. These accounts do not show any withdrawable funds/balances, but are still active on bank confirmation searches.

Cash and cash equivalents pledged as collateral

Total financial assets ceded to DBSA	1,300,000	1,300,000
There is a cession recorded against the account (FNB-71078484865) to this value.		
Refer to note regarding DBSA loans.		

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6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
FIRST NATIONAL BANK General Account-Current	7,890,189	1,319,214	15,221,653	7,588,268	1,265,550	15,502,854
FIRST NATIONAL BANK Current Account-Housing	51,883	2,005,467	3,360,906	51,883	2,005,467	3,360,906
FIRST NATIONAL BANK Current Account - Revolving	1,167,549	900,047	846,787	1,151,616	900,047	834,554
	13,703,949	29,793,930	25,237,291	13,703,949	29,793,930	25,237,291
FIRST NATIONAL BANK CRR Call Accounts	7,439,917	23,529,898	18,973,259	7,439,917	23,529,898	18,973,259
FIRST NATIONAL BANK Fixed Deposit Account DBSA	3,124,438	3,124,438	3,124,438	3,124,438	3,124,438	3,124,438
FIRST NATIONAL BANK Call Account - Eskom	3,139,594	3,139,594	3,139,594	3,139,594	3,139,594	3,139,594
	3,548,656	7,449,702	13,487,721	3,548,656	7,449,702	13,487,721
STANDARD BANK Notice Bank	-	-	169,590	-	-	169,590
STANDARD BANK Notice Bank - Alex	188,944	176,778	-	188,944	176,778	-
STANDARD BANK Call Account - 003	-	163,676	7,709	-	163,676	7,709
STANDARD BANK Call Account - 007	-	-	2,011	-	-	2,011
STANDARD BANK Call Account - Fire Officer 008	483,687	99,006	454,612	483,687	99,006	454,612
STANDARD BANK Upgrade road 009	694,445	968,894	100,851	694,445	968,894	100,851
STANDARD BANK Bathurts Water 010	-	-	10,866	-	-	10,866
STANDARD BANK Bathurts Water 011	6,409	6,405	8,146	6,409	6,405	8,146
STANDARD BANK PMU 012	8,060	138,641	124,187	8,060	138,641	124,187
STANDARD BANK Upgrade Roads 015	129,389	129,010	136,811	129,389	129,010	136,811
STANDARD BANK LED Mobile 016	-	14,266	180,954	-	14,266	180,954
STANDARD BANK Equitable Share Councillors 017	2,037,722	2,281,563	1,522,253	2,037,722	2,281,563	1,522,253
STANDARD BANK Revolving Account 018	-	491,000	10,769,731	-	491,000	10,769,731
STANDARD BANK Drought Relief 021	-	2,980,463	-	-	2,980,463	-
	4,334,005	3,848,312	4,877,660	4,334,005	3,848,312	4,877,660
INVESTEC BANK Call Account - FMG 503	16,215	-	-	16,215	-	-
INVESTEC BANK Call Account - FMG 503	400,241	-	489,348	400,241	-	489,348
INVESTEC BANK Call account - Essential Oil 504	-	-	80,367	-	-	80,367
INVESTEC BANK Call account -Chicory 506	1,916	55,555	132,523	1,916	55,555	132,523

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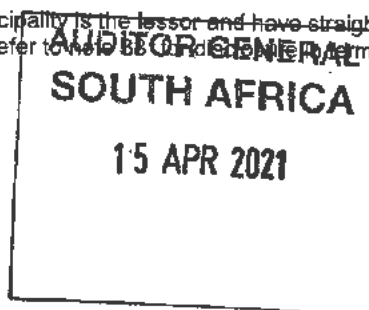
				2020	2019
6. Cash and cash equivalents (continued)					
INVESTEC BANK	902,019	1,992,200	2,314,324	902,019	1,992,200
Call Account-EC Sports 511					2,314,324
INVESTEC BANK	223,017	678	183,181	223,017	678
Call Account-LG Seta 512					183,181
INVESTEC BANK	30,136	114,741		30,136	114,741
EPWP 514					
INVESTEC BANK	647,864			647,864	-
Equitable share Councillors 516					-
INVESTEC BANK	1,808,562	1,430,265	1,105,805	1,808,562	1,430,265
Call Account-PrepwaterMete523					1,105,805
INVESTEC BANK		19,975	19,971		19,975
Call Account-LED Initia 524					19,971
INVESTEC BANKCall	104,140	105,430	422,699	104,140	105,430
Account-Retention 526					422,699
INVESTEC BANK	129,151	129,468	129,442	129,151	129,468
Call Account-DME 509					129,442
INVESTEC BANK	35,723	35,811	954,985	35,723	35,811
Call Account-Disaster relief 529					954,985
INVESTEC BANK	35,021	37,093		35,021	37,093
Call Acc-MIG Water Ret. 530					-
	464,888	-	-	464,888	-
ABSA BANK	383	-	-	383	-
Call Account - PMU 0075					-
ABSA BANK	(771,383)	-	-	(771,383)	-
Call Account - Roads 0651					-
ABSA BANK	1,120,028	-	-	1,120,028	-
Call Account - Sportsfield 1801					-
ABSA BANK	1,015	-	-	1,015	-
Call Account - Sewer Projects 2132					-
ABSA BANK	114,845	-	-	114,845	-
Call Account - Waterworks 2417					-
Total	31,161,119	45,389,576	63,987,003	30,843,265	45,336,912
					64,255,971

7. Operating lease asset & liabilities

Current assets	217,109	289,300
Current liabilities	(98,938)	(82,049)
	118,171	207,251

Operating lease liabilities result from operating leases where the municipality is the lessee and have straight lined the rental expenditure over the period of the lease in accordance with GRAP 13.

Operating lease assets result from operating leases where the municipality is the lessor and have straight lined the rental income over the period of the lease in accordance with GRAP 13. Refer to note 28 and 29 for details of GRAP 13 future minimum cashflows.



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8. Investment property

2020			2019		
Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
190,818,904	(6,765,569)	184,053,335	190,818,903	(5,589,131)	185,229,772

Investment property

Reconciliation of investment property - 2020

Land
Buildings

Opening balance	Depreciation	Total
156,571,000	-	156,571,000
28,658,772	(1,176,437)	27,482,335
185,229,772	(1,176,437)	184,053,335

Reconciliation of investment property - 2019

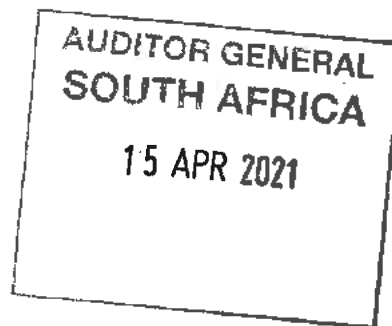
Land
Buildings

Opening balance	Depreciation	Total
156,571,000	-	156,571,000
29,834,896	(1,176,124)	28,658,772
186,405,896	(1,176,124)	185,229,772

Pledged as security

No Investment Property has been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



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	2020		2019	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
			Accumulated depreciation and accumulated impairment	Carrying value
Land	82,260,691	-	82,260,691	82,260,691
Buildings	121,889,799	(18,775,077)	103,114,722	121,044,585
Plant and machinery	9,181,202	(6,032,022)	3,149,180	9,102,433
Motor vehicles	38,080,605	(22,227,363)	15,853,242	34,800,307
Office equipment	9,238,863	(6,507,296)	2,731,567	8,920,365
IT equipment	5,828,534	(3,924,855)	1,903,679	5,458,563
Electrical Network	145,478,277	(46,483,192)	98,995,085	145,478,277
Work in progress	69,169,480	-	69,169,480	40,120,104
Roads	456,716,842	(131,263,334)	325,453,508	440,907,073
Wastewater network	180,522,884	(39,622,525)	140,900,359	180,522,884
Water network	218,860,748	(99,037,830)	119,822,918	203,021,411
Total	1,337,227,925	(373,873,494)	963,354,431	1,271,636,693
				942,330,604

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Depreciation	Total
Land	82,260,691	-	-	-	82,260,691
Buildings	106,178,572	771,686	73,527	(3,909,063)	103,114,722
Plant and machinery	3,864,020	76,915	-	(791,755)	3,149,180
Motor vehicles	16,559,468	3,280,299	-	(3,996,525)	15,853,242
Office equipment	3,326,730	318,499	-	(913,662)	2,731,567
IT equipment	2,159,366	369,971	-	(625,658)	1,903,679
Electrical Network	103,420,148	-	-	(4,425,063)	98,995,085
Work in progress	40,120,104	55,508,975	(26,459,599)	-	69,169,480
Roads	323,397,765	5,263,033	10,546,736	(13,754,026)	325,453,508
Wastewater network	146,025,706	-	-	(5,125,347)	140,900,359
Water network	115,008,034	-	15,838,336	(11,024,452)	119,822,918
	942,330,604	65,589,378	-	(44,565,551)	963,354,431

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	82,260,691	-	-	-	-	82,260,691
Buildings	103,186,157	3,422,640	(237,271)	3,591,999	(3,784,953)	106,178,572
Plant and machinery	4,169,812	497,653	(2,988)	-	(800,457)	3,864,020
Motor vehicles	13,265,545	6,686,563	-	-	(3,382,640)	16,569,468
Office equipment	4,028,469	235,762	(11,834)	-	(925,667)	3,326,730
IT equipment	2,415,274	367,411	(37,953)	-	(585,366)	2,159,366
Electrical Network	107,845,211	-	-	-	(4,425,063)	103,420,148
Work in progress	19,359,885	25,567,659	-	(4,827,440)	-	40,120,104
Roads	327,247,827	8,599,021	(501,900)	1,235,441	(13,182,624)	323,397,765
Wastewater network	151,326,421	-	(136,988)	-	(5,163,727)	146,025,706
Water network	99,733,761	28,884,694	(3,907,400)	-	(9,703,021)	115,008,034
	914,839,053	74,281,403	(4,836,334)	-	(41,953,518)	942,330,604

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9. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Construction of Reverse Osmosis plant

The process was delayed due to court action over the awarding of the contract.

29,927,502

29,927,502

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Building of Library at TT Jonas Centre

Project has not been implemented beyond the design phase.

146,093

146,094

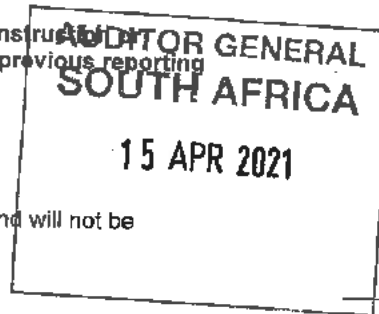
Netball Court - Kanton-on-Sea

Project has not been implemented beyond the design phase and will not be implemented.

73,527

146,093

219,621



Reconciliation of Work-in-Progress 2020

	Included within Buildings	Included within Roads	Included within Water network	Included within Sewerage Network	Total
Opening balance	219,621	10,501,257	24,845,623	4,553,603	40,120,104
Additions/capital expenditure	3,187,722	3,925,080	47,162,253	1,233,920	55,508,975
Transferred to completed items	(73,527)	(10,546,736)	(15,839,336)	-	(26,459,599)
	3,333,816	3,879,601	56,168,540	5,787,523	69,169,480

Reconciliation of Work-in-Progress 2019

	Included within Buildings	Included within Roads	Included within Water network	Included within Sewerage Network	Total
Opening balance	3,811,620	1,235,440	14,312,824	-	19,359,884
Additions/capital expenditure	-	10,501,257	10,532,799	4,553,603	25,587,659
Transferred to completed items	(3,591,999)	(1,235,440)	-	-	(4,827,439)
	219,621	10,501,257	24,845,623	4,553,603	40,120,104

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment Included in Statement of Financial Performance

Contracted services

10,293,920

9,625,051

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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10. Intangible assets

	2020		2019			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	3,378,334	(2,997,137)	381,197	3,436,018	(2,831,474)	604,544

Reconciliation of intangible assets - 2020

Computer software, other

Opening balance	604,544	Amortisation	(223,347)	Total	381,197
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Reconciliation of intangible assets - 2019

Computer software, other

Opening balance	1,120,018	Additions	3,363	Amortisation	(518,837)	Total	604,544
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11. Heritage assets

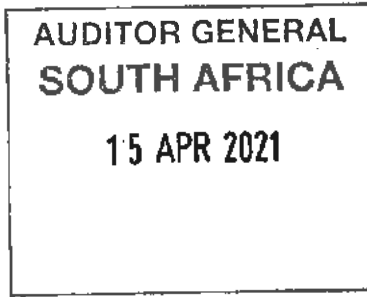
	2020		2019	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
				Accumulated impairment losses
				Carrying value
Conservation areas	16	-	16	-
				16

Reconciliation of heritage assets 2020

Conservation areas	Opening balance	16	Total
			16

Reconciliation of heritage assets 2019

Conservation areas	Opening balance	16	Total
			16



Age and/or condition of heritage assets

The following information relating to age and/or condition of heritage assets is provided for better appreciation: Heritage assets all are of considerable age as they mostly relate to remains of old infrastructure, such as the pier, mooring posts and parts of ship wrecks. These have ages between 60 – 150 years.

Restrictions on heritage assets

The heritage assets, disclosed below have restrictions in terms of their disposal due to the fact that they are registered with the National Heritage Council and therefore cannot and will not be disposed of in the course of operations of the municipality.

Carrying value of heritage assets with restrictions:

Conservation	16	16
Disposal restrictions due to registration at National Heritage Council		

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12. Other financial assets

Designated at fair value

Listed shares

49,246

59,389

Old Mutual shares held at fair value determined at the quoted market value.

