



# JOE GQABI DISTRICT MUNICIPALITY

**2018/19**  
Financial Year

VOLUME I



# Consolidated ANNUAL REPORT

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## Chapter 1: Executive Mayor's Foreword and Executive Summary

### 1.1 EXECUTIVE MAYOR'S FOREWORD



As we reach this reporting period, we are immensely pleased with our programme and objective of creating a better life for all residents in the District. A better life for our residents translates to sustainable and liveable prosperous communities. These goals are imperative in the fight against poverty, unemployment and inequalities which are bedevilling our communities. For us to succeed as a government of the people in addressing these social ills a strong and active civil society and business together with functional intergovernmental relations is indispensable.

As guided by the National Development Plan, Provincial Development Plan and the 2016 local government mandate, the District Municipality is unswervingly pursuing Council's community socio-economic

development commitments as adopted for the five year IDP of this term. Top amongst these priorities are:

- Building on achievements made in delivering basic services to our communities in terms of ensuring universal access, quality and reliability of service
- Strengthening community participation and local democracy in order to put people first in all our strides
- Delivering basic services in a more efficient and effective manner
- Strengthening and improving on good governance and a refocus to ensure attainment and maintenance of clean audit outcomes
- Ensuring sound financial management, with a particular focus on improving revenue collection and reducing outsourcing
- Building a capable institution by attracting and retaining highly skilled and professional local government administrators
- Create an enabling environment that strengthens the local economy to grow our gross value added (GVA) to the Provincial and Gross Domestic Product

(GDP) of the country and create the required job creation, with a special focus on the Youth and unemployed graduates

- Support and promote SMMEs and emerging businesses through facilitation and empowerment programmes
- Development and strengthen risk identification and management framework in order to wage an intensive campaign and fight against fraud and corruption

The Council proceeded adequately with the implementation of the IDP, budget and the SDBIP. Several improvements were observed during the year under review. The implementation of the water and sanitation programme was enhanced through the involvement of the Joe Gqabi Economic Development Agency (JoGEDA). The number of people with access to the sanitation programme has seen major improvement. The major challenge that remains is the continuously declining grant funding from government. This is significant as the District relies on this source of funding for infrastructure development and operations programme. Constant engagements and initiatives that are geared towards improving our ability to collect revenue from services is getting the necessary attention. Buy-in from our communities is a major success driver.

The District implements a successful programme of public participation which sought to encourage the public to have meaningful input into the decision-making process and oversight. The District and its local municipalities undertook various community and stakeholder participation initiatives on ongoing basis. The Executive Mayor's Community consultation programme with the community was conducted in all local municipalities in the past financial year. Public participation engagements took place between October and November 2018 in the year under review. A state of the District Address was also held in Ugie in the Elundini local municipality. Local municipalities also consulted their communities throughout the past financial year. Traditional leaders, CDWs, ward committees, stakeholders and sector departments also participated in community engagement sessions.

Issues identified through these engagements ranged from matters of District, local municipalities and other spheres of government's competence. Key issues included lack of/interruptions of water and sanitation services, bad state of roads linking villages (Senqu and Elundini local municipalities), electrification backlogs (Senqu and Elundini local municipalities), high youth unemployment, rising crime rate and inaccessibility of government services such as SASSA, Home Affairs, Economic Development, etc.

As I conclude and reflect on the vision and future actions of Council, the District prides itself over the achievements that have been made over the period under review. Our main challenge going forward is the resolution of the water and sanitation issues, electrification, rural roads backlogs as well as economic development in our District which affect many in our communities. The partnership that has been initiated with the Netherlands government, which is known as the Orio Programme, will continuously be strengthened. The programme has noble intensions of providing water to the rural

areas of the Elundini local municipality. This programme has been delayed due to the international country to country protocols that must be observed.

As part of speeding-up the solution of water and sanitation backlogs in the Elundini local municipality, the Council initiated a front-loading agreement in partnership with the Development Bank of Southern Africa (DBSA). This programme has raised my hopes and wishes for a speedy and comprehensive resolution of the Backlogs in our area.

Going forward, National and Provincial government support should prioritise the newly merged Walter Sisulu local municipality (WSLM) as the municipality that requires urgent financial support in order to deal with unintended consequences of the amalgamation of two debt-ridden erstwhile municipalities, taking into account that the current debt owed by WSLM to ESKOM is just over R200 million.

A strong and resilient cooperation between the District, communities, Council and Administration continues to see our municipality achieve its planned socio-economic development goals towards a trajectory of improved quality of life for our communities. The business community, civil society and our strategic partners' participation and influence in our journey is pivotal.



**Alderman Z.I. Dumzela**  
Executive Mayor  
Joe Gqabi District Municipality

Date: 29<sup>th</sup> May 2020

## 1.2 EXECUTIVE SUMMARY

The compilation and publication of an annual report ensures transparency and accountability for the fiscal and non-fiscal performance including other financial affairs of municipalities and municipal entities through in-year and Annual Reporting. Real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget, SDBIP, service delivery agreement with any municipal entity, performance agreements of senior management and officials, in-year reports covering financial and non-financial information, such as MFMA Sections 71, 72 & 74 and MSA Section 41 among others, annual financial statements, annual performance report and the Annual Report.

This Consolidated Annual Report is aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Consolidated Annual Report have similar and consistent information which facilitates understanding and enables the linkage between plans and actual performance. The above has provided guidance and direction in terms of the process and outcomes of the 2018/19 annual reporting requirement. Performances highlighted in this report incorporate a reflection on how the District has performed against the IDP, Budget and the SDBIP as approved by Council and the Executive Mayor.

From the period 2015/16 financial year to 2018/19 financial year the JGDM provided access to a basic level of potable water to 2 792 households. Access to basic level of potable water has remained at 70 474 h/h which represents 74.1% from the 2015/16 financial year to the 2018/19 financial year. This achievement is expected to drastically improve when the Orio (the funders) programme has commenced. The programme is aimed at providing access to a basic level of water to 107 villages in the Elundini local municipality. The District remains committed to addressing the remaining backlogs with regard to access to a basic level of water. Backlogs are found in the rural areas of the Elundini and Senqu local municipalities.



With regard to ensuring provision of good quality portable water for household consumption, compliance levels [in terms of SANS241] significantly improved from 93% in 2015/16 financial year compliance to 95% in the 2018/19 financial year against the compliance norm of 97%. Though the compliance levels are falling slightly lower than the norms and standards, the District outperformed a number of municipalities nationally and in the Province, including the metros. As far as the sanitation service is concerned, the District has been performing extremely well. The District overachieved its target of 2 000 h/h by 3 435 h/h during the year under review. This meant that the number of households with access to the sanitation service increased from 62 166 h/h (65%) to 85 311 h/h which represents 89.7% access.

The provision of water, especially in villages of the Elundini local municipality has been dependent on the grant funding that was committed by the Netherlands government (the Orio programme) following successfully application and motivation by the District for funding. The availability of this funding is subject to the requirements of the procurement by the Netherlands government and those of the District. The double approval process has caused a number of delays in the implementation of the programme leading to frustrations on the side of the District, Elundini local municipality and communities in that area.

Maintenance is the foundation of safeguarding a sustainable life cycle of an asset. An effective preventative maintained programme and good organisational practices can reduce the occurrences of breakdown and emergency maintenance. The implementation of planned maintenance initiatives result in a reduction in operating expenditure and optimal management of spares and staff. The District is experiencing a number of challenges with regard to the old and aged infrastructure which is almost beyond useful life. Thus, in response to this challenge the District initiated a process of developing an Infrastructure Operations and Maintenance Plan. The development of the Plan started in the 2018/19 financial and will be concluded by September 2019.

With regard to the capital projects performance, the District received various grant allocations for infrastructure development/ and upgrades, the table below shows the grant allocations for 2018/19 FY and expenditures to date. Municipal Infrastructure Grant (MIG) is the capital grant allocation. The Eastern Cape Provincial Treasury Grant is a re-imbursive capital grant. The Water and Sanitation Infrastructure grant (WSIG) is used for both operations and capital and is not solely capital. The District implemented eleven (11) projects across the district [Elundini LM – four projects, Senqu LM - 4 Projects and Walter Sisulu LM - 3 Projects].

DBSA frontloading loan with MIG funds is one of the interventions that were implemented to deal with service backlogs in the Elundini local municipality. The loan secured for JGDM for 2019/20 and 2020/21 financial years is R 145 002 404. The allocation for the current financial year is R72 501 201.50 as distributed in the table below. The expenditure to date is R 2 270 162 (3.1%). The municipality is

implementing two (2) projects across the District in which two projects are implemented in Elundini LM.

With regard to the ECPT Drought Relief grant, the District was allocated R 40 000 000 in 2018/19 FY, and because the grant is a schedule 6, it is transferred to the ECPT, and therefore implemented according to government departments' financial year cycle. ECPT applied for a roll-over of R 14 000 000 to 2019/20 financial year. The expenditure in this report is reflected R35 929 814 (89.8%) by June 2019.

The municipality was allocation was confirmed to the District towards the end of the financial year in the 2018/19 financial year. This was a drought relief mitigation grant which was part of drought averting within the district. The municipality was allocated R 7 673 000 for 2018/19 financial year. The municipality managed to spend R 371 679 by the end of June 2019, and this was due to the fact that the grant was confirmed late in the financial year. This meant that the municipality had to apply for roll-over for the unspent portion of the grant. The unspent portion is R 7 301 320 which if the roll-over application is approved will be the budget for 2019/20 financial year. The expenditure at the end of 2018/19 financial year stood at R2 487 053.

The District aims to provide effective and efficient disaster risk management, fire and rescue services which will be achieved through responding and addressing all reported fire and emergency incidents within the District. The performance on this function can be affected by the fact that other calls may be hoax calls as telephone calls are not tapped. This poses a challenge to the District as it has a potential to derail services to genuine areas of incidents that require responses. The District is able to respond to all reported fire incidents albeit due to the vastness of the District and inadequacy of resources affect the timing of responses. The inability of local municipalities to assume ownership of their share in fire fighting services put additional pressure on the strained resources and capacity of the District. Initiatives to address this matter have been ongoing.

In terms of the function on Municipal Health Services (MHS), the District performs various functions, which include monitoring of various inspections ranging from waste, health premises, public premises, funeral parlour, etc. During this reporting period the District continued to monitor these establishments and waste management, including illegal dumping. EHPs were trained and workshopped on the performance of the MHS function with specific focus on the implementation of by-laws.

The district MHS has seen its performance recognized nationally. As a best practice Provincially and Nationally, the District has been invited by various institutions to share lessons learned. Stakeholders in the Eastern Cape and Free State have engaged the District on this aspect. The MHS bylaws of the Joe Gqabi District have been adopted by SALGA National as national generic by-laws. Empowering and addressing critical public health issues will lessen the burden of disease which if not addressed will have major financial implications and costs for the government. Effective and resourced

MHS will improve the preventative measure and leads to happy and healthy communities.

The District is an implementing agent for the Department of Roads and Public Works (DPW). The function is performed at proclaimed Provincial roads in the Walter Sisulu local municipality falling under the jurisdiction of the former Joe Gqabi Region of DPW. The routine roads maintenance activities, as executed by the District in line with the Service Level Agreement (SLA) between the District and the DPW have been covering a three year period. The District met the annual targets of kilometers of gravel roads to be graded in which 2 800km were planned and 2 562km were achieved with a slight variance of 8.5% due to inclement weather.

Over the years, commencing in 2016 the District created a number of job opportunities. The job opportunities are created through various means, including the Community Works Programme (CWP) and Expanded Public Works programme (EPWP). Other EPWP job opportunities were created through employment of unemployed graduates and through implementation of capital projects. This programme has been implemented by the District over a number of years now emanating from the decision taken at the municipal strategic planning session. In the 2016/17 financial year the District created 888 jobs, in 2017/18 financial year 614 job opportunities were created. In the 2018/19 financial year 920 job opportunities were created. This amounts to a total of 2 422 job opportunities created from 2016/17 financial year and 2018/19 financial year. The achievement in this target is affected by a number of projects being completed and some being delayed. However, in the current period, contractors have been appointed for multiyear projects and there will be no delays going forward which means that more projects should be reported.

The site visits to the MMHF and RAFI pilot were undertaken in March 2019. Two sites (Mcambalala and Hlankomo) where maize and soybeans are planted were visited. The Mcambalala site has got maize planted in 113ha and a few other hectares having soybean. The Hlankomo site has got only soybean planted which totals to 88ha when combined with the portion in Mcambalala. JGDM allocated an amount of R4.2 million rand for the programme to plant maize (113ha) and soybean (88ha) as a 201 ha pilot project implemented by JoGEDA in Elundini Local Municipality using direct planting, for the benefit of communal farmers in the area. Direct planting is a technique used in modern agriculture to ensure that minimal disturbance is done to the soil, thereby protecting it from exposure to extreme weather conditions that reduce fertility overtime. This leads to a build up of fertility and moisture content of the soil which is in line with the requirements of sustainable agriculture.