Non-current assets

Designated at fair value

49,246

59,389

13. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	10,769,734	10,769,734
Receivables from non-exchange transactions	-	27,960,653	27,960,653
Cash and cash equivalents	-	30,738,562	30,738,562
Other financial assets	49,246	-	49,246
	49,246	69,468,949	69,518,195

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	55,928,372	55,928,372
Financial liabilities - DBSA	8,103,376	8,103,376
	64,031,748	64,031,748

2019

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	9,418,488	9,418,488
Receivables from non-exchange transactions	-	24,266,913	24,266,913
Cash and cash equivalents	-	45,325,049	45,325,049
Other financial assets	59,389	-	59,389
	59,389	79,010,450	79,069,839

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	35,426,276	35,426,276
Financial liabilities - DBSA	10,272,620	10,272,620
	45,698,896	45,698,896

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	2020	2019
14. Consumer deposits		
Electricity	1,647,810	1,635,650
Water	520,308	474,131
Housing rental	23,594	20,450
	2,191,712	2,130,231
15. Payables from exchange transactions		
Trade payables	1,426,902	3,420,341
Payments received in advanced	6,197,572	6,208,549
Accrued leave pay	9,214,077	6,457,898
Accrued bonus	3,535,170	3,041,668
Accrued expense	28,695,322	8,980,869
Unidentified Direct Deposits	4,926,903	3,394,380
Retention monies	1,414,027	828,369
SALA Pension Fund	-	281,133
Overtime Accrual	466,516	807,801
Human Settlements	51,883	2,005,468
	55,928,372	35,426,276
16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
IDC Chicory	-	29,310
MIG	-	-
MSIG	41	41
Municipal Disaster Grant	4,777	4,777
EC Sports, Arts and Culture	548,123	1,548,512
LG SETA	49,735	49,735
SBDM: Fire Officers	482,104	27,424
DME	2,967	2,967
EPWP	180	656
FMG	11,051	1,550
SBDM LED Grants	39,064	39,064
EC Greenest Town	34,946	34,946
Water Services Infrastructure Grant	-	-
Disaster Management Grant - COVID 19	-	-
	1,172,988	1,738,982
Movement during the year		
Balance at the beginning of the year	1,738,982	3,239,793
Additions during the year	34,979,680	66,295,995
Income recognition during the year	(35,545,674)	(67,796,806)
	1,172,988	1,738,982

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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17. VAT payable		
Tax payable	6,866,396	4,638,097
18. Other financial liabilities		
At amortised cost		
DBSA Loan 101161/2 20 Years @ 10.89%	3,883,594	4,399,302
DBSA Loan 13478/101 20 Years @ 17%	421,197	1,166,918
DBSA Loan 102557/1 15 Years @ 8.81%	3,798,585	4,706,400
	8,103,376	10,272,620
Total other financial liabilities	8,103,376	10,272,620
Non-current liabilities		
At amortised cost	6,108,252	8,103,376
Current liabilities		
At amortised cost	1,995,124	2,169,244
19. Employee benefit obligations		
Defined benefit plan		
Post retirement medical aid plan		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(59,171,458)	(62,299,488)
Benefits paid during the year	2,120,221	2,351,016
Current service costs	(2,372,632)	(3,207,018)
Interest Costs	(5,444,976)	(5,865,484)
Actuarial Gain/(Loss)	12,369,555	9,849,516
	(52,499,290)	(59,171,458)
Non-current liabilities	(49,965,253)	(56,748,099)
Current liabilities	(2,534,037)	(2,423,359)
	(52,499,290)	(59,171,458)
The fair value of plan assets includes:		
Net expense recognised in the statement of financial performance		
Current service cost	2,372,632	3,207,018
Interest cost	5,444,976	5,865,484
Actuarial (gains) losses	(12,369,555)	(9,849,516)
Benefits paid during the year	(2,120,221)	(2,351,016)
	(6,672,168)	(3,128,030)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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19. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.82 %	9.39 %
General earnings inflation rate (long term)	5.33 %	5.35 %
Health cost inflation rate (health cost trend)	6.83 %	6.85 %
Net discount rate	3.73 %	2.38 %
Average retirement age (Years)	62	62

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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19. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on defined benefit obligation - movement in health care inflation	59,921,858	48,363,487
Effect on Interest Costs	6,345,814	4,880,081
Effect on Service Costs	3,036,559	2,058,948

Amounts for the current and previous four years are as follows:

	2020 R	2019 R	2018 R	2017 R	2016 R
Defined benefit obligation	(52,499,290)	(59,171,458)	(62,299,488)	(60,823,620)	(60,848,841)

Long Service Awards

Ndlambe Municipality offers long service bonus awards to active employees, the amount of which is dependent on the annual salary of the individual employee. Councillors are not eligible for this benefit and were not taken into account. The award comprises of a percentage of their annual salaries as well as additional leave days to employees at the end of the specified time period.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(6,980,880)	(6,278,398)
Benefits paid during the year	479,460	322,153
Current service costs	(816,169)	(711,555)
Interest Costs	(509,874)	(486,417)
Actuarial Gain/(Loss)	1,009,527	173,337
	(6,817,936)	(6,980,880)
Non-current liabilities	(5,998,011)	(5,807,558)
Current liabilities	(819,925)	(1,173,322)
	(6,817,936)	(6,980,880)

The fair value of plan assets includes:

Net expense recognised in the statement of financial performance

Current service cost	816,169	711,555
Interest cost	509,874	486,417
Actuarial (gains) losses	(1,009,527)	(173,337)
Benefits paid during the year	(479,460)	(322,153)
	(162,944)	702,482

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	7.82 %	7.96 %
General earnings inflation rate (long term)	3.86 %	5.44 %

Ndlambe Local Municipality

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Figures in Rand	2020	2019
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19. Employee benefit obligations (continued)

Net discount rate	3.81 %	2.39 %
Average retirement age (Years)	62	62

Other assumptions

Assumed inflation & discount trends have a significant effect on the amounts recognised in surplus or deficit. A one percentagepoint change in assumed inflation & discount rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on Long service Award - discount rate	6,467,355	7,206,086
Effect on Interest Costs	534,409	463,380
Effect on Service Costs	721,093	813,825

Amounts for the current and previous four years are as follows:

	2020 R	2019 R	2018 R	2017 R	2016 R
Defined benefit obligation	(6,817,936)	(6,980,880)	(6,278,398)	(6,266,372)	(5,545,291)

20. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Fair Value Adjustments	Interest costs/Unwinding of Interest	Total
Environmental rehabilitation	40,155,415	8,313,521	4,115,930	52,584,866

Reconciliation of provisions - 2019

	Opening Balance	Fair Value Adjustments	Interest costs/Unwinding of Interest	Total
Environmental rehabilitation	34,172,198	2,565,998	3,417,219	40,155,415
Non-current liabilities			39,643,715	27,886,468
Current liabilities			12,941,151	12,268,947
			52,584,866	40,155,415

Ndlambe Municipality operates 10 landfill sites which by law will have to be permitted and closed in accordance with the "Minimum Requirements" and in accordance with the Environment Conservation Act. (Act no.73 of 1989) Closure will involve, inter alia, the application of final cover, topsoiling, vegetating, drainage maintenance and leachate management.

Closure of the landfill sites are dependant on a number of external factors, such as amongst others, waste minimisation and population changes. During the prior year there has been a court order to affect the closure of the Bushmens' landfill site, thereby directly affecting the provision estimation as the closure is now projected within the timeframes set out by the court ruling.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
21. Revenue		
Burial services	375,306	343,948
Service charges	137,689,720	127,069,229
Rental of facilities and equipment	34,584	54,054
Interest received - trade and other receivables	5,448,742	5,656,350
Licences and permits (Exchange transactions)	1,944,400	2,689,714
Licences and Permits (Non-exchange transactions)	1,171,779	1,169,621
Housing debtor income	2,338,455	2,087,700
Other income	2,390,517	2,933,675
Interest received - investment	3,919,309	4,818,048
Property rates	119,177,412	101,277,220
Environmental levies	4,406,567	5,267,299
Interest, Dividends and Rent on Land	3,138,798	2,791,489
Government grants & subsidies	137,495,007	169,124,507
Public contributions and donations	153,606	4,222,579
Fines, Penalties and Forfeits	246,342	609,830
	419,930,544	430,115,263

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	137,689,720	127,069,229
Burial services	375,306	343,948
Rental of facilities and equipment	34,584	54,054
Interest received - trade and other receivables	5,448,742	5,656,350
Licences and permits	1,944,400	2,689,714
Housing debtor income	2,338,455	2,087,700
Other income	2,390,517	2,933,675
Interest received - investment	3,919,309	4,818,048
	154,141,033	145,652,718

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	119,177,412	101,277,220
Licences and permits	1,171,779	1,169,621
Environmental levies	4,406,567	5,267,299
Interest, Dividends and Rent on Land	3,138,798	2,791,489
Transfer revenue		
Government grants & subsidies	137,495,007	169,124,507
Public contributions and donations	153,606	4,222,579
Fines, Penalties and Forfeits	246,342	609,830
	265,789,511	284,462,545

22. Service charges

Sale of electricity	67,853,942	65,428,323
Sale of water	42,191,118	36,842,033
Solid waste	15,379,582	13,969,944
Sewerage and sanitation charges	12,265,078	10,828,929
	137,689,720	127,069,229

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
23. Other income		
Building plan fees	1,308,891	1,404,186
Encroachments	2,018	2,237
Insurance claim refund	237,720	577,505
Subdivisions	39,261	13,779
Sundry income	459,893	565,087
Valuation rolls	-	2,209
Town planning income	88,434	55,821
Camping fees	254,300	312,851
	2,390,517	2,933,675
24. Investment revenue		
Interest revenue		
Bank	3,919,309	4,818,048
25. Property rates		
Rates received		
Property rates	119,177,412	101,277,220
Valuations		
All	14,179,131,174	12,747,034,830

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on a monthly basis.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
26. Government grants and subsidies		
Operating grants		
Unconditional: Equitable share	93,156,914	84,115,000
Unconditional: Equitable share: Cllrs & Ward Contribution	3,559,086	4,126,000
Unconditional: LG SETA Grants	263,659	240,506
Unconditional: SBDM Grant Revenue	146,400	558,757
Unconditional: Environmental Health Subsidy	1,465,200	1,292,150
Financial Management Grant	2,425,499	1,968,670
Chicory Grants	29,310	114,513
EC Greenest Town	-	265,054
Sarah Baartman District Mun(SBDM) Fire Grants	-	654,635
Municipal Infrastructure Grant	1,359,285	1,235,587
Library Grant (DESRAC)	2,877,819	2,985,276
Expanded Public works Prog Grant(EPWP) (operating)	171,213	-
Disaster Management Grant - COVID19	1,043,000	-
Disaster Management Grant	-	914,382
	106,497,385	98,470,530
Capital grants		
Unconditional: OTP Grant	3,166,787	10,964,088
Unconditional: SBDM Grant	192,825	-
Sarah Baartman District Mun(SBDM) Fire Grants(Capital)	-	304,868
Water Services Infrastructure Grant (Capital)	-	32,809,000
Library Grant (DESRAC) (Capital)	872,570	-
Municipal Infrastructure Grant (Capital)	25,934,178	25,573,413
Expanded Public Works Prog Grant (EPWP) (Capital)	831,262	1,002,608
	30,997,622	70,663,977
	137,495,007	169,124,507
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	34,979,680	66,295,995
Unconditional grants received	101,952,076	98,919,306
	136,931,756	165,215,301
IDC Chicory - LED		
Balance unspent at beginning of year	29,310	112,623
Conditions met - transferred to revenue	(29,310)	(83,313)
	-	29,310
Conditions still to be met - remain liabilities (see note 16).		
MIG		
Current-year receipts	27,295,000	26,809,000
Conditions met - transferred to revenue	(27,295,000)	(26,809,000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
26. Government grants and subsidies (continued)		
MSIG		
Balance unspent at beginning of year	41	41
Conditions still to be met - remain liabilities (see note 16).		
Disaster Management Grant		
Balance unspent at beginning of year	4,777	919,159
Conditions met - transferred to revenue		(914,382)
	4,777	4,777
Conditions still to be met - remain liabilities (see note 16).		
EC Sports/Arts and Culture		
Balance unspent at beginning of year	1,548,512	1,783,788
Current-year receipts	2,750,000	2,750,000
Conditions met - transferred to revenue	(3,750,389)	(2,985,276)
	548,123	1,548,512
Conditions still to be met - remain liabilities (see note 16).		
LG SETA		
Balance unspent at beginning of year	49,735	49,735
Conditions still to be met - remain liabilities (see note 16).		
SBDM: Fire Officers		
Balance unspent at beginning of year	27,424	328,931
Current-year receipts	454,680	657,995
Conditions met - transferred to revenue	-	(959,502)
	482,104	27,424
Conditions still to be met - remain liabilities (see note 16).		
DME		
Balance unspent at beginning of year	2,967	2,967
Current-year receipts		1,100,000
Conditions met - transferred to revenue		(1,100,000)
	2,967	2,967
Conditions still to be met - remain liabilities (see note 16).		
EPWP: Public Works		
Balance unspent at beginning of year	656	3,264
Current-year receipts	1,002,000	1,000,000
Conditions met - transferred to revenue	(1,002,476)	(1,002,608)
	180	656

Ndlambe Local Municipality

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Figures in Rand	2020	2019
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26. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 16).

FMG

Balance unspent at beginning of year	1,550	221
Current-year receipts	2,435,000	1,870,000
Conditions met - transferred to revenue	(2,425,499)	(1,968,671)
	11,051	1,550

Conditions still to be met - remain liabilities (see note 16).

SBDM LED Grants

Balance unspent at beginning of year	39,064	39,064
--------------------------------------	--------	--------

Conditions still to be met - remain liabilities (see note 16).

EC Greenest Town

Balance unspent at beginning of year	34,946	-
Current-year receipts	-	300,000
Conditions met - transferred to revenue	-	(265,054)
	34,946	34,946

Conditions still to be met - remain liabilities (see note 16).