An amount of R300 000.00 was set aside to implement the programme for the benefit of communal livestock producers to improve quality of their stock in order for them to be able to participate and compete in formal markets where commercial producers are in charge. Forty Dohne Merino rams were purchased and allocated to Regions 24 and 25 of the National Wool Growers Association (NWGA) in Mt Fletcher and Sterkspruit respectively. Two Breeding Schemes in Sterkspruit with over 60 shearing sheds

received 20 rams and 4 shearing sheds in Mt Fletcher received 5 rams each. These rams can service up to 1 200 ewes during the mating season.

The institution has developed and approved a Work Skills Development Plan. The plan identifies training needs aligned to the scarce skills and IDP implementation processes. JGDM has a skills development function whose role is to provide accredited tuition, trainings and workshops to employees of all municipalities, Councillors and the community members. The programme of SMME development within the District has taken a multi-pronged approach. Training of small and emerging business people is a programme of the District that is implemented through JoGEDA. JoGEDA had a partnership with the University of Stellenbosch with an objective of building capacity of SMMEs. In the current year, the training of SMMEs targeted 26 businesses who all graduated after successfully completing the programme. The beneficiaries of this programme are distributed across the District. It is important to have businesses ready to initiate or receive support in order to grow the local economy and address the high unemployment challenge.

The District implemented various training plans which focused on ABET, financial management, management development programme and leadership, municipal governance, specialised technical skills, life skills, legal, LED and planning, Occupational Health and safety, administration, project management and computer literacy.

JoGEDA's effective operationalisation and execution is dependent on the dynamic interplay and inputs from a variety of stakeholders. For the 2018/19 development of strategic partnerships with Sector Departments and State Owned Entities has been prioritised in order to leverage on technical skills, agricultural involvement as well as infrastructure development in the district.

JoGEDA receives its mandate from the Joe Gqabi District Municipality (JGDM), acting through the Executive Mayor and Council. It interacts with the office of Municipal Manager to whom the JoGEDA undertakes compliance reporting in respect of its performance scorecard. In respect of strategic and operational matters the management is accountable to the JoGEDA's Board of Directors which controls and assumes fiduciary duty for the institution. JoGEDA co-ordinates its activities and catalytic interventions, with the support of JGDM and also engages with public sector departments and private sector companies for the implementation of the projects and other development programmes.

JoGEDA's effective operationalisation and execution is dependent on the dynamic interplay and inputs from a variety of stakeholders. In the financial year of 2018/19 the agency has been actively involved in strategic partnerships with Sector Departments and State Owned Entities and this has been prioritised in order to leverage on technical skills and funding. Such strategic partnerships have been established and agreements signed with institutions such:



- Chris Hani Co-operative Development Centre and Elundini Co-operative Development Centre - partnership agreement covers the development of agricultural projects and co-ordination of co-operatives for agri-business development (RAFI).
- University of Stellenbosch – continued partnership agreement covers the development of SMME's through business development programme,
- SMME Development support from ECDC, DEDEAT, Standard Bank, IDC, etc - Sponsorship partnership.

The Agency has strategically positioned itself to undertake multi-functional development programmes or initiatives involving multiple stakeholders and partners.

Over the past few years the District has experienced severe cashflow challenges. It is however through the various initiatives and intervention that have been progressively implemented over the years in order to deal with financial sustainability of the District municipality. The municipality receives various grant allocations for infrastructure development/ and upgrades, the table below shows the grant allocations for 2018/19 FY and expenditures to date. Municipal Infrastructure Grant (MIG) is the capital grant allocation. The Eastern Cape Provincial Treasury Grant is a reimbursive capital grant. The Water and Sanitation Infrastructure grant (WSIG) is used for both operations and capital and is not solely capital.

Revenue enhancement is one of the critical focus areas for the District. The revenue collection and enhancement strategy was developed and adopted by Council. Initiatives being implemented range from Water Demand Management and Conservation programme and improved billing. The billing improvement programme focuses on efficient smart metering for both consumer units and the bulk infrastructure. These initiatives will lead to efficient use of the finite and scarce water resource. The District collected 28% of the billed revenue in the 2018/19 financial year. The target for collections in the current year (2019/20FY) is set at 40%. Pre-paid water installations and credit control are being prioritised in the 2019/20 financial year to increase revenue collection and improve water conservation. Awareness programmes to encourage communities to commit to payment for municipal services are being prioritized in the current year. Bulk meters are also being implemented with an objective of reducing unaccounted for water.

There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts. All confirmed invoices are paid within the norms and standards.

In compliance with the MSCOA implementation requirements, the District has implemented a new financial system following the passing of an mSCOA resolution. The mSCOA implementation plan was also approved. The CFO and budget Manager were appointed as the mSCOA champions who are leading the implementation phases of mSCOA with the assistance and practical hands-on support of the mSCOA oversight

committee which is constituted by the critical functionaries within the District together with Top Management. The Internal Audit Function is responsible for assessment of the progress made on planning, design, development, testing and implementation of MSCOA against milestones as defined by the National Treasury and those milestones as identified in the JGDM mSCOA project plan.

Council established a Municipal Public accounts Committee (MPAC) in November 2011, which meets quarterly. One of the responsibilities of the MPAC is to ensure that Council and its structures are convened according to the Council calendar. Due to its stability, all Council structures meet as planned. With regard to the frequency of meetings, the Council meets quarterly. The Council has sat thirteen times in the 2018/19 financial year. The Mayoral committee meets monthly. The Standing committees meet monthly. Furthermore, for all the above-mentioned structures, special meetings are convened as and when necessary. The Municipal Oversight Committee (MPAC) meets quarterly as per approved Constitution. Various training initiatives to capacitate the MPAC were implemented in the past financial year and these initiatives are implemented continuously. The MPAC through assistance from the internal audit function has managed to assist in the improvement of financial controls and performance information in view of matters raised by the AG.

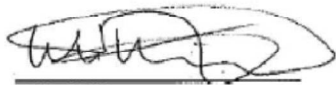
War rooms have been established throughout the District, with the exception of two wards in Walter Sisulu local municipality and one ward in Elundini local municipality. The functionality of war rooms is a challenge in all local municipalities due to various issues. Required intervention on the functionality of the war rooms can be summed up as follows:

- Review of working tools for war room secretaries
- Training of municipal officials and government Departments officials
- Training of ward committee members, Councillors and CDWs to enhance integration into municipal planning system
- Finalise audit of war rooms' functionality, including infrastructure
- Launching of the municipal and District war room
- Facilitation of the development of ward operational plans through the war-rooms.
- Revive war rooms and support capacity building and orientation
- Improve operational budget for war rooms

At the District Municipality, the Local Labour Forum has been established in terms of the bargaining Council agreement. The forum meets monthly and four meetings were held during the last financial year. The District has two unions operating: South African Municipal Workers Union (SAMWU) and IMATU. These unions are also present in all the local municipalities. In both cases, there are no full time shop stewards. The Local Labour Forum (LLF) is functional and meetings are held quarterly and subcommittee meetings are held bi-monthly.

The District has continued to maintain its rating by the Auditor General on the audit results. The District received a clean audit in 2015/16 financial year and in 2017/18

financial year the audit result was a clean audit. The 2018/19 financial year audit is underway. The District municipality through the cooperation and camaraderie leadership provided by both the political and administrative arms continue to be committed to successfully implement Council priorities in order to realize an improved quality of life for the communities of the District. Support and assistance from various players, stakeholders and strategic partners in the service delivery and governance arena is critical in order to realize our objectives and goals.



**ZA Williams**  
Municipal Manager  
Joe Gqabi District Municipality

Date: 29<sup>th</sup> May 2020

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### 1.3 VISION, MISSION AND VALUES

#### **Vision:**

An improved quality of life for all residents

#### **Mission:**

The mission of the District is to 'Fight poverty through stimulating the economy and by meeting basic needs, improving service delivery quality, promoting corporate governance and building the capacity of government and communities within a sustainable environment'.

This mission is premised on the following key elements:

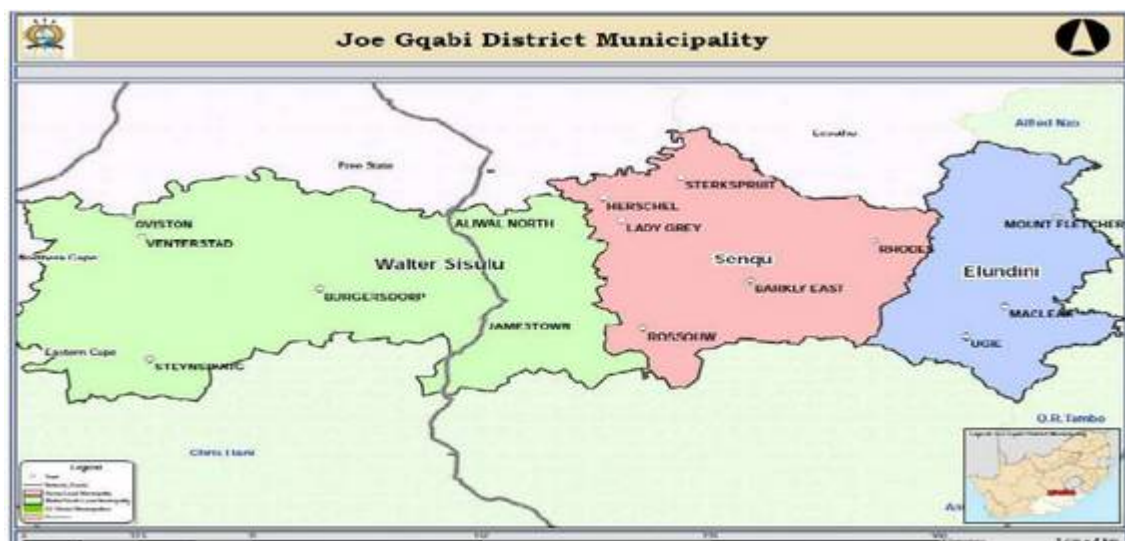
- Stimulate the economy and fight poverty
- Meet basic needs and improve service delivery quality
- Enabling the building of Capacity
- Grow tourism and related businesses
- Grow pro-poor and labour intensive programmes
- Grow agriculture and downstream industries
- Promote sustainable development

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### 1.4 POPULATION OVERVIEW

#### **1.4.1 The Locale**

The Joe Gqabi District Municipality (JGDM) is one of the six District Municipalities in the Eastern Cape Province. The District Head Office is located in Barkly East. Following the amalgamation of the Maletswai and Gariep local municipalities in 2016, the District consists of three local municipalities: Elundini, Walter Sisulu and Senqu local municipalities (see figure 1).



The area and towns of each municipality is shown in table 1 below.

**Table 1: Area and towns per municipality**

Municipality	Area	Towns
Elundini LM	5 065 km <sup>2</sup>	Maclear, Ugie, Mt Fletcher
Walter Sisulu LM	13 269 km <sup>2</sup>	Burgersdorp, Aliwal North, Jamestown, Venterstad, Steynsburg, Oviston
Senqu LM	7 329km <sup>2</sup>	Sterkspruit, Lady Grey & Barkly East, Rossouw, Rhodes & Herschel
District wide (JGDM)	25 663 km <sup>2</sup>	All of the above

As per Statistics South Africa censuses of 2001 and 2011 together with the 2016 Community Survey, the population of the District slightly increased from 341 750 in 2001 to 349 768 in 2011 and 372 192 in 2016 as shown in table 2.

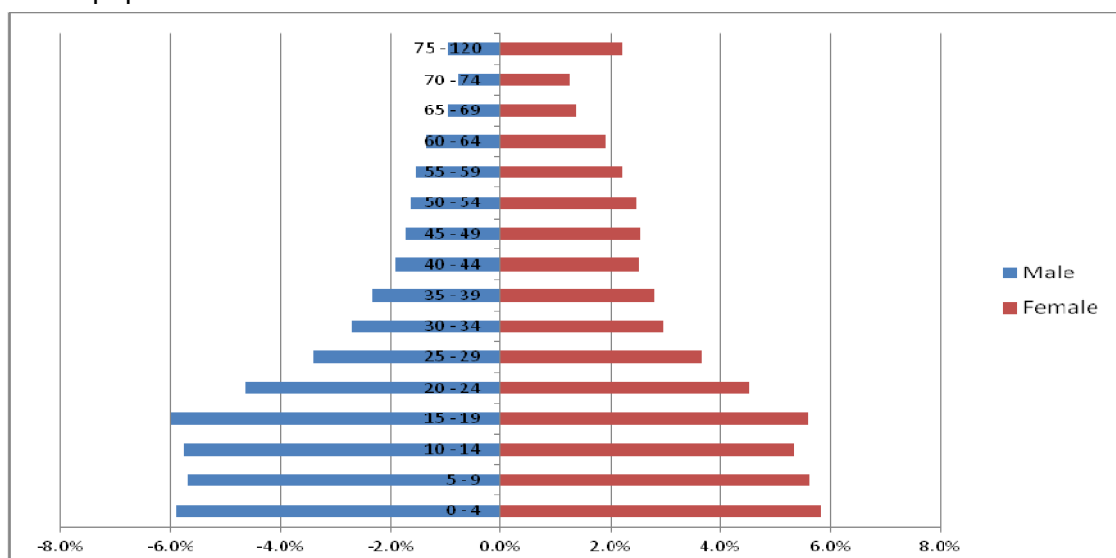
**Table 2: Population and total households**