Water Services Infrastructure Grant

Current-year receipts	-	32,809,000
Conditions met - transferred to revenue	-	(32,809,000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Disaster Management Grant - COVID 19

Current-year receipts	1,043,000	-
Conditions met - transferred to revenue	(1,043,000)	-
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Ndlambe Local Municipality

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Figures in Rand	2020	2019
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27. Public contributions and donations

Sarah Baartman District Municipality - PPE	153,606	4,222,579
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Sarah Baartman District Municipality donated the following assets during the current financial year -

Computer equipment to the value of: R 25 056

Water tanks classified in WIP to the value of: R128 550

Sarah Baartman District Municipality donated the following assets during the previous financial year -

Buildings to the value of: R 3 000 000

Office equipment to the value of: R 86 647

Vehicles to the value of: R 1 136 033

Ndlambe Local Municipality

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28. Employee related costs

Basic	82,976,677	76,542,777
Bonus	6,926,302	6,054,298
Allowances	5,823,538	3,830,398
Post-employment benefits	9,852,476	11,398,254
Medical aid - company contributions	10,758,968	9,497,662
UIF	848,377	801,058
Leave pay provision charge	577,347	377,755
Overtime payments	12,196,898	9,728,601
Car allowance	2,855,875	2,536,756
Housing benefits and allowances	842,922	796,950
Group insurance	222,306	209,547
Industrial levy	69,294	50,278
	133,950,780	121,824,332

Remuneration of municipal manager

Annual Remuneration	1,125,841	875,651
Backpay	930,345	-
Car Allowance	175,986	175,986
Performance Bonuses	63,213	26,777
Contributions to UIF, Medical and Pension Funds	246,909	196,161
Telephone allowance	15,535	15,535
13th Cheque	179,395	72,738
Leave Pay	153,343	61,811
	2,890,567	1,424,659

Remuneration of chief finance officer

Annual Remuneration	848,654	718,963
Backpay	443,425	-
Acting allowance	70,165	-
Car Allowance	180,000	180,000
Performance Bonuses	18,775	20,922
Contributions to UIF, Medical and Pension Funds	204,242	163,761
Telephone allowance	24,000	24,000
13th Cheque	109,101	53,680
Leave pay	129,840	74,176
	2,028,202	1,235,502

Remuneration of director Infrastructural Development

Annual Remuneration	839,153	755,760
Backpay	583,517	-
Car Allowance	204,000	204,000
Performance Bonuses	31,812	31,383
Contributions to UIF, Medical and Pension Funds	182,838	52,077
Telephone Allowance	36,000	36,000
13th Cheque	108,664	55,719
Leave pay	101,693	64,269
	2,067,677	1,199,208

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
28. Employee related costs (continued)		
Remuneration of Director Corporate Services		
Annual Remuneration	897,183	841,524
Backpay	446,005	-
Acting allowance	101,285	-
Car Allowance	144,000	144,000
Performance Bonuses	56,067	42,844
Contributions to UIF, Medical and Pension Funds	199,498	128,066
Telephone allowance	12,000	12,000
13th Cheque	113,037	60,199
Leave pay	103,457	63,260
	2,072,532	1,291,893
Remuneration of Director Community Protection Services		
Annual Remuneration	851,894	680,735
Backpay	537,841	-
Acting allowance	5,325	-
Car Allowance	180,000	180,000
Performance Bonuses	66,399	20,922
Contributions to UIF, Medical and Pension Funds	203,247	162,985
Telephone allowance	24,000	24,000
13th Cheque	117,153	53,680
Leave pay	91,802	42,759
	2,077,661	1,165,081
29. Remuneration of councillors		
Major	880,951	860,274
Speaker	723,625	696,294
Executive Member	1,192,851	1,150,894
Councillors	4,876,640	4,572,588
	7,474,067	7,280,050
30. Depreciation and amortisation		
Property, plant and equipment	44,565,551	41,952,182
Investment property	1,176,437	1,176,124
Intangible assets	223,347	518,897
	45,965,335	43,647,203
31. Finance costs		
Non-current borrowings	1,036,126	1,302,291
SAMWU - Interest accrued	-	1,487,539
Late payment of tax	-	292
Landfill Rehabilitation - Interest Cost	4,115,930	3,417,220
	5,152,056	6,207,342
32. Bulk purchases		
Electricity - Eskom	49,779,984	47,639,466
Water	11,640,978	11,546,056
	61,420,962	59,185,522

Ndlambe Local Municipality

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Figures in Rand	2020	2019
33. Contracted services		
Outsourced Services	8,527,242	6,399,668
Consultants and Professional Services	26,502,097	26,796,826
Contractors	22,083,770	18,576,114
	57,113,109	51,772,608
34. General expenses		
Advertising	609,409	547,136
Auditors remuneration	3,611,663	4,813,909
Bank charges	784,157	722,777
Commission paid	2,374,671	2,355,460
Consulting and professional fees	-	318,495
Delivery expenses	3,511	12,266
Electricity	13,442,403	9,957,197
Entertainment	3,049	2,102
Fuel and oil	5,002,753	4,882,227
Hire	8,388,395	5,042,833
IT expenses	3,534,180	3,980,420
Insurance	2,019,828	2,035,471
Levies	1,120,991	1,257,808
Other expenses	2,279,599	2,017,658
Other materials	7,776,623	7,201,399
Placement fees	10,423	-
Postage and courier	997,704	1,193,338
Printing and stationery	88,148	77,911
Protective clothing	1,047,910	1,273,398
Subscriptions and membership fees	1,554,787	1,460,180
Telephone and fax	2,859,052	3,521,548
Title deed search fees	99,078	164,928
Transport and freight	582,524	579,393
Travel - local	2,296,192	2,984,656
	60,497,050	56,402,510
35. Fair value adjustments		
Other financial assets		
• Old Mutual shares	(10,143)	(88,237)
• FV Adjustment of Landfill rehabilitation provision	(8,313,520)	(2,565,998)
	(8,323,663)	(2,654,235)
36. Auditors' remuneration		
Fees	3,611,663	4,813,909

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
37. Cash generated from operations		
(Deficit) surplus	(15,525,013)	36,745,210
Adjustments for:		
Depreciation and amortisation	45,965,335	43,647,203
Gain on sale of assets and liabilities	-	4,815,128
Fair value adjustments	8,323,663	2,654,235
Debt impairment	38,703,039	27,331,566
Movements in operating lease assets and accruals	89,080	134,340
Movements in retirement benefit assets and liabilities	(6,835,112)	(2,425,548)
Movements in provisions	4,105,787	3,328,982
Other non-cash items - Donated assets	(153,606)	(4,222,579)
Changes in working capital:		
Inventories	(142,642)	(479,128)
Receivables from exchange transactions	(32,463,697)	(22,057,287)
Receivables from non-exchange transactions	(11,284,328)	(14,047,099)
Other receivables	10,143	89,510
Payables from exchange transactions	20,502,094	(20,435,913)
VAT	2,228,299	(681,210)
Unspent conditional grants and receipts	(565,994)	(1,500,811)
Consumer deposits	61,481	131,072
	53,018,529	53,027,671

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	41,124,341	24,248,680
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Total capital commitments

Already contracted for but not provided for	41,124,341	24,248,680
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1,186,520	1,009,346
- in second to fifth year inclusive	578,183	1,042,755
	1,764,703	2,052,101

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are escalate by a fixed percentage on an annual basis. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	294,909	216,630
- in second to fifth year inclusive	347,276	465,470
- later than five years	11,720	16,005
	653,905	698,105

Certain of the municipality's properties are held to generate rental income. Lease agreements are non-cancellable and have terms from 3 to 20 years. There are no contingent rents receivable.

Ndlambe Local Municipality

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39. Contingencies

Campbell and Shelton vs Ndlambe LM- The claimant has instituted proceedings to suspend all approvals for building development on wetland area in Port Alfred. The financial effect of this cannot be determined.

KOSRA, Bushmans Kariega Estuary Care Management Forum & Natures Landing Homeowners Association vs Ndlambe LM - Legal proceedings have been instituted against the municipality regarding the state of the landfill site at Bushmans and to put measures in place to rectify the state of the landfill. The financial effect of this cannot be estimated as the financial claim has not been made.

Agri EC vs Ndlambe Municipality & others - Agric EC has taken Ndlambe Municipality to court to force the municipality to apply its by-laws. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

Litigation is in the process against the municipality relating to various matters. The total estimated potential liability to the municipality at 30 June 2020 & 30 June 2019 cannot be determined reliably.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

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40. Related parties

Relationships

Accounting Officer

Close family member of key management

Refer to accounting officer's report note

MG Mcamiso (husband of Mayor Ncamiso)

Sole shareholder of Nakhe Security and Cleaning Solutions

50% Shareholder of Genkorald General Trading

XM Ncamiso (son of Mayor Ncamiso)

50% Shareholder of Genkorald General Trading

1. Members of Council

Full names and remuneration details provided below

2. Section 57 managers

Remuneration details provided in note 28

Members of key management as defined in GRAP 20

Related party balances

Amounts included in Trade Payable regarding related parties

Nakhe Security and cleaning (Pty) Ltd - arm's length

90,000

The amounts are unsecured and no security has been given.

Related party transactions

Purchases from related parties - Security services

Nakhe Security and cleaning (Pty) Ltd - arm's length

812,000

Purchases from related parties - building maintenance

Genkorald General Trading (Pty) Ltd - arm's length

29,850

Purchases from related parties - refuse collection services

Genkorald General Trading (Pty) Ltd - arm's length

28,750

AUDITOR GENERAL
SOUTH AFRICA

15 APR 2021

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

40. Related parties (continued)

Remuneration of management

Management class: Council

2020

Name	Allowance	Backpay	Transport	Telephone	Medical Aid	Pension	Total
Mayor - KC Mcamiso	522,169	27,592	184,974	39,265	15,840	78,325	868,165
ex-Mayor - P Faxi	7,674	-	2,548	548	1,440	576	12,786
Speaker - NV Maphaphu	521,019	22,073	83,376	40,800	17,280	39,076	723,624
Executive member - T Mazana	266,969	11,545	78,180	40,800	-	-	397,494
Executive member - N Xhasa	248,687	11,545	78,180	40,800	-	-	397,863
Executive member - LR Schenk	266,969	11,545	78,180	40,800	-	18,651	397,863
Chief Whip - AL Marasi	162,892	8,732	56,856	40,800	17,280	24,434	397,494
MPAC Chair - TM Bunge	238,245	11,204	78,180	40,800	17,943	-	310,994
Councillor - N Gamlashe	177,955	8,732	56,856	40,800	-	26,693	387,372
Councillor - CB James	184,828	8,664	56,856	40,800	-	13,862	311,036
Councillor - A Ngosha	204,142	8,732	56,856	40,800	8,640	-	313,650
Councillor - M Raco	190,162	8,732	56,856	40,800	-	14,262	310,530
Councillor - MW Yali	190,162	8,732	56,856	40,800	-	14,262	310,812
Councillor - ME Njibana	44,112	-	14,214	10,200	-	6,617	75,143
Councillor - M Mateti	177,955	8,732	56,856	40,800	-	26,693	311,036
Councillor - K Daweti	190,162	8,732	56,856	40,800	-	14,262	310,812
Councillor - PY Kani	204,142	8,732	56,856	40,800	-	-	310,530
Councillor - JP Guest	204,142	8,732	56,856	40,800	-	-	310,530
Councillor - S Venene	204,142	8,732	56,856	40,800	-	-	310,530
Councillor - T Mbekela	190,162	8,732	56,856	40,800	-	14,262	310,812
Councillor - X Runeli	190,131	8,562	56,856	40,800	-	14,260	310,609
Councillor - SI Melani	108,504	4,281	31,332	22,484	-	4,832	171,433
	4,696,325	213,063	1,368,292	806,897	78,423	311,067	7,474,067

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40. Related parties (continued)

2019

Name	Allowance	Backpay	Transport	Telephone	Medical aid	Pension	Total
Mayor - PP Faxi	556,287	14,681	189,504	40,800	17,280	41,722	860,274
Speaker - NV Maphaphu	505,202	11,745	83,376	40,800	17,280	37,890	666,293
Executive member - T Mazana	258,088	6,595	78,180	40,800	-	-	383,663
Executive member - T Xhasa	240,414	6,143	78,180	40,800	-	18,031	383,663
Executive member - LR Schenk	258,088	6,595	78,180	40,800	-	-	373,500
MPAC Chair - TM Bunge	231,217	5,962	78,180	40,800	-	17,341	299,876
Chief Whip - AL Marasi	157,037	4,348	56,856	40,800	17,280	23,555	299,919
Councillor - N Gamlashe	172,100	4,348	56,856	40,800	-	25,815	300,000
Councillor - CB James	183,905	4,646	56,856	40,800	-	13,793	300,069
Councillor - A Ngqosha	197,425	4,988	56,856	40,800	-	-	300,001
Councillor - M Raco	183,906	4,646	56,856	40,800	-	13,792	300,000
Councillor - MW Yali	183,906	4,646	56,856	40,800	-	25,815	299,919
Councillor - ME Njibana	172,100	4,348	56,856	40,800	-	25,815	299,919
Councillor - M Matefi	172,100	4,348	56,856	40,800	-	13,793	298,982
Councillor - K Daweti	182,897	4,646	56,856	40,800	-	-	300,070
Councillor - PY Kani	197,426	4,988	56,856	40,800	-	-	300,070
Councillor - JP Guest	197,426	4,988	56,856	40,800	-	-	300,070
Councillor - S Venene	197,426	4,988	56,856	40,800	-	-	300,001
Councillor - T Mbekela	183,906	4,646	56,856	40,800	-	13,793	300,001
Councillor - X Runeli	76,319	-	23,013	16,514	-	5,724	121,570
Councillor - S Shahzad	115,496	4,988	33,643	24,286	-	-	178,613
	4,622,671	117,283	1,361,584	816,000	51,840	290,672	7,260,050