MUNICIPALITY	POPULATION			NUMBER OF HOUSEHOLDS		
	2001	2011	2016	2001	2011	2016
JGDM	341 750	349 768	372 192	84 835	97 775	95 107
Elundini	137 394	138 141	144 929	33 209	37 854	35 804
Senqu	135 734	134 150	140 720	33 904	38 046	35 597
Walter Sisulu	68 621	77 477	87 263	17 722	21 875	23 706

Source: StatsSA 2001, 2011 and

2016

The population pyramid below shows the distribution of various age groups in the District. This pyramid provides a clear depiction of age and sex distribution of the District population.



Source: StatsSA 2011

## Figure 1: Population pyramid

The pyramid shows the distribution of various age groups in the District. This pyramid provides a clear depiction of age and sex distribution of the District population. In terms of the stages of demographic transition model, the District pyramid appears to be at the third stage, which shows stationary growth and mortality particularly in the 25 to 75+ years cohorts. Moreover, the pyramid shows that the population is generally older on average indicating a generally longer life expectancy, low death rates and low birth rates. Other demographic dynamics are depicted in the tables below.

In 2016, Joe Gqabi District Municipality had a population density of 14.5 per square kilometer and it ranked highest amongst its peers. The region with the highest population density per square kilometer was the Nelson Mandela Bay with a total population density of 646 per square kilometer per annum. In terms of growth, Joe Gqabi District Municipality had an average annual growth in its population density of 0.65% per square kilometer per annum. In terms of the population density for each of the regions within the Joe Gqabi District Municipality, Elundini local municipality had the highest density, with 28.9 people per square kilometer. The lowest population density can be observed in the Walter Sisulu local municipality with 6.48 people per square kilometer.

	Joe Gqabi	Eastern Cape	National Total	Joe Gqabi as % of province	Joe Gqabi as % of national
2016	373,000	7,010,000	55,700,000	5.3%	0.67%
2017	377,000	7,080,000	56,500,000	5.3%	0.67%
2018	381,000	7,160,000	57,400,000	5.3%	0.66%
2019	385,000	7,240,000	58,100,000	5.3%	0.66%
2020	389,000	7,310,000	58,900,000	5.3%	0.66%
2021	393,000	7,380,000	59,600,000	5.3%	0.66%
Average Annual growth 2016-2021	1.06%	1.05%	1.37%		

Source: IHS Markit Regional eXplorer version 1156

## 1.5 SERVICE DELIVERY OVERVIEW

The provision of Water Services is a function of Water Services Authorities in South Africa. JGDM is designated as a water services authority and has the executive authority to provide water services in its area of jurisdiction, either directly by itself or through arrangements with intermediaries as envisioned in legislation and water services national policies. Water Services Planning is therefore undertaken within the District with the assistance of the PMU unit and specialist service providers.

The Water Services Development Plan (WSDP) is a holistic and comprehensive infrastructure assessment and delivery plan to ensure that services are delivered as per the mandate of the local authority. A WSDP is a statutory plan covering a 5-year planning horizon for water services. The WSDP also addresses institutional and financial aspects of the local authority, including the assurance of service delivery

viability. JGDM adopted a WSDP initially in 2008. Like the IDP, it is reviewed annually and as such, another review of the plan was undertaken during the 2018/19 financial year.

The JGDM has also started the development of water and sanitation implementation plans. These plans provide a comprehensive analysis of the status quo in each service area, including information on backlogs, provision of free basic services and service levels in the municipal area. The basic capital financing mechanism for water services is the Municipal Infrastructure Grant (MIG), allocated by the national government in terms of a medium-term financing framework that covers a three-year window.

Maintenance is the foundation of safeguarding a sustainable life cycle of an asset. An effective preventative maintenance programme and good organisational practices can reduce the occurrences of breakdown and emergency maintenance. The implementation of planned maintenance initiatives result in a reduction in operating expenditure and optimal management of spares and staff. Well defined planned maintenance schedule should include all asset types e.g. mechanical, electrical, civil and other infrastructure components required to support service delivery. The District is experiencing a number of challenges with regard to the old and aged infrastructure which is almost beyond useful life. Thus, in response to this challenge the District initiated a process of developing an Infrastructure Operations and Maintenance Plan. The development of the Plan started in the 2018/19 financial and will be concluded by September 2019.

The JGDM operates and maintains all water and sanitation bulk services in its area of jurisdiction. Works that were previously operated by contracted WSP's are now competently operated by JGDM staff. Refurbishment and rehabilitation is undertaken as resources allows. The DM relies on funding programmes of the DWA and COGTA and utilises these whenever opportunities avail themselves. Water Conservation and Demand management (WCDM) is a flagship and continuous intervention that requires external funding support to realize sustainable gains from the programme. The JGDM has Incident Management Protocols to guide interventions in both water and sanitation services to deal with deviations in the running of services that may have adverse effects on the health of the population and the environment as required by the BDS and GDS.

The urban centres of JGDM are provided with waterborne services. The legacy components of these systems are old and have supported to a large extent the roll out of services to all the areas of the urban nodes. This, combined with advanced age, makes this asset base vulnerable as it has been stretched to capacity. A comprehensive GRAP compliant asset register has been prepared and this will provide the start of a documented evidence-based assessment of the state of the infrastructure from a physical and a financial perspective and for budget preparation guidelines. The age of the legacy systems is in excess of 50 years. The state of old infrastructure

means that capital projects focus on refurbishment and improvements to existing services, availability and quality instead of new household connections.

The municipality has to balance the imperatives of new services rollout with the maintenance of the existing asset base. The solution will require an asset investment policy and strategy to balance the needs of new infrastructure including operations and maintenance of existing assets.