Also refer to note "Remuneration of councillors" Note 29

Ndlambe Local Municipality

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41. Prior period errors & reclassification

The correction of the error(s) results in adjustments as follows:

2019 Closing balance / 2020 Opening balances:

Statement of Financial Position		Previously reported	Adjustment	As restated	Reference
Receivables from Non-exchange Transactions	22,139,639	2,127,274		24,266,913	1
Operating lease asset	609,752	(320,452)		289,300	2
Property, plant and Equipment	941,716,854	613,750		942,330,604	3
Payables	(38,492,575)	3,066,299		(35,426,276)	4
Operating lease liability	(15,125)	(66,924)		(82,049)	5
Accumulated surplus	(1,042,661,444)	(5,419,947)		(1,048,081,391)	6
	(116,702,898)	-		(116,702,898)	

1 - Receivables from Non-Exchange transactions - Statement of Financial Position
Previously reported 2019 balance
Written off employee group scheme error
Recognition of OTP Grant receivable at year end
Restated 2019 Closing balance

22,139,639
(281,121)
2,408,395
24,266,913

2 - Operating lease asset - Statement of Financial Position
Previously reported 2019 balance
Correction of lease smoothing miscalculation
Restated 2019 Closing Balance

609,752
(320,452)
289,300

3 - Property, plant and equipment - Statement of Financial Position
Previously reported 2019 balance
Transfer of Roads additions to WIP - Roads additions
Transfer of Roads additions from WIP - Roads additions
Correction of donation value for Office equipment
Correction of donation value for Plant and machinery
Correction of classification of roads additions incorrectly capitalised
Correction of depreciation due to above changed
Update of Fair value of donated vehicle
Depreciation of donated vehicle
Restated 2019 Closing Balance

941,716,853
(7,680,201)
7,680,201
(6,304)
(13,150)
(96,878)
6,822
811,565
(88,303)
942,330,606

4 - Payables - Statement of Financial Position
Previously reported 2019 balance
Payables - PV error - council write off
Restated 2019 Closing Balance

(38,492,575)
3,066,299
(35,426,276)

5 - Operating Lease Liability - Statement of Financial Position
Previously reported 2019 balance
Correction of lease smoothing calculation
Restated 2019 Closing balance

(15,125)
(66,924)
(82,049)

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2020 2019

41. Prior period errors & reclassification (continued)

6 - Accumulated Surplus - Statement of Financial Position

Previously reported 2019 Opening balance

Effect of opening balance corrections relating to -

Payables - PY error - council write off

Written off employee group scheme error

RESTATED 2018/19 (Surplus)/Deficit

Previously reported Surplus

Net corrections as per 2018/19 Statement of Financial Performance (see below)

RESTATED 2018/19 CLOSING BALANCE

(2,634,770)

(34,110,436)

(36,745,206)

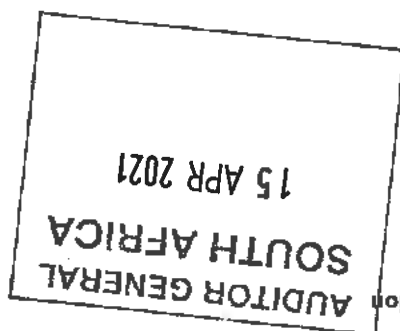
(1,011,336,180)

(3,066,294)

281,121

(2,786,173)

(1,008,551,007)



2019 Comparative restatements

Statement of Financial Performance

Previously reported
Adjustment
As restated
Reference

REVENUE

Rental of Facilities and equipment

Revenue from exchange transactions - Interest received -

Trade and other receivables

Revenue from exchange - licences and permits

Public Contributions and donations

Revenue from non-exchange - Licences and Permits (Non-exchange)

Interest received - non-exchange receivables

Government grants & subsidies

EXPENDITURE

Depreciation and Amortisation

Lease rental on operating lease

Contracted services

X

IX

VIII

VII

VI

V

IV

III

II

I

374,505	320,452	54,053
8,447,839	2,791,489	5,656,350
1,169,621	1,169,621	2,689,714
3,430,468	(792,111)	4,222,579
-	(1,169,621)	1,169,621
-	(2,791,489)	2,791,489
166,716,112	(2,408,395)	169,124,507
(43,565,721)	81,482	(43,647,203)
(1,747,974)	66,924	(1,814,898)
(51,675,734)	96,878	(51,772,612)
85,838,830	(2,634,770)	88,473,600

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	2020	2019
41. Prior period errors & reclassification (continued)		
i) Rental of facilities and equipment - Statement of Financial Performance		
As previously reported	374,505	
Correction of lease smoothing miscalculation	(320,452)	
	54,053	
ii) Revenue from exchange transactions - Interest received - trade and other receivables - Statement of Financial Performance		
As previously reported	8,447,839	
Correction of classification of interest on non-exchange debtors as non-exchange revenue	(2,791,489)	
	5,656,350	
iii) Revenue from exchange - licences and permits - Statement of Financial Performance		
As previously reported	3,859,335	
Correction of classification of licence and levies as non-exchange revenue	(1,169,621)	
	2,689,714	
iv) Public Contributions and Donations - Statement of Financial Performance		
As previously reported	3,430,468	
Correction of donation value for Office equipment	(6,304)	
Correction of donation value for Plant and machinery	(13,150)	
Correction of additional asset recognised as donated	811,565	
	4,222,579	
v) Revenue from non-exchange - Licences and Permits (Non-exchange) - Statement of Financial Performance		
As previously reported	1,169,921	
Correction of classification of licence and levies as non-exchange revenue	1,169,921	
	1,169,921	
vi) Interest received - non-exchange receivables - Statement of Financial Performance		
As previously reported	2,791,489	
Correction of classification of interest on non-exchange debtors as non-exchange revenue	2,791,489	
	2,791,489	
vii) Government grants & subsidies - Statement of Financial Performance		
As previously reported	166,716,112	
Recognition of OTP Grant receivable at year end	2,408,395	
	169,124,507	

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2020 2019

41. Prior period errors & reclassification (continued)

viii) Depreciation - Statement of Financial Performance

As previously reported
Reduced depreciation charge due to changes in capitalisation as in PPE adjustments
Additional depreciation on donated vehicle
(43,565,721) 6,822 (68,303)

(43,5647,202)

ix) Lease rentals on operating lease - Statement of Financial Performance

As previously reported
Correction of lease smoothing calculation
(1,747,974) (66,924) (1,814,898)

x) Contracted Services - Statement of Financial Performance

As previously reported
Correction of classification of roads additions incorrectly capitalised
(51,675,734) (96,878) (51,772,612)

The following disclosures have been restated:

Unauthorised expenditure - Note 41

Previous Disclosure

Opening balance - 2018/19
Add: Irregular Expenditure - current year

178,475,682
68,833,132
237,308,714

New disclosure

Opening balance - 2018/19
Add: Irregular Expenditure - current year

178,475,682
59,000,487
237,476,069

Irregular expenditure - Note 43

Previous Disclosure

Opening balance - 2018/19
Add: Irregular Expenditure - current year

471,505,476
92,248,723
563,754,199

New disclosure

Opening balance - 2018/19
Add: Irregular Expenditure - current year

471,505,476
84,674,562
556,180,038

Notes to the Annual Financial Statements

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41. Prior period errors & reclassification (continued)

Previous Disclosure	
Department of Roads and Public Works	1,365,300
National Department of Roads and Public Works	1,601,558
Department of Health	196,546
Dept of Rural Development and Agrarian reform	8,685
Department of Education	221,659
Dept of Rural Dev and Land Reform	494,689
	<u>3,888,437</u>
New disclosure	
Related party balances 2019	
Related party transactions 2019	

42. Unauthorised expenditure

Opening balance as previously reported	237,476,069	178,475,582
Opening balance as restated	237,476,069	178,475,582
Add: Expenditure identified - current	70,955,368	-
Add: Expenditure identified - prior period	-	59,000,487
Closing balance	308,431,437	237,476,069

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	65,892,000	42,697,696
Cash	5,063,368	16,302,791
Unauthorised expenditure: Budget overspending – per municipal department	70,955,368	59,000,487

43. Fruitless and wasteful expenditure

Opening balance as previously reported	11,044,162	9,534,505
Opening balance as restated	11,044,162	9,534,505
Add: Expenditure identified - current	11,808	-
Add: Expenditure identified - prior period	-	1,509,657
Closing balance	11,055,970	11,044,162

Fruitless and wasteful expenditure was incurred as a result of interest charged on late payments.

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44. Irregular expenditure	2020	2019
Opening balance as previously reported	556,180,038	471,505,476
Opening balance as restated	666,180,038	471,505,476
Add: Irregular Expenditure - current	55,338,298	-
Add: Irregular Expenditure - prior period	-	84,674,562
Less: Amount written off - current	(222,151,354)	-
Closing balance	389,366,982	556,180,038

Incidents/cases identified in the current year include those listed below:

- Supply Chain Management Regulation and/or Policy deviations	55,338,298
- Lack of supporting documentation	
- Deviations not in accordance with S36 of the SCM regulations	
- Disciplinary steps taken/criminal proceedings and the need for criminal proceedings to be determined	
- Goods and/or services were received in all instances and none of the payments were made in vain.	

45. Additional disclosure in terms of Municipal Finance Management Act

55,338,298

Contributions to organised local government	1,474,079	1,329,074
Opening balance	-	1,609,510
Current year subscription / fee	(1,474,079)	(1,464,505)
Amount paid - current year	-	-
Credit note	-	-

Audit fees	28,029	4,933,926
Opening balance	-	4,011,161
Current year subscription / fee	-	(4,946,843)
Amount paid - current year	-	(15,012)
Credit note	-	-

PAYE and UIF	20,209,724	15,734,601
Amount paid - current year	-	-

Pension and Medical Aid Deductions	25,960,956	22,722,255
Amount paid - current year	-	-

VAT	6,866,396	4,638,097
VAT payable	-	-

VAT output payables and VAT input receivables are shown in note 17.

All VAT returns have been submitted by the due date throughout the year.

Ndlambe Local Municipality

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45. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

	30 June 2020			30 June 2019		
	Outstanding less than 90 days	Outstanding more than 90 days	Total	Outstanding less than 90 days	Outstanding more than 90 days	Total
Mayor - KC Ncamiso	11,229 R	3,067 R	14,296 R	699 R	800 R	1,499 R
Councillor - ME Njibana						

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

S36(1)(a)(i) - Emergency
S36(1)(a)(iii) - Sole supplier
S36(1)(a)(v) - Impractical / impossible (other)

46. Water and electricity losses

Material Losses

Water
Electricity

27,094,112	26,217,881
6,342,292	6,395,950
33,436,404	26,613,831

Water Losses

In 2020 the water reticulation losses were 43 % (3 291 957 kl supplied and 1 876 139 kl sold) (2019: 53% (3 793 860 kl supplied and 1 783 911 kl sold). In both years these losses are predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore apparent losses are realised due to metering inefficiencies, meter faults, unauthorised and unmetered consumption.

Electricity Losses

In 2020, the energy losses were 12.77% (2019: 13.57%). Electricity purchased was 42 101 141 kWh and 36 726 393 kWh was sold (2019: 44 513 651 kWh purchased and 38 473 372 kWh sold). These losses are predominantly due to MV and LV losses in switchgear, overheadlines, obsolete aluminium lines, underground cables and transformers. Furthermore losses are attributed to metering and meter reading losses and losses due to tampering.

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47. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2020	2019
Receivables from Non-exchange transactions	27,960,653	24,266,913
Receivables from exchange transactions	10,769,734	9,418,488
Cash and cash equivalents	30,738,562	45,325,049
Other financial assets	49,246	59,389

The municipality holds deposits of R 2 191 712 (2019: R 2 130 231) from consumer deposits. No guarantees of collateral was provided to third parties.

Market risk

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47. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates which means that the municipality is not exposed to interest rate risk, as any change in interest rates will not affect the repayment terms of the long term liabilities. During 2020 and 2019, the municipality had no borrowings at variable rates.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other payables	- %	55,928,373	-	-	-	-
Financial liabilities - DBSA	8.8 % - 17 %	2,744,046	2,289,527	2,289,527	1,660,934	1,032,341
Loans						

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

48. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Management has considered the ongoing effects of the national state of disaster and does not consider that this has a fundamental impact on the municipality's ability to continue as a going concern.

Ndlambe Local Municipality

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49. Budget differences

Material differences between budget and actual amounts

AUDITOR GENERAL
SOUTH AFRICA
15 APR 2021

Ndlambe Local Municipality

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49. Budget differences (continued)

The variances are considered to be material for the GRAP 24 variance disclosure where it exceeds 10%. Below are details of the relevant material variances as per the Statement of Comparison of Budget and Actual:

STATEMENT OF FINANCIAL PERFORMANCE

49.1) Service Charges: Immaterial variance

49.2) Rendering of services:

The nature of burial fees is such that it is not easily forecast. The demand for plots and burial fees were however higher than expected which resulted in the variance

49.3) Rental of facilities:

The variance is due to inadequate budgeting which is based on incremental budgeting that have resulted in the overstatement of the projected income from the rental of housing and other building rentals. This is further compounded by the effect of straight-lining of leases not being taken into account.

49.4) Interest received

The budgeted figure for interest received was not aligned to the prior year actual figures which resemble the 2020 figures. Should 2019 have been used as a baseline, the variance would not have been material.

49.5) Licences and Permits

The budgeting process relating to the forecast of licences and permits was flawed as there was an overestimate of the agency revenue and the figure budgeted for more closely relates to overall collections from motor vehicle licences and permits, rather than just the portion earned as municipal portion of the agency services.

49.6) Housing debtor income

The budget process yielded a flawed figure for the housing debtor income as a result of

49.7) Other income

The nature of other income is such that revenue from auxillary services is classified as Other income, such as building plan fees. The nature of these services, even based on past trends make it difficult to forecast and was even more complicated in the current year with the lockdowns slowing down economic activity.

49.8) Interest received - investment

Grant income along with cash holdings were at higher levels than initially anticipated during the year. The budgeted figures did not accomodate the potential interest on investments held.

49.9) Property rates: Immaterial variance

49.10) Licences and permits (non-exchange)

The licencing and permits relate to boat and trading licence. The budgeted figures have not been zero based as is reflected by the current year income not deviating significantly from the prior year's income figure, which accounts for the variance.

49.11) Environmental levies

The variance is largely due to the workings of the free basic services allocation.

49.12) Interest received - non-exchange receivables

Variance is due to no budget allocated to property rates interest.

49.13) Government Grants and subsidies

The budget increase relates to funding secured from DWS and COGTA in relation to the ARO plant. Since the plant's award was set aside, the monies have not been received, resulting in the variance.

49.14) Public Contributions and donations

The donations amount was not budgeted for as donations by its nature is gratuitous and were transferred as in-kind donations and there was not expectation to receive donations during the year.

49.15) Fines, Penalties and Forfeits

The budget for fines, penalties and forfeits were prepared, with the expectation that the traffic vehicles would be in a functioning

Ndlambe Local Municipality

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2019

49. Budget differences (continued)

condition. The vehicles however remain unserviceable. This matter affected the prior period and was still relevant for 2019/20. This impacted on the amount of fines levied during the period, along with a period of national lockdown affecting the road traffic.

49.16) Personnel - Immaterial variance

49.17) Remuneration of councillors - Immaterial variance

49.18) Depreciation and amortisation

During the budget process the depreciation budget was drastically reduced to in turn reduce the impact to ratepayers and consumers as a result of increased rates. The depreciation budget is seen as a non-cash budget item where there will not be a reduction to an actual revenue flow to the municipality if the budget is reduced.

49.19) Finance costs

The finance costs budget was not based on the expected reduction of capital relating to the DBSA loans and the interest portion which was forecast to be accrued during the year. This resulted in the variance as identified.

49.20) Lease rentals on operating lease - Immaterial variance

49.21) Debt impairment

A budget estimation was based on the actual write-off of doubtful debts during the current year. However due to increase in debtors and slow collections the increase in the provision in for doubtful debts was higher than anticipated, resulting in the expenditure exceeding the budget.

49.22) Renewable Energy Programmes

The budgeting process did not include the provision of these programmes

49.23) Bulk purchases - Immaterial variance

49.24) Contracted services

Contracted services is dependant largely on the requirement for specialist based on the specific criteria relating to repairs and maintenance requirements of the municipality along with the level of activity during the year. As activities slowed down during the lockdown, the actual is expected to be below the budgeted amount.

49.25) Transfers and subsidies - Immaterial variance

49.26) General expenses - Immaterial variance

49.27) Gain on disposal of assets

The disposals of movable & immovable assets based on the derecognition of obsolete assets resulted in unbudgeted gains which contributed towards the variance between budget actual expenditure.

49.28) Fair value adjustments

At the time of the budget no budget was provided for fair value adjustments. It is also not known at the time of the budget what the effect of external factors would be on the landfill provision estimate. As such budget is not provided to the extent of the actual fair value losses incurred as this would have to be funded with revenue through rate increases.

STATEMENT OF FINANCIAL POSITION

49.29) Inventories

The actual budgeted stock levels were mostly reflective what was anticipated to be on hand at year end. As year end processes were affected by the lockdown, a higher than anticipated inventory level was realised.

49.30) Operating lease asset

The budget did not factor in the unwinding of future lease assets as the leases near the end of their term.

49.31) Receivables from non-exchange transactions - Immaterial variance

49.32) Receivables from exchange transactions

The variance is due to slightly lower than anticipated collection rates closer to year end, bought on by the COVID19 lockdown.

Ndlambe Local Municipality

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49. Budget differences (continued)

49.33) Cash and cash equivalents

The lower than expected actual balance is due to spending on the RO plant which was funded from own revenue on initial payment.

49.34) Investment property

The variance is larger than anticipated due to the projected investment property balance not being aligned to actual carrying value figures as per 2019.

49.35) Property, plant and Equipment

The variance is largely due to the prior period correction in 2018/19 which was not included in the 2020 budget as the 2020 budget is finalised prior to the audit completion for 2018/19.

49.36) Intangible assets

The variance is larger than anticipated due to the projected intangible asset balance not being aligned to actual carrying value figures as per 2019.

49.37) Heritage assets - Immaterial variance

49.38) Other financial assets

The expected market value of the listed shares are trading well below anticipated levels

49.39) Consumer deposits - Immaterial variance

49.40) Payables from exchange transactions

Accounting processes at year end was impacted by lockdown, resulting in numerous services rendered before year end only being presented for payment after year end. These amounts were much larger than anticipated.

49.41) Unspent conditional grants and receipts

Balances of unspent grants per the budget did not factor in multi-year projects such as EPWP and DSRAC, which are ongoing and resulted in unspent amounts at year end.

49.42) VAT Payable

The VAT payable budget balance is largely representative of VAT on debtors as at year end and therefore does not factor the effect of outstanding receivable claims and input VAT on accruals.

49.43) & 49.47) Financial liabilities - DBSA

The budgeting process did not reflect on the comparative 2018/19 opening balances when determination of the other financial liabilities was made. This resulted in misallocation between short and long term portions as well as overestimation of the liability as a whole.

49.44) Operating lease liability

The figures were restated due to omission of prior period leases which resulted in the budgeting process not taking this into account as the error was only identified during the 2020 AFS preparation process.

49.45) Employee Benefit obligation - Immaterial variance

49.46) Provisions - Immaterial variance

49.48) Employee benefit obligation

The actual liability decreased in the current year due to decreasing inflation and the general effect of COVID 19 on future cost escalations.

49.49) Provisions

The variance is due to the budget not being aligned to the future forecasted liability as determined from prior years' landfill site valuations.

49.50) Accumulated surplus

The variance is a result of the above explanations combined. Due to the nature of the balance it will always represent the balancing figure on the budgeted statement of financial position.

Ndlambe Local Municipality

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49. Budget differences (continued)

CASHFLOW STATEMENT VARIANCES

49.51) Rates and services - Immaterial variances

49.52) Government grants and subsidies

The budget increase relates to funding secured from DWS and COGTA in relation to the ARO plant. Since the plant's award was set aside, the monies have not been received, resulting in the variance.

49.53) Interest income

The budgeted figure for interest received was not aligned to the prior year actual figures which resemble the 2020 figures. Should 2019 have been used as a baseline, the variance would not have been material

49.54) Other receipts

The budgeted amount was overestimated due to cashflow workings not being matched to actual projected cashflows, which in turn resulted in the variance.

49.55) Supplier and Employee costs - Immaterial variance

49.56) Finance Costs

The finance costs budget was not based on the expected reduction of capital relating to the DBSA loans and the interest portion which was forecast to be accrued during the year. This resulted in the variance as identified.

49.57) Grants and subsidies paid - Immaterial variance

49.58) Purchase of Property, plant and equipment

The budget increase relates to funding secured from DWS and COGTA in relation to the RO plant. Since the plant's award was set aside, the monies have not been received, and the full RO plant budget was not spent.

49.59) Proceeds on sale of PPE

No sale undertaken during the year on PPE

49.60) Repayment of financial liabilities - DBSA

The budgeting process does not reflect the actual DBSA loan repayment made, resulting in the variance as identified.

49.61) Cash and cash equivalents at the beginning of the year

The commencement budget does not relate to the actual cash balances at end of 2018/19 financial year.

50. Accounting by principals and agents

The entity is a party to principal-agent arrangements.

Details of the arrangements are as follows:

The municipality acts as an agent for the Department of Transport whereby it administers the provisioning of motor vehicle licences and registrations as well as drivers' licences. It receives compensation for these services based on a binding arrangement with the department.

The entity is the principal. Refer to note 1.3 for significant judgements applied in making this assessment.

Furthermore, the municipality acts as a principal in binding arrangements with vendors who sell prepaid electricity. The vendors earn commission on the prepaid electricity sales based on agreements.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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Figures in Rand	2020	2019
Entity as agent		
Revenue recognised		
The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R1,944,400 (2019: R2,689,714).		
Additional information		
Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)		
Reconciliation of the carrying amount of payables		
Category 1 - MV Licences and registration		
Amounts received on behalf of the principal	7,564,925	8,890,472
Amounts transferred to the principal	(5,419,752)	(6,200,758)
Amount recognised as revenue for services rendered	(1,944,400)	(2,689,714)
	200,773	-
All categories		
Amounts received on behalf of the principal	7,564,925	8,890,472
Amounts transferred to the principal	(5,419,752)	(6,200,758)
Amount recognised as revenue for services rendered	(1,944,400)	(2,689,714)
	200,773	-
Entity as principal		
Fee paid		
Fee paid as compensation to the agent	900,935	899,850
51. Events after the reporting date		
The award for the construction of a Reverse Osmosis plant was set aside by the courts after year end. As the conditions for setting aside this award was already present as at reporting date(30 June 2020) the event has been treated as an adjusting event after reporting date and as such the original award less payments has not been disclosed as part of capital commitments.		
No further adjusting events after the reporting date have been identified.		
52. COVID-19		
All areas of society were affected by the global pandemic as a result of the COVID-19 virus and were affected by the national lockdown announced by the South African national government. The declaration of the national state of disaster as published in Gazette No 43096 on the 15th March 2020 and extensions thereafter has had an impact on the legislative submission dates for annual financial statements for municipalities.		
The municipality continued to provide services during the national state of disaster and raise revenue in accordance with services provided under both exchange and non-exchange revenue. Management has assessed that there have been no material changes in revenue raised on these services. The nationwide lockdown has however had a negative impact on the municipality's recovery of income from services during the levels 5 to 3 of the lockdown. The municipality in its assessment of impairment has considered this in the consumers risk profile and payment history, which in turn has affected the recoverability assessment and therefore the provision for doubtful debts.		
Management has considered the impact of COVID-19 and the hard lockdown on non-monetary assets. There have been no material changes in the use of asset that would require a change in the expected useful life of assets.		
Due to the lockdown and limited movement, the municipality has seen a reduction in the spend on capital projects.		



Ndlambe Local Municipality

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52. COVID-19 (continued)

Management has assessed that there has been an increase in expenditure relating to Personal Protective Equipment (PPE) as required by the regulations as issued under the national state of disaster. The expenditure patterns on general expenditure items has remained consistent.

No material information has come to the attention of management to suggest that there is a going concern issue. The financial statements for the year ended 30 June 2020 have been prepared under the going concern assumption. Refer to note 48 for the full going concern assessment disclosure.

AUDITOR GENERAL
SOUTH AFRICA

15 APR 2021

ANNEXURE C

AUDITOR GENERAL SA REPORT 2019/2020

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Ndlambe Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Ndlambe Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ndlambe Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. Work-in-progress recorded did not agree with the supporting documentation and was misclassified; depreciation was incorrectly calculated and not all land was recognised. Consequently, work-in-progress in note 9 to the financial statements was overstated by R18,7 million; land was understated by R5,5 million (2019: R6,7 million); buildings is understated by R530 401; accumulated depreciation and depreciation, as disclosed in note 30 to the financial statements, were both overstated by R444 518 (2019: R509 454 understated); and accumulated surplus, as disclosed in the statement of changes in net assets, is overstated by R12,6 million (2019: R7,2 million).
4. In addition, I was unable to physically verify the work in progress or obtain sufficient appropriate audit evidence to confirm that the work in progress recorded in property, plant and equipment exists, as disclosed in note 9 to the financial statements. I was unable to confirm that work in progress exists by alternative means. Consequently, I was unable to determine whether any further adjustment to work in progress of R69,2 million was required.

Payables from exchange transactions

5. The municipality did not have a system in place to accurately record payables from exchange transactions. Trade payables, retention monies and accrued expenses were recorded at incorrect amounts as they did not agree with the supporting documents. Consequently, payables from exchange transactions, as disclosed in note 15 to the financial statements, was overstated by R14,4 million, and general expenses, as disclosed in note 34 to the financial statements, was overstated by R14,4 million.

Service charges

6. The municipality did not recognise all revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*. The municipality did not have adequate controls to confirm the indigent status of the consumers who were not billed for service charges. In addition, service charges for water and electricity were not billed accurately to consumers as meter readings were not used as a source for billing. Consequently, service charges revenue, as disclosed in note 22 to the financial statements and receivables from exchange transactions, as disclosed in note 5 to the financial statements, were both understated by R7,9 million (2019: R13 million).

Debt Impairment

7. The municipality recognised debt impairment expenditure inclusive of value-added tax (VAT) when the provision for impairment was raised on receivables from exchange and non-exchange transactions. Systems to accurately identify and adjust for VAT when raising an impairment on the recoverability of receivables were inadequate. Consequently, the debt impairment expenditure, as disclosed in the statement of financial performance, was overstated by R5 million and the VAT payable, as disclosed in note 17 to the financial statements, was overstated by the same amount.

Irregular expenditure

8. The municipality did not have proper systems in place to identify and record all irregular expenditure incurred in the current year, as disclosed in note 44 to the financial statements, as required by section 125(2)(d) of the MFMA. This expenditure resulted from payments made in contravention of the supply chain management (SCM) requirements. Due to the lack of systems, it was impracticable to determine the full extent of the understatement of irregular expenditure disclosed at R389,4 million (2019: R556,2 million) in the financial statements.

Corresponding figures – Supply chain management regulations

9. The municipality did not have proper systems in place to identify and disclose all prior year deviations from the SCM policy in note 45 to the financial statements, as required by section 36(2) of the SCM Regulations. Due to the lack of systems, it was impracticable to determine the full extent of the understatement of prior year deviations disclosed at R79 million in the comparative column of the financial statements.