From the period 2015/16 financial year to 2018/19 financial year, the JGDM provided access to a basic level of potable water to 2 792 households (h/h). Access to basic level of potable water has remained at 70 474 h/h which represents 74.1% from the 2015/16 financial year to the 2018/19 financial year. This achievement is expected to drastically improve when the Orio (the funders) programme has commenced. The programme is aimed at providing access to a basic level of water to 107 villages in the Elundini local municipality. The District remains committed to addressing the remaining backlogs with regard to access to a basic level of water. Backlogs are found in the rural areas of the Elundini and Senqu local municipalities.

With regard to ensuring provision of good quality portable water for household consumption, compliance levels [in terms of SANS241] significantly improved from 93% in 2015/16 financial year compliance to 95% in the 2018/19 financial year against the compliance norm of 97%. Though the compliance levels are falling slightly lower than the norms and standards, the District outperformed a number of municipalities nationally and in the Province, including the metros. As far as the sanitation service is concerned, the District has been performing extremely well. The District overachieved its target of 2 000 h/h by 3 435 h/h during the year under review. This meant that the number of households with access to the sanitation service increased from 62 166 h/h (65%) to 85 311 h/h which represents 89.7% access.

#### Detailed household breakdown of serviced areas:

Service	2015/16 FY (Actual)	2016/17 FY (Actual)	2017/18 FY (Actual)	2018/9 FY (Actual)	Total (2015 – 2019)	2019/20 FY (Plan)	Overall Access (h/h) T= 95107	% access (2019)
Access to water	2792	0	0	0	2792	500	70 474	74.1%
Access to sanitation	6454	6190	5065	5435	23 144	3000	85 310	89.7%

The provision of water, especially in villages of the Elundini local municipality has been depending on the grant funding that was committed the Netherlands government (the Orio programme) following successfully application by the District for funding. The availability of this funding is subject to the requirements of the procurement by the Netherlands government and those of the District. The double approval process has caused a number of delays in the implementation of the programme leading to



frustrations on the side of the District, Elundini local municipality and communities in that area.

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## **1.6 FINANCIAL HEALTH OVERVIEW**

Revenue enhancement is one of the critical areas for focus for the District. The revenue collection and enhancement strategy, which was developed and adopted by Council was implemented to a greater extent. Initiatives range from Water Demand Management and Conservation programme and improved billing. The billing improvement programme focuses on efficient smart metering for both consumer units and the bulk infrastructure. These initiatives will lead to efficient use of the finite and scarce water resource. The District collected 28% of the billed revenue in the 2018/19 financial year. The target for collections in the current year (2019/20FY) is set at 40%.

There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts. All confirmed invoices are paid within the norms and standards.

In compliance with the MSCOA implementation requirements, the District has implemented a new financial system following the passing of an mSCOA resolution. The mSCOA implementation plan was also approved. The Internal Audit Function is responsible for assessment of the progress made on planning, design, development, testing and implementation of MSCOA against milestones as defined by the National Treasury and those milestones as identified in the JGDM mSCOA project plan.

The municipality receives various grant allocations for infrastructure development/ and upgrades, the table below shows the grant allocations for 2018/19 FY and expenditures to date. Municipal Infrastructure Grant (MIG) is the capital grant allocation. The Eastern Cape Provincial Treasury Grant is a reimbursive capital grant. The Water and Sanitation Infrastructure grant (WSIG) is used for both operations and capital and is not solely capital.

The District municipality following an approval through a Council Resolution secured a front loading loan of R145 002 404 for the 2019/20 and 2020/21 financial years. The allocation for the current financial year is R 72 501 201. This funding will assist in alleviating water and sanitation challenges in the Elundini Local Municipality in Maclear and Ugie.

The municipality was allocated R40 000 000 in 2018/19 through the ECPT Drought Relief grant. As the funds were not fully spent, ECPT applied for a roll-over of R 14 000 000 to 2019/20 financial year, and the municipality will continue to report on the grant until March 2020. The District municipality spent an amount of R35 929 814 (89.8%) by June 2019. In the 2019/20 financial year the municipality is implementing two projects in the Walter Sisulu municipality (Burgersdorp Plantation Sump and

Boreholes which involves construction of plantation sump, pump station and boreholes and access paved road to the WTW, and construction of 6ML concrete storage Reservoir at Burgersdorp WTW which involves 6ML storage reservoir) and one project in the Senqu local municipality (Lady Grey- Sub-Project 4/ Additional storage and ground water supply which involves construction of boreholes with pump houses, connected pipelines and three storage reservoirs) at a budgeted amount of R87 354 553.

For the year under review, the District municipality was allocated an amount of R7 673 000 under the drought relief mitigation grant as part of averting drought disaster within the district. The municipality only managed to spend R 371 679 (5%) by the end of June 2019, and this was due to the fact that the grant was confirmed late in the financial year. This meant that the municipality had to apply for roll-over for the unspent portion of the grant. The unspent portion is R7 301 320, which will be the budget for 2019/20 financial year.

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## **1.7 ORGANISATIONAL DEVELOPMENT OVERVIEW**

The Municipal Manager and his Top Management team of five Section 56 Managers administratively led the institution. The Chief Operations Office and the Manager Water Service Provision report directly to the Municipality Manager and are part of the Top Management Team. All Top Management positions were filled. Top Management is responsible for preparation and submission of agenda items to Council and ensuring implementation of resolutions of Council. Top Management is comprised of all the Section 56 managers and it meets monthly. The monthly meetings flow into the preparation of the agenda for the standing committees, which then flow into the Mayoral committee and into the Council agenda. Seven Section 56 Managers, including the Municipal Manager, have signed performance agreements with the institution and are reviewed annually in line with the IDP and budget.

The District has an objective to fill all budgeted and funded vacant posts. The backlog of positions that remained vacant in this regard stood at 21.5% in the 2018/19 financial year. The majority of posts were not filled due to the re-engineering of the organogram to meet current needs. The District will continue with processes to determine the future of the roads maintenance agreement with the Department of Transport and finalise key water and sanitation sections in the 2019/20 FY, in which the employment of the Roads section staff rely.

At the District Municipality, the Local Labour Forum has been established in terms of the bargaining Council agreement. The forum meets monthly and four meetings were held during the last financial year. The District has two unions operating: South African Municipal Workers Union (SAMWU) and IMATU. These unions are also present in all the local municipalities. In both cases, there are no full time shop stewards. The Local Labour Forum (LLF) is functional and meetings are held quarterly and subcommittee meetings are held bi- monthly.

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## **1.8 AUDITOR GENERAL REPORT**

The District has continued to maintain its rating by the Auditor General on the audit results. The District received a clean audit in 2015/16 financial year and in 2017/18 financial year the audit result was a clean audit. The 2018/19 financial year audit is underway. The AG has exceeded the timeframe for reporting back to the municipality on the result of the audit process. As a result all financial information relating to the Annual Financial statements and the Annual Performance Report were omitted in the draft report albeit included in this report.