Context for the opinion

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
11. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

14. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Material losses and impairments

15. As disclosed in note 46 to the financial statements, material water losses of R20,2 million (2019: R27,1 million) were incurred, which represents 43% (2019: 53%) of total water purchased. The losses were predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore, apparent losses were realised due to metering inefficiencies, meter faults, and unauthorised and unmetered consumption.
16. As disclosed in note 46 to the financial statements, material electricity losses of R6,4 million (2019: R6,3 million) were incurred, which represents 12,8% (2019: 13,6%) of total electricity purchased. The losses were predominantly due to losses in switchgear, overheads lines, obsolete aluminium lines, underground cables and transformers. Furthermore, losses were attributable to metering, tampering and meter readings losses.

Unauthorised expenditure

17. As disclosed in note 42 to the financial statements, unauthorised expenditure of R308,4 million was incurred in the current year and previous years due to overspending of cash and non-cash items in various municipal departments. This balance is an accumulation of current and previous year amounts and there was no write-off or condonement of this amount in the current and previous year.

Fruitless and wasteful expenditure

18. As disclosed in note 43 to the financial statements, fruitless and wasteful expenditure of R11,1 million was incurred in the current year and previous years due to interest incurred on late payments.

Other matter

19. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

20. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. The disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

21. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
22. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

23. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
24. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
26. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2020:

Development priority	Pages in the annual performance report
Key performance area (KPA) 1 – Basic service delivery	x – x

27. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

KPA 1 – Basic service delivery

Percentage construction of bulk water infrastructure (project: construction of reservoirs in Thorn Hill)

28. I was unable to obtain sufficient appropriate audit evidence to support the measure taken to improve performance against the target of 20% as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measure taken to improve performance.

Various indicators

29. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information, evidence and method of collection, and that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicator. This was due to insufficient measurement definitions and processes. I was unable to test whether the indicator was well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievement of various indicators reported against their targets in the annual performance report:

Indicator	Target as per SDBIP	Actual achievement in the annual performance report
6. Percentage construction of bulk water infrastructure (P006 augmentation of the Alexandra Bulk Water Supply)	70%	80%
7. Percentage construction of bulk water infrastructure (P008 construction of link services in Thorn Hill)	100%	100.00%
8. Percentage construction of bulk water infrastructure (Project: construction of reservoirs in Thorn Hill)	20%	0.00%
9. Percentage of households with access to basic sanitation	64%	77.22%
10. Percentage of households with access to water supply	89%	95.35%
43. Percentage of RO plant project completed	100%	38%

Other matters

30. I draw attention to the matter below.

Achievement of planned targets

31. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 28 to 29 of this report.

Report on the audit of compliance with legislation

Introduction and scope

32. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

33. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Consequence management

35. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
36. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Asset management

37. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

38. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

39. Reasonable steps were not taken to prevent irregular expenditure of R55,3 million as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM prescripts and regulations.
40. Reasonable steps were not taken to prevent unauthorised expenditure of R71 million, as disclosed in note 42 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget per municipal department, on cash and non-cash items.

Procurement and contract management

41. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(1)(a) and (c).
42. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

43. Some contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.
44. Some commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulations, section 8(5).
45. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. This non-compliance was identified in the procurement processes for the upgrade of Kenton on Sea main road – phase 4.
46. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA
47. Awards were made to providers whose directors were in the service of other state institutions in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
48. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2).
49. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Strategic planning and performance management

50. The performance management system and related controls were inadequate, as they did not describe how the performance measurement, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

Other information

51. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the executive mayor's report, the audit committee's report and the accounting officer's report as required by the MFMA. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.
52. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

53. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
54. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

55. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
56. Leadership did not adequately discharge its oversight of the implementation and monitoring of internal controls to ensure sound financial and performance management and compliance with legislation. Consequently, the correct tone was not set to ensure that all municipal officials were held accountable for their actions through consequence management. Furthermore, leadership had developed a plan to address external audit findings but significant shortcomings in this plan contributed to the modified financial opinion, the material performance matters and the repeat findings on compliance.
57. Management does not have adequate controls over daily and monthly processing and reconciliation of transactions, which resulted in an over-reliance on reconciliations, journals and corrections only after year-end. This contributed to the material misstatements in the annual financial statements and performance information.
58. Record keeping within the municipality remains a challenge. The regular process of collecting and reporting on credible information was not always implemented, most notably relating to the collation, collection and verification, storage and reporting of information to support the actual performance as reported in the annual performance report.
59. The municipality did not have a proper risk management process in place, as there were no processes to identify risks and to develop mitigating controls. In addition, the internal audit unit did not review internal controls and compliance with laws and regulations. This was due to a lack of capacity, skills and resources in the internal audit unit and a failure to follow up on issues reported to management. The impaired functioning of the internal audit unit greatly affected the effectiveness of the audit committee.

Other reports

60. I draw attention to the following engagements conducted by various parties, which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
61. Investigations were conducted and finalised in the current year. This related to fraudulent qualifications of employees in the finance division and outstanding monies that were not banked by the traffic service department.

Auditor - General.

East London

15 April 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concerns basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Ndlambe Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

Annexure D: Performance management and reporting framework

The performance management and reporting framework (PMRF) consists of the following:

- Legislation applicable to performance planning, management and reporting, which includes the following:
 - MFMA
 - Municipal Systems Act 32 of 2000 (MSA)
 - Regulations for planning and performance management, 2001, issued in terms of the MSA.
 - Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006, issued in terms of the MSA.
- The Framework for Managing Programme Performance Information (FMPPI), issued by the National Treasury. This framework is applicable to all spheres of government, excluding Parliament and provincial legislatures.
- Circulars and guidance issued by the National Treasury regarding the planning, management, monitoring and reporting of performance against predetermined objectives.

Annexure D – Criteria developed from the performance management and reporting framework

Criteria	References to PMRF per institution	
	Municipalities	Municipal entities
Consistency: Objectives, performance indicators and targets are consistent between planning and reporting documents.		
1. Reported strategic or development objectives are consistent or complete when compared to planned objectives.	Section 121(3)(f) of the MFMA Sections 41(a) – (c) & 46 of the MSA	Section 121(4)(d) of the MFMA
2. Changes to strategic or development objectives are approved	Section 25(2) of the MSA	Section 54(1)(c) of the MFMA
3. Reported indicators are consistent or complete when compared to planned indicators	Section 121(3)(f) of the MFMA Sections 41(a) – (c) & 46 of the MSA	Section 121(4)(d) of the MFMA
4. Changes to indicators are approved	Section 25(2) of the MSA	Section 54(1)(c) of the MFMA
5. Reported targets are consistent or complete compared to planned targets	Section 121(3)(f) of the MFMA Sections 41(a) – (c) & 46 of the MSA	Section 121(4)(d) of the MFMA
6. Changes to targets are approved	Section 25(2) of the MSA	Section 54(1)(c) of the MFMA
7. Reported achievements are consistent with the planned and reported indicator and target	Section 121(3)(f) of the MFMA	Section 121(4)(d) of the MFMA
Measurability: Performance indicators are well defined and verifiable, and targets are specific, measurable and time bound		
1. A performance indicator is well defined when it has a clear, unambiguous definition so that data will be collected consistently and is easy to understand and use.	Chapter 3.2 of the FMPPI	



Criteria	References to PMRF per institution	
	Municipalities	Municipal entities
2. A performance indicator is verifiable when it is possible to validate or verify the processes and systems that produce the indicator.	Chapter 3.2 of the FMPPI	
3. A target is specific when the nature and required level of performance of the target are clearly identifiable.	Chapter 3.3 of the FMPPI	
4. A target is measurable when the required performance can be measured.	Chapter 3.3 of the FMPPI	
5. A target is time bound when the timeframes for achievement of targets are indicated.	Chapter 3.3 of the FMPPI	
Relevance: Performance indicators relate logically and directly to an aspect of the institution’s mandate and the realisation of its strategic goals and objectives		
1. The performance indicator and target relate logically and directly to an aspect of the institution’s mandate and the realisation of its strategic goals and objectives.	Chapter 3.2 of the FMPPI	
Presentation and disclosure: Performance information in the annual performance report is presented and disclosed in accordance with the requirements contained in the legislation, frameworks, circulars and guidance		
1. Actual performance compared to planned targets and prior year performance is disclosed in the annual performance report	Section 46 of the MSA	Section 46 of the MSA
2. Measures taken to improve performance are disclosed in the annual performance report	Section 46 of the MSA	Section 46 of the MSA
3. Measures taken to improve performance are corroborated with audit evidence	Section 46 of the MSA	Section 46 of the MSA
Reliability: Recording, measuring, collating, preparing and presenting information on actual performance achievements is valid, accurate and complete.		
1. Reported performance occurred and pertains to the reporting entity.		

Criteria	References to PMRF per institution	
	Municipalities	Municipal entities
2. Amounts, numbers and other data relating to reported performance are recorded and reported correctly.	Section 45 of the MSA Chapter 5 of the FMPPPI	Section 45 of the MSA Chapter 5 of the FMPPPI
3. All actual performance that should have been recorded is included in the reported performance information.		

Annexure E: Auditor-general's responsibility for the audit of the reported performance information

1. As part of our engagement conducted in accordance with ISAE 3000(R), we exercise professional judgement and maintain professional scepticism throughout our reasonable assurance engagement on reported performance information for selected development priorities.
2. We are independent of the municipality] in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International code of ethics for professional accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA codes), as well as the ethical requirements relevant to our audit in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code(s).

Quality control relating to assurance engagements

3. In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Reported performance information

4. In addition to our responsibility for the assurance engagement on reported performance information, as described in the auditor's report, we also:
 - identify and assess risks of material misstatement of the reported performance information, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. In making those risk assessments, we consider internal control relevant to the management and reporting of performance information per selected development priority in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the documentation maintained by the municipality that supports the generation, collation, aggregation, monitoring and reporting of performance indicators/measures and their related targets for the selected development priorities
 - evaluate and test the usefulness of planned and reported performance information, including presentation in the annual performance report its consistency with the approved performance planning documents of the municipality and whether the indicators and related targets were measurable and relevant
 - evaluate and test the reliability of information on performance achievement to determine whether it is valid, accurate and complete



Communication with those charged with governance

5. We communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
6. We also confirm to the accounting officer that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, the actions taken to eliminate threats, or the related safeguards applied.

Annexure F: Assessment of internal controls

Below is our assessment of the implementation of drivers of internal control based on significant deficiencies identified during our audit of the financial statements, the [annual performance report/ insert name of performance report] and compliance with legislation. Significant deficiencies occur when internal controls do not exist, are not appropriately designed to address the risk, or are not implemented. These either had caused, or could cause, the financial statements or the [annual performance report/ insert name of performance report] to be materially misstated, and material instances of non-compliance with legislation to occur.

The internal controls were assessed as follows:

	The required preventative or detective controls were in place.
	Progress was made on implementing preventative or detective controls, but improvement is still required, or actions taken were not or have not been sustainable.
	Internal controls were not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls.

The movement in the status of the drivers from the previous year-end to the current year-end is indicated collectively for each of the three audit dimensions under the three fundamentals of internal control. The movement is assessed as follows:

	Improved					
	Unchanged					
	Regressed					
		Financial statements		Performance reporting		Compliance with legislation
		Current year	Prior year	Current year	Prior year	Current year
						Prior year
Leadership						
Overall movement from previous assessment						

• Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity						
• Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls						
• Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored						
• Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities						
• Develop and monitor the implementation of action plans to address internal control deficiencies						
• Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance						
Financial and performance management						
Overall movement from previous assessment						
• Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting						
• Implement controls over daily and monthly processing and reconciling transactions						
• Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information						
• Review and monitor compliance with applicable legislation						

• Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information						
Governance						
Overall movement from previous assessment						
• Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored						
• Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively						
• Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation						

ANNEXURE D

OVERSIGHT REPORT 2019/2020



2019/20

NDLAMBE MUNICIPALITY

OVERSIGHT REPORT

Councillor T Mbunge - Chairperson

Councillor M Mateti

Councillor K Daweti

Councillor M Raco

Councillor T Mbekela



THIS OVERSIGHT REPORT IS
BASED ON THE ANNUAL REPORT
OF 2019/20 FINANCIAL
PERIOD AND IS DRAFTED AND
SUBMITTED IN ACCORDANCE TO
THE MUNICIPAL FINANCE
MANAGEMENT ACT (MFMA),

OVERSIGHT REPORT 2019/2020

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OVERSIGHT REPORT 2019/2020

1. Statement of purpose of the Oversight Report

The Annual Report is a key instrument of transparent governance and accountability. It is a post –financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial period, in this case 2018/2019. The adoption of an Annual Report is legislated requirement in terms of the Local Government: Municipal Financial Management Act 56 of 2003 (MFAMA).

1.1 Purpose

The purpose of this report is to present to Council for adoption, the final Annual Report for 2019/2020 as well as the Oversight Report on the Annual Report as required in terms of Section 129 of the MFMA, Act 56 of 2003.

It is important to have some understanding of the accountability framework for municipalities in order to correctly comprehend the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the municipality by the Constitution, Acts, regulations or Circulars.

The following table displays the nature of the culpability framework for local government:

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Mayor & Executive Committee	Community
Mayor & Executive Committee	Policy, budgets, outcomes, management of/oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Administration	Mayor & Executive Committee (Council)
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial management and operational functions	Municipal Manager
Internal Audit Unit	Objective assurance	Internal Controls, Compliance and Risk Management	Audit and Performance Committee

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act requires the council to consider the annual report of its municipality and to adopt an “Oversight Report” containing the council’s comments on the annual report.

The Oversight Report is a distinct product from the Annual Report.

The Annual Report is submitted to the Council by the Accounting Officer, Adv. R Dumezweni and the Mayor, Cllr. K Ncamiso and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the

OVERSIGHT REPORT 2019/2020

municipality in the 2019/20 financial year. The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to the community disclosing the level of success or otherwise, obtained with meeting the priority needs and stated desires of the community as contained in the Integrated Development Plan (IDP).