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## **1.9 STATUTORY ANNUAL REPORT PROCESS**

The District municipality complied with the key deadlines as far as the annual reporting process is concerned. The IDP budget and Process Plan was developed in consultation with stakeholders and adopted by Council in August 2018. Subsequent to the tabling of the draft SDBIP together with the IDP and Budget documentation in March and June 2018, the Executive Mayor approved the final SDBIP in June 2018 and implementation commenced in July 2018. Monthly financial reports (Section 71 reports) and quarterly SDBIP reports (Section 52 (d)) reports were tabled before the Audit Committee, Council and MPAC in all four quarters. At year end the Annual Financial Statements and Annual Performance Reports were compiled and submitted to the AG albeit AFS were submitted 30 minutes late to unforeseen IT challenges which were later addressed.

## CHAPTER 2 – GOVERNANCE

The JGDM has an executive mayoral system. The District has five standing committees which are chaired by portfolio Councillors who head different portfolios ranging from community services and planning, corporate services, finance and technical services. These standing committees report to the Mayoral Committee that is chaired by the Executive Mayor. The Executive Mayor reports on the progress of implementation of Council resolutions to Council which is chaired by the Speaker of Council. The political component consists of the Executive Mayor, the Speaker, and 24 Councillors.

Council established a Municipal Public accounts Committee (MPAC) in November 2011, which meets quarterly. One of the responsibilities of the MPAC is to ensure that Council and its structures are convened according to the Council calendar. Due to its stability, all Council structures meet as planned.

With regard to the frequency of meetings, the Council meets quarterly. The Council has sat thirteen times in the 2018/19 financial year. The Mayoral committee meets monthly. The Standing committees meet monthly. Furthermore, for all the above-mentioned structures, special meetings are convened as and when necessary. The Municipal Oversight Committee (MPAC) meets quarterly as per approved Constitution. Various training initiatives to capacitate the MPAC were implemented in the past financial year and these initiatives are implemented continuously. The MPAC through assistance from the internal audit function has managed to assist in the improvement of financial controls and performance information in view of matters raised by the AG.

### 2.1 POLITICAL GOVERNANCE



The District is a category C municipality with a mayoral executive system. As guided by Section 80 (1) of the Structures Act, the municipal council appointed in terms of section 79 of the Structures Act, five (5) Standing Committees to assist the Executive Mayor for effective and efficient performance of any of the Executive Functions. The Standing Committees are headed by the Portfolio Committee Chairpersons. The Strategic and Governance Standing Committee which is chaired by Cllr U. Hlathuka oversees all the functions allocated to the Office of the

Municipal Manager, Chief Operations Office and the Institutional Support and Advancement Directorate.

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## 2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager and his Top Management team of five Section 56 Managers administratively lead the institution. The Chief Operations Office and the Manager Water Service Provision report directly to the Municipality Manager and are part of the Top Management team. All Top Management positions were filled. Top management is responsible for preparation and submission of agenda items to Council and ensuring implementation of resolutions of Council. Top Management is comprised of Top Management Team and its meetings sit monthly. The monthly meetings flow into the preparation of the agenda for Council Committees.



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## 2.3 INTERGOVERNMENTAL RELATIONS

An intergovernmental relations framework policy was developed and implemented as a means to strengthen relations between all spheres of government. The District has established various intergovernmental structures. All clusters meet quarterly though issues relating to unavailability of stakeholders remain as a challenge for some clusters.

The District Mayors' Forum (DIMAFO) was established as a Section 79 Committee that is made up of the political leadership of municipalities. DIMAFO has evolved to include all Sector Departments. DIMAFO deals with issues relating to budget and IDP planning and implementation, communications, IGR, Special Programmes as well as internal audit functions and statutory compliance issues. In this way, it serves to promote inter-municipal planning and coordination between the District and local municipalities.

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## 2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION

The IDP preparation process requires an extensive consultation and participation of communities, all role players and key stakeholders in order to achieve shared understanding of the municipal development trajectory and alignment. The main aim of public participation is to encourage the public to have meaningful input into the decision-making process (IDP and budget) and oversight. Thus, through public participation engagements communities were provided the opportunity to participate in the municipal planning, implementation and reporting processes. The District continued to undertake various community and stakeholder participation initiatives during the year under review. The Executive Mayor's Community consultation programme with the community was conducted in all three local municipalities. Local municipalities have also consulted their communities throughout the past financial year and plans to conduct other community engagement sessions are afoot. The District municipality, traditional leaders, CDWs, ward committees, stakeholders and sector departments also participate in community engagement sessions.

Issues identified through these engagements range from matters of the District, local municipality and other spheres of government competence. Thus, a multi-stakeholder integrated and approach is necessary in dealing with the identified challenges. Key issues include lack of/interruptions of water and sanitation services, bad state of roads linking villages (Senqu and Elundini local municipalities), electrification backlogs (Senqu and Elundini local municipalities), high youth unemployment, rising crime rate and inaccessibility of government services such as SASSA, Home Affairs, Economic Development, etc.

To enhance public participation throughout the area, the District established a Public Participation Forum in June 2019. The forum has met twice since its establishment. The District public participation forum is composed of public participation managers/coordinators of the District and local municipalities, COGTA, Office of the Premier, Communications Managers of local municipalities and the District Municipality, IDP Managers of local municipalities and the District municipality and CDW Coordinators. The role of the forum, *inter alia*, is to:

- Discuss issues and challenges pertaining to public participation
- Be a learning and information sharing platform
- Provide guidance on implementation and roll-out of public participation
- Consolidate public participation status quo reports
- Identify public participation matters for the attention of the District Speakers Forum



## 2.5 IDP PARTICIPATION AND ALIGNMENT

Participation in the IDP and budget processes of the municipality has improved over time. The attendance of the DIMAFO was relaxed to allow sector Departments to participate in all meetings. IGR clusters were established and functionality is constantly being monitored and improved, though some functionality challenges remains in some clusters. Sector Departments, municipalities and other District stakeholders participated in the municipal planning activities. Participation forums included the IDP and Budget Representative Forum, Traditional Leaders Forum, Initiation Forum, Moral Regeneration Movement, Farmers Forum, Collaborative Forum (LED), SPU Forum, District Women Economic Empowerment Forum, Transport Forum, Infrastructure Forum (Provincial), Water and Infrastructure Forum, Disaster Management Forum, Waste Forum, Free Basic Services Forum, District Support Team Forum, Anti-poverty Forum (Provincial), Community Works Programme Forum, etc. These forums have ensured that the priorities of the municipality are informed and influenced by inputs and representations from various stakeholders.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