2. The Municipal Public Accounts Committee

The establishment and compilation of Council's Municipal Public Account Committee in August 2016, was in terms of Section 79 of the Municipal Structures Act, 1998. The Municipal Public Account Committee is comprised of non-executive Councillors represented by most political parties and a Chairperson was elected by full council on the 18 August 2016. The term of the committee is considered to be 5 years unless recalled, resign or disbanded.

The Ndlambe Municipal Public Accounts Committee consists of the following Councillors:

Councillor T Mbunge
Councillor M Raco
Councillor M Mateti
Councillor T Mbekela
Councillor K Daweti

Councillor T Mbunge serves as chairperson of the committee.

3. The Functions of the Municipal Public Accounts Committee:

- a) Undertake a review and analysis of the Annual Report.
- b) Invite, receive and consider inputs from Councillors and officials on the Annual Report.
- c) Consider written comments received on the Annual Report from the public consultation process.
- d) Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of state, Council's Audit & Performance Committee, political Parties and Councillors.
- e) Receive and consider Council's Audit & Performance Committee views and comments on the annual financial statements and the performance report.
- f) Adhere to the Charter and the Terms of Reference

4. Summary of Representations received from the Community and Others

Notice was issued in terms of Section 127 (5) (a) of the Municipal Finance Management Act 56 of 2003, and section 21A of the Municipal Systems Act 32 of 2000 that the Annual Report for 2019/2020 financial period has been prepared by Ndlambe Municipality and was tabled in the council meeting held on the 24 January 2021. It was then made available for public comments and inspection in all municipal administrative units around Ndlambe municipality. **See ANNEXURE A**

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The Municipal Public Accounts Committee regrettably has learnt that no comments were received in respect of the Annual report from the public in spite of the efforts to make it public.

5. 2019/2020 Annual Report Consultation Process

- a) The Annual Report was tabled at an open Council Meeting on 24 January 2021.
- b) The communities were advised through print media and the Municipal website of the availability of the annual report and were invited to submit representations on the report.
- c) The Annual Report was made available at all municipal libraries and identified offices. The Annual Report was also submitted to the Auditor General, Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs.
- d) At the closing date for public submissions no submissions had been received from the public.

5.1 Legislative process followed when dealing with the Annual Report

ACTIVITY DESCRIPTION	PROVIDE FOR BY
Preparation of annual statements of the municipality and submission to the Auditor General	MFMA Section 122(1)(2)
Receipt of final report from Auditor General	MFMA Section 126(3)(b)
Tabling of Annual Report in Council by Executive Mayor	MFMA Section 127(2)
Allowing for comment by Community and relevant state organs	MFMA Section 127(5)(a) &(b)
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)
Communication of final Annual Report and Oversight Report (website, hard copies and other mediums)	MFMA Section 129(3)

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5.2 Summary of Findings relating to the Annual Reporting Process

The following table summarises the respective findings of the Municipal Public Account Committee relating to the process followed in compiling the Annual Report and resultant Oversight Report in comparison to the process required by statute.

Actions required in terms of legislation	Due Date	Achieved? Yes/No
The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.	24 January 2021	Yes
The council of a municipality must within nine (9) months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.	31 March 2021	Yes

6. Summary of observation Expressed and recommendations

Below are the committee reservations based on its interaction with AGSA's report 2018/2019 as well as committee general observations gathered in its quarterly meetings during the course of the financial year. The observations below will be put on a tracking tool and will be followed up frequently. This will ensure that our observations are actioned, where practical, by administration.

OBSERVATIONS	RECOMMENDATION
Qualified Audit Opinion	That the municipality must work towards achieving an Unqualified Audit Report.
Fragmented Supply Chain function.	- Centralisation of SCM must be expedited. - An Audit Action plan must be formulated to address AGSA findings and mitigate them from reoccurring. - That the municipality reduce the number of deviations. - Expedition of the annual tender to cover the refuse collection, security, workshop, repairing of street lights and high mask.
Procurement through deviations	- That there be a decrease in the extent at which deviations are used for procurement. - There be consequence management on this area as it put

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OBSERVATIONS	RECOMMENDATION
	the municipality in bad light to external stakeholders.
Revenue Collection (Ratepayers also observed this issue around incorrect indigent recipients)	- Management must continuously sought means to vet Indigent applicants to ensure a credible indigent register. Internal Controls on revenue generating section such as Traffic department must be strengthened. - Municipality must consider metering of parking spaces as a revenue strategy.
Water losses. (Ratepayers also observed this issue)	That the team of plumbers must be tasked to fix internal and external water leakages through the whole of Ndlambe.
Use of Consultants	The use of Consultants needs to be assessed by management as this is not sustainable. Workforce must be upskilled to eliminate heavy reliance on Consultants.
Declarations by officials	- That the declarations be made by all officials and councillors who have business interests. - That the AGSA be approached to share its CAATS system with the municipality for it to be able to vet service providers.

7. Annual Report Checklist

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COMMENTS
1. Financial matters – Annual Financial Statements – section 121 (3) MFMA	
Section 121 (3) (a) MFMA (a) The Annual financial statements (AFS) of the municipality, and in addition, if section 122(2) applies the consolidated annual financial statements as submitted to the Auditor General;	The Annual Financial Statements of the municipality are included and signed by the Municipal Manager, Adv. R Dumezweni signed on the 31st October 2020; The municipality does not have an entity.
(b) The Auditor General's audit report is included in the annual report in terms of section 126(3);	The Auditor General's report is included in the annual report;
(c) An assessment by the Accounting Officer on any arrears on municipal taxes and service charges ; (section 121 (3)(e))	The municipality is under collecting revenue as a result of non-payments;

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(d) Particulars of any corrective action taken or to be taken in responses to issues raised in the audit reports referred to in paragraphs (b) and (d) Council should also confirm that the audit report has been forwarded to the MEC	The municipality obtained qualified audit with management issues. The Audit Report was submitted to Provincial Treasury and CoGTA respectively.
(e) An assessment on asset management, as required by section 63(2)(a) of the MFMA	The municipality has appointed service provider to deal with asset management. There were significant issues which were raised during the audit around asset recognition and duplication in the register.
(f) Audit report on leadership.	Management did not provide adequate supervision and review over the operations of the municipality to ensure compliance with laws and regulations and to appoint the necessary skilled staff.
(g) Section 121 (3) (j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality	Audit Committee made recommendations to the municipality, however not all recommendations were implemented by the end of the financial year.
2. Disclosures – Allocations received and made – Section 123 -125 MFMA	
(a) 123 (1) (a) Allocations received and made to the municipality.	It should be noted that the municipality's functionality depends largely on grants; (LGSETA, WSIG, EPWP, FMG, MIG, INEG)
(b) Information in relation to the use of allocations received;	Unspent grant allocation of R1,172,998. It should be noted that the municipality spent 100% of its MIG.
(c) Information in relation to outstanding debtors and creditors of the municipality;	It should be noted that there are on-going engagements with national and provincial departments, but there is a national concern on growing culture of non-payment by our communities; We need effective systems of expenditure control and reasonable steps to prevent fruitless and wasteful expenditures;
3. Disclosures in notes to AFS	
(a) Information relating to benefits paid by municipality and entity to Councillors, directors and officials	It should be noted that the information has been properly disclosed and explanations provided are acceptable and conditions of allocations have been met and they are fully detailed on the AFS;
4. Municipal Performance	
(a) Information on the annual performance reports of the municipality;	The performance report has been included in the annual report. Customer satisfaction surveys was not undertaken to check whether the community is satisfied or not satisfied with the services provided.
(b) Audit reports on performance (section 45, MSA);	The municipality received a disclaimer of opinion on audit of performance.
5. General information	

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(a) Information Technology and systems purchases and the effectiveness of these systems in the delivery of services and ensuring compliance with statutory obligations	For period under review 2018/19, Information and Communication Technology provided and supplied ICT equipment's e.g. computers, printers and 3Gs. The municipality appointed an IT Manager. The Unit provided IT systems, user maintenance and support.
6. Other considerations recommended	
(a) Timing of reports	The annual report was tabled in time on the 24 January 2021.
(b) Oversight committee or other mechanism	The Municipal Public Accounts Committee was delegated the responsibility of preparing the oversight report.
(b) Payment of performance bonuses to municipal officials (section 57 MSA	Only one directorate qualified for performance bonus for the year under review.
(c) Public consultative meetings	Public comments were solicited as planned public hearings had to be cancelled due to the Covid 19 National lockdown declaration.
(d)Annual Report distribution points documented and feedback documented	The Annual Report was placed for inspection at municipal libraries, halls, a copy was posted on the municipality's website and copies

8. Conclusion

In trying to address the over increasing Irregular expenditure which is as a result of old evergreen contracts. The AGSA for the first time has nodded to our irregular expenditure disclosure note, which represents approximately R500 million of regular expenditure from the past five financial years (2012- 2018). This meant that MPAC had to perform investigation on the prior year balance to determine the reasons for such expenditure. Indeed an amount of R222 million has been investigated to date and forwarded to Council to consider writing off /condone.

The MPAC is deeply concerned that there has been an increase in the number of qualifying items as compared to prior year. The committee makes a call to all relevant parties to join hands in addressing these matters so as to ensure improvement in our audit outcomes.

The MPAC commends Council, the Municipal Manager, Directors and all staff of Ndlambe municipality on the strides made towards good governance.

However, there is great room for improvement with regard to;

- improvement of key controls to ensure effective financial management, contract and procurement management, compliance management and;
- that issues raised by both internal and external auditors are addressed effectively.

Having performed the following tasks:

- Reviewed and analysed the 2019/20 Annual Report,

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- Invited, received and considered inputs from the management and council committees, on the Annual Report
- Received and considered Council's audit committee views and comments on the annual financial statements and the performance report and
- Prepared the Oversight Report, taking into consideration, the views and inputs of the public representatives of the Provincial Treasury, organs of state, council's Audit Committee and Councillors

The MPAC has a pleasure in presenting the Oversight Report to Council to consider one of the following resolutions and then to be forwarded to the relevant Departments and Provincial Legislature:

9. Recommendations to Council

COMMITTEE RECOMMENDS, Council to;

- Approve the oversight report with recommendations
- That the Annual Report 2019/20 be adopted without reservation
- That the 2019/2020 Oversight Report of Ndlambe Municipality be made public in terms of section 129(3) of the MFMA, and ;
- That the Oversight Report and Annual Report 2019/20 be submitted to Provincial Legislature in terms of section 132(2) of the MFMA.

.....
MPAC Chairperson

.....
Date

1.ANNEXURE A: Advertisement for public comments

ANNEXURE E

NDLAMBE SCHEDULE OF MEETINGS 2019/2020

NDLAMBE MUNICIPALITY



SCHEDULE OF MEETINGS – 2019/2020 FINANCIAL YEAR

DATE	COMMITTEE	VENUE	TIME	SUBMISSION DATE	DELIVERY DATE
02 July 2019 Tuesday	Municipal Manager's Forum	SBDM	10H00		
03 July 2019 Wednesday	SBDM Council Meeting	SBDM	11H00		
09 July 2019 Tuesday	Municipal Public Accounts Committee (MPAC)	Council Chambers	10H00	24/06/2019	01/07/2019
11 July 2019 Thursday	Audit Committee	Council Chambers	10H00	27/06/2019	04/07/2019
16 July 2019 Tuesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
24 July 2019 Wednesday	IGR (Intergovernmental Relations)	Council Chambers	10H00	10/07/2019	17/07/2019
06 August 2019 Tuesday	Ward 1	Council Chamber, Alex	10H00	17/07/2019	25/07/2019
06 August 2019 Tuesday	Ward 2	Council Chamber, Alex	12H00	17/07/2019	25/07/2019
07 August 2019 Wednesday	Ward 3	Marselle Community Hall	14H00	17/07/2019	25/07/2019
07 August 2019 Wednesday	Ward 4	Council Chambers KOS	10H00	17/07/2019	25/07/2019
06 August 2019 Tuesday	Ward 5	Nolukhanyo Community Hall	17H00	17/07/2019	25/07/2019
07 August 2019 Wednesday	Ward 6	Titi Jonus Multi - Purpose Centre	17H00	17/07/2019	25/07/2019

08 August 2019 Thursday	Ward 7	Kuyasa Combined School	17H00	18/07/2019	26/07/2019
13 August 2019 Tuesday	Ward 8	Jauka Hall	17H00	19/07/2019	26/07/2019
14 August 2019 Wednesday	Ward 9	Jauka Hall	17H00	22/07/2019	30/07/2019
13 August 2019 Tuesday	Ward 10	Council Chambers	10H00	19/07/2019	26/07/2019
20 August 2019 Tuesday	PC: Infrastructural Development Planning	Council Chambers	10H00	06/08/2019	13/08/2019
20 August 2019 Tuesday	PC: Community/Protection Services	Council Chambers	14H00	06/08/2019	13/08/2019
21 August 2019 Wednesday	SBDM Council Meeting	SBDM	11H00		
22 August 2019 Thursday	PC: Financial Management	Council Chambers	10H00	08/08/2019	15/08/2019
22 August 2019 Thursday	PC: Corporate Services and Economic Social Development & Tourism	Council Chambers	14H00	08/08/2019	15/08/2019
23 August 2019 Friday	Training Committee	Council Chambers	10H00	08/08/2019	16/08/2019
27 August 2019 Tuesday	Local Labour Forum	Council Chambers	10H00	13/08/2019	20/08/2019
28 August 2019 Wednesday	SBDM Council Meeting(Special)	SBDM	11H00		
29 August 2019 Wednesday	Municipal Planning Tribunal	Council Chambers	11h00	15/08/2019	22/08/2019
29 August 2019 Thursday	Mayors Forum	SBDM	10H00		
30 August 2019 Friday	Management	Municipal Manager's Boardroom	08H00	To discuss Council agenda	
30 August 2019 Friday	Full Ndlambe Council	Council Chambers	10H00	12/08/2019	20/08/2019
04 September 2019 Wednesday	Management	Municipal Manager's Boardroom	08H00	To discuss EXCO agenda	

04 September 2019 Wednesday	EXCO	Council Chambers	10H00	16/08/2019	26/08/2019
05 September 2019 Thursday	Women's Caucus	Council Chambers	10H00	17/08/2019	27/08/2019
10 September 2019 Tuesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
19 September 2019 Thursday	IGR (Intergovernmental Relations)	Council Chambers	10H00	02/09/2019	09/09/2019
26 September 2019 Thursday	District Wide Infrastructure Forum	SBDM	10H00		
08 October 2019 Tuesday	Ward 1	Council Chamber, Alex	10H00	17/09/2019	25/09/2019
08 October 2019 Tuesday	Ward 2	Council Chamber, Alex	12H00	17/09/2019	25/09/2019
09 October 2019 Wednesday	Ward 3	Marselle Community Hall	14H00	17/09/2019	25/09/2019
09 October 2019 Wednesday	Ward 4	Council Chambers KOS	10H00	17/09/2019	25/09/2019
08 October 2019 Tuesday	Ward 5	Nolukhanyo Community Hall	17H00	17/09/2019	25/09/2019
09 October 2019 Wednesday	Ward 6	Titi Jonus Multi - Purpose Centre	17H00	17/09/2019	25/09/2019
10 October 2019 Thursday	Ward 7	Kuyasa Combined School	17H00	17/09/2019	26/09/2019
08 October 2019 Wednesday	Municipal Managers Forum	SBDM	10H00		
09 October 2019 Thursday	SBDM Council Meeting	SBDM	11H00		
14 October 2019 Tuesday	Ward 8	Jauka Hall	17H00	20/09/2019	30/09/2019
15 October 2019 Wednesday	Ward 9	Jauka Hall	17H00	23/09/2019	02/10/2019
14 October 2019 Tuesday	Ward 10	Council Chambers	10H00	20/09/2019	30/09/2019

09 October 2019 Wednesday	SBDM Council	SBDM	11H00		
17 October 2019 Thursday	Municipal Planning Tribunal	Council Chambers	11h00	03/10/2019	10/10/2019
22 October 2019 Tuesday	PC: Infrastructural Development Planning	Council Chambers	10H00	08/10/2019	15/10/2019
22 October 2019 Tuesday	PC: Community/Protection Services	Council Chambers	14H00	08/10/2019	15/10/2019
23 October 2019 Wednesday	PC: Financial Management	Council Chambers	10H00	09/10/2019	16/10/2019
23 October 2019 Wednesday	PC: Corporate Services and Economic Social Development & Tourism	Council Chambers	14H00	09/10/2019	16/10/2019
23 October 2019 Wednesday	Municipal Managers Forum	SBDM	10H00		
24 October 2019 Thursday	Training Committee	Council Chambers	10H00	10/10/2019	17/10/2019
29 October 2019 Tuesday	I.T. Steering Committee	Council Chambers	10H00	15/10/2019	22/10/2019
30 October 2019 Wednesday	Local Labour Forum	Council Chambers	10H00	16/10/2019	23/10/2019
31 October 2019 Thursday	Open Ndlambe Council	Council Chambers	10H00	11/10/2019	21/10/2019
05 November 2019 Tuesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
11 November 2019 Tuesday	Municipal Public Accounts Committee (MPAC)	Council Chambers	10H00	28/10/2019	04/11/2019
12 November 2019 Tuesday	Audit Committee	Council Chambers	10H00	29/10/2019	05/11/2019
13 November 2019 Wednesday	Mayors Forum	SBDM	10H00		
14 November 2019 Thursday	IGR (Intergovernmental Relations)	Council Chambers	10H00	30/10/2019	07/11/2019
19 November 2019 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		

20 November 2019 Wednesday	Management	Municipal Manager's Boardroom	08H00	To discuss EXCO agenda	
20 November 2019 Wednesday	EXCO	Council Chambers	10H00	01/11/2019	08/11/2019
21 November 2019 Thursday	Women's Caucus	Council Chambers	10H00	02/11/2019	09/11/2019
27 November 2019 Tuesday	SBDM Council Meeting	SBDM	11H00		
03 December 2019 Tuesday	Municipal Planning Tribunal	Council Chambers	11H00	15/11/2019	22/11/2019
06 December 2019 Friday	Management	Municipal Manager's Boardroom	08H300	To discuss Council Agenda	
06 December 2019 Friday	Full Ndlambe Council	TO BE CONFIRMED	10H00	19/11/2019	27/11/2019
14 January 2020 Tuesday	Municipal Public Accounts Committee (MPAC)	Council Chambers	10H00	31/12/2020	07/01/2020
16 January 2020 Thursday	Audit Committee	Council Chambers	10H00	02/01/2020	09/01/2020
21 January 2020 Tuesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
22 January 2020 Wednesday	Municipal Managers Forum	SBDM	10H00		
29 January 2020 Wednesday	SBDM Council Meeting	SBDM	11H00		
30 January 2020 Thursday	Full Ndlambe Council	Council Chambers	10H00	13/01/2020	21/01/2020
04 February 2020 Tuesday	Ward 1	Council Chamber, Alex	10H00	15/01/2020	22/01/2020
04 February 2020 Tuesday	Ward 2	Council Chamber, Alex	12H00	15/01/2020	22/01/2020
05 February 2020 Wednesday	Ward 3	Marselle Community Hall	14H00	15/01/2020	22/01/2020
05 February 2020 Wednesday	Ward 4	Council Chambers KOS	10H00	15/01/2020	22/01/2020

04 February 2020 Tuesday	Ward 5	Nolukhanyo Community Hall	17H00	15/01/2020	22/01/2020
05 February 2020 Wednesday	Ward 6	Titi Jonus Multi - Purpose Centre	17H00	15/01/2020	22/01/2020
06 February 2020 Thursday	Ward 7	Kuyasa Combined School	17H00	17/01/2020	24/01/2020
11 February 2020 Tuesday	Ward 8	Jauka Hall	17H00	18/01/2020	26/01/2020
12 February 2020 Wednesday	Ward 9	Jauka Hall	17H00	21/01/2020	29/01/2020
11 February 2020 Tuesday	Ward 10	Council Chambers	10H00	18/01/2020	26/01/2020
13 February 2020 Thursday	Mayors Forum	SBDM	10H00		
18 February 2020 Tuesday	PC: Financial Management	Council Chambers	10H00	04/02/2020	11/02/2020
18 February 2020 Tuesday	PC: Corporate Services and Economic Social Development & Tourism	Council Chambers	14H00	04/02/2020	11/02/2020
19 February 2020 Wednesday	PC: Infrastructural Development Planning	Council Chambers	10H00	05/02/2020	12/02/2020
19 February 2020 Wednesday	PC: Community/Protection Services	Council Chambers	14H00	05/02/2020	12/02/2020
20 February 2020 Thursday	Municipal Planning Tribunal	Council Chambers	11h00	06/02/2020	13/02/2020
21 February 2020 Friday	I.T. Steering Committee	Council Chambers	10H00	06/02/2020	13/02/2020
25 February 2020 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		
26 February 2020 Wednesday	IGR (Intergovernmental Relations)	Council Chambers	11H00	11/02/2020	18/02/2020
27 February 2020 Thursday	Training Committee	Council Chambers	10H00	13/02/2020	20/02/2020
28 February 2020 Friday	Local Labour Forum	Council Chambers	10H00	14/02/2020	21/02/2020

03 March 2020 Tuesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
10 March 2020 Tuesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
12 March 2020 Thursday	Management	Municipal Manager's Boardroom	08H00	To discuss EXCO agenda	
12 March 2020 Thursday	EXCO	Council Chambers	10H00	25/02/2020	03/03/2020
13 March 2020 Friday	Women's Caucus	Council Chambers	10H00	26/02/2020	04/03/2020
17 March 2020 Tuesday	Municipal Public Accounts Committee & Audit Committee	Council Chambers	10H00	03/03/2020	10/03/2020
25 March 2020 Wednesday	SBDM Council Meeting	SBDM	11H00		
31 March 2020 Tuesday	Management	Municipal Manager's Boardroom	08H00	To discuss Council agenda	
31 March 2020 Tuesday	Full Ndlambe Council	Council Chambers	10H00	12/03/2020	20/03/2020
07 April 2020 Tuesday	Ward 1	Council Chamber, Alex	10H00	18/03/2020	25/03/2020
07 April 2020 Tuesday	Ward 2	Council Chamber, Alex	12H00	18/03/2020	25/03/2020
08 April 2020 Wednesday	Ward 3	Marselle Community Hall	14H00	18/03/2020	25/03/2020
08 April 2020 Wednesday	Ward 4	Council Chambers KOS	10H00	18/03/2020	25/03/2020
07 April 2020 Tuesday	Ward 5	Nolukhanyo Community Hall	17H00	18/03/2020	25/03/2020
08 April 2020 Wednesday	Ward 6	Titi Jonus Multi - Purpose Centre	17H00	18/03/2020	25/03/2020
09 April 2020 Thursday	Ward 7	Kuyasa Combined School	17H00	20/03/2020	26/03/2020
14 April 2020 Tuesday	Ward 8	Jauka Hall	17H00	30/03/2020	03/04/2020

15 April 2020 Wednesday	Ward 9	Jauka Hall	17H00	30/03/2020	03/04/2020
14 April 2020 Tuesday	Ward 10	Council Chambers	10H00	30/03/2020	03/04/2020
21 April 2020 Tuesday	PC: Infrastructural Development	Council Chambers	10H00	07/04/2020	14/04/2020
21 April 2020 Tuesday	PC: Community/Protection Services	Council Chambers	14H00	07/04/2020	14/04/2020
22 April 2020 Wednesday	Municipal Managers Forum	SBDM	10H00		
22 April 2020 Wednesday	Municipal Planning Tribunal	Council Chambers	11h00	08/04/2020	15/04/2020
23 April 2020 Thursday	Training Committee	Council Chambers	10H00	09/04/2020	16/04/2020
24 April 2020 Friday	PC: Financial Management	Council Chambers	10H00	10/04/2020	17/04/2020
24 April 2020 Friday	PC: Corporate Services and Economic Social Development & Tourism	Council Chambers	14H00	10/04/2020	17/04/2020
28 April 2020 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		
29 April 2020 Wednesday	Audit Committee	Council Chambers	10H00	15/04/2020	22/04/2020
30 April 2020 Thursday	Local Labour Forum	Council Chambers	10H00	16/04/2020	23/04/2020
06 May 2020 Wednesday	SBDM Municipal Public Accounts Committee	SBDM	11H00		
07 May 2020 Thursday	Management	Municipal Manager's Boardroom	08H00	To discuss EXCO agenda	
07 May 2020 Thursday	EXCO	Council Chambers	10H00	21/04/2020	28/04/2020
20 May 2020 Wednesday	Mayors Forum	SBDM	10H00		
27 May 2020 Wednesday	SBDM Council Meeting	SBDM	11H00		

29 May 2020 Friday	Management	Municipal Manager's Boardroom	08H00	To discuss Council agenda	
27 May 2020 wednesday	Full Ndlambe Council	Council Chambers	10H00	08/05/2020	18/05/2020
02 June 2020 Tuesday	Ward 1	Council Chamber, Alex	10H00	13/05/2020	21/05/2020
02 June 2020 Tuesday	Ward 2	Council Chamber, Alex	12H00	13/05/2020	21/05/2020
03 June 2020 Wednesday	Ward 3	Marselle Housing Office	14H00	13/05/2020	21/05/2020
03 June 2020 Wednesday	Ward 4	Council Chambers KOS	10H00	13/05/2020	21/05/2020
02 June 2020 Tuesday	Ward 5	Nolukhanyo Community Hall	17H00	13/05/2020	21/05/2020
03 June 2020 Wednesday	Ward 6	Titi Jonus Multi - Purpose Centre	17H00	13/05/2020	21/05/2020
04 June 2020 Thursday	Ward 7	Kuyasa Combined School	17H00	15/05/2020	25/05/2020
09 June 2020 Tuesday	Ward 8	Jauka Hall	17H00	20/05/2020	28/05/2020
10 June 2020 Wednesday	Ward 9	Jauka Hall	17H00	20/05/2020	28/05/2020
09 June 2020 Tuesday	Ward 10	Council Chambers	10H00	20/05/2020	28/05/2020
10 June 2020 Wednesay	Municipal Planning Tribunal	Council Chambers	11H00	25/05/2020	01/06/2020
17 June 2020 Wednesday	PC: Finance Management & Corporate Services	Council Chambers	10H00	03/06/2020	10/06/2020
17 June 2020 Wednesday	PC: Economic Social Development & Tourism	Council Chambers	14H00	03/06/2020	10/06/2020
18 June 2020 Thursday	PC: Infrastructural Development Planning & Housing	Council Chambers	10H00	04/06/2020	11/06/2020
18 June 2020 Thursday	PC: Community/Protection Services	Council Chambers	14H00	04/06/2020	11/06/2020

19 June 2020 Friday	I.T. Steering Committee	Council Chambers	08H00	05/06/2020	12/06/2020
23 June 2020 Tuesday	District Wide Infrastructure Forum	SBDM	10H00		
24 June 2020 Wednesday	Training Committee	Council Chambers	10H00	10/06/2019	17/06/2019
25 June 2020 Thursday	Management	Municipal Manager's Boardroom	08H00	To discuss EXCO agenda	
25 June 2020 Thursday	EXCO	Council Chambers	10H00	11/06/2020	18/06/2020
26 June 2020 Friday	Women's Caucus	Council Chambers	10H00	12/06/2020	19/06/2020
30 June 2019 Tuesday	Local Labour Forum	Council Chambers	10H00	16/06/2020	23/06/2020