## 2.6 RISK MANAGEMENT

All entities face uncertainty and the challenge for management is to determine how much uncertainty it is prepared to accept as it strives to enhance stakeholder value. With regard to risk management within the District, risk registers were developed and are reviewed annually. Action plans are reviewed quarterly. A risk committee was established and is functional with four meetings held during the year under review. The committee evaluates progress on the action plans. The top five risks for the institution are as follows:

- Social economic status of local area
- Governance
- Regulatory compliance

- Staff turnover
- Implementation of systems and processes

During the year under review, the municipality conducted an annual risk management workshop which assisted in the creating staff awareness and successful development of a risk register which is monitored quarterly. The Risk Management Committee was in place and functional and this continued to assist the municipality in the areas of fraud and corruption. Risk management meetings occurred quarterly and this helped the municipality in keeping the risk register up-to-date and relevant in terms of the status of risks, effectiveness of intervention measures and identification of emerging risks to update the risk libraries.

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## **2.7 ANTI-CORRUPTION AND FRAUD**

This Anti-Corruption Strategy and Fraud Prevention Plan have been developed as an expression and commitment fight corruption. These plans are reviewed annually before the start of each financial year in May. It is also an important contribution to the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

This policy is established to facilitate the development of controls, which will assist in the prevention and detection of fraud and corruption, as well as provide guidelines as to how to respond should instances of fraud and corruption be identified. This policy is also established to give effect to the various legislative instruments as described in the previous section. The policy was reviewed on an annual basis. The implementation of the policy is effective as detected situations are dealt with. All identified cases or allegations of fraud and corruption are immediately pursued and investigated with a zero-tolerance attitude and sanctions. Audit Committee Recommendations are set out in Appendix G.

To strengthen its systems, the District municipality also established a Disciplinary Board. This is a committee established in terms of Regulation 4 of the MFMA Regulations to deal with cases of financial misconduct. It investigates cases and reports to Council and for Council to consider and implement its recommendations.

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## **2.8 SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management (SCM) function of the District is centralized under the Finance Department. This was implemented with a view of strengthening the capacity and ability of the District to comply with the MFMA and National Treasury Regulations. All these mechanisms and systems seek to ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The District has an approved SCM policy which is reviewed annually. Key policy objectives of the policy include the following:



- The Policy includes empowerment goals and objectives which strive towards ensuring that historically disadvantaged individuals (HDIs) are presented an opportunity to participate and function in the mainstream of the economy.
- A supplier development programme is also under consideration.

## 2.9 BY-LAWS

By-laws Introduced during 2018/19 FY					
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
<b>MHS BY-LAWS</b>		YES	July 2017, November 2017, December 2017, January 2018, February 2018, March 2018	YES	11-Mar-19

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes	No
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (2017/18 FY)	Yes	
The annual report (2018/19 FY) to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2018/19 FY) and resulting scorecards	Yes	
All service delivery agreements (2018/19 FY)	N/A	
All long-term borrowing contracts (2018/19 FY)	N/A	
All supply chain management contracts above a prescribed value (rates basis) for 2018/19 FY	Yes	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2018/19 FY	No	
Contracts agreed in 2018/19 FY to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in 2018/19 FY	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during 2018/19 FY	Yes	

Currently all the information required is and as it becomes available placed on the website for public attention. The relevant staff were exposed to various training initiatives which were intended to continue to improve compliance.

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## **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

The District municipality has engaged with communities on matters of satisfaction and feedback on municipal services through various public participation mechanisms. One of the intended outcomes of the Executive Mayors community engagement meetings is to enable the municipality to receive community feedback on the standards and levels of services being provided to the community. Key community service delivery issues relate to backlogs that still exist in areas of water, sanitation, electricity and the bad condition of rural link roads. In addition, issues around planned and unplanned water service interruptions, sewer spillages and vandalism on some of the municipal infrastructure have been highlighted by the communities. The various infrastructure development and refurbishment projects, including the front-loading loan are some of the concerted efforts being implemented by the District to address the identified challenges. The municipality intends to conduct formal public satisfaction surveys in a three-year frequency in order to solicit input and service delivery improvement alternative measures from the communities themselves.

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I**

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### **3.1.WATER SERVICES PROVISION**

The provision of Water Services is a function of Water Services Authorities in South Africa. JGDM (JGDM) is designated as a water services authority and has the executive authority to provide water services in its area of jurisdiction, either directly by itself or through arrangements with intermediaries as envisioned in legislation and water services national policies. Water Services Planning is therefore undertaken within the DM with the assistance of specialist service providers.

Water services planning is done through the Water Services Development Plan (WSDP). There is an improved coordination around water planning both internally and externally. There has been improvement from utilisation of service providers to an internal capacity building drive. This is a learning curve process that will later deal with improving efficiencies. The water services planning teams have first hand information on the status and the challenges on each plant. Over the year under review, the District municipality has observed improvements in how water services planning is approached and implemented.

The District has progressed to focus more on inspection of water and waste water systems to have an improved understanding of the District water systems. Development and analysis of quarterly reports were also achieved to ensure consistent and systematic monitoring of service operations. This, process, which was started in the 2018/19 financial year will enable the District to deal with challenges that relate to water stoppages and sustainable availability of water services. To this effect, during the year under review the District successfully developed water and sanitation services guidelines and standards with the objective of standardising infrastructure development and its related equipment throughout the District. This was all planned and executed internally, which is a major shift from over-reliance on consultants. Internal consultations on this process were conducted. The public and stakeholder consultation sessions are planned to be undertaken in the 2019/20 financial year. The municipality anticipates that the water and sanitation services guidelines and standards document will be completed and approved by June 2020.

From the period 2014 to 2018 the JGDM provided access to a basic level of potable water to 8 573 households. The state of old infrastructure means that capital projects focus on refurbishment and improvements to existing services, availability and quality instead of new household connections. Access to basic level of potable water improved from 69% in 2014 to 82% in 2017. The District remains committed to addressing the remaining backlogs with regard to access to a basic level of water. Backlogs are found in the rural areas of the Elundini and Senqu local municipalities.

The District has been progressively improving the compliance levels with the SANS241 standard. There has been an improvement of 0.1% between the 2017/18FY and 2018/19FY from 94.5% to 94.6%. The compliance target in this area is 97%. The achievement is affected by failures due to a variety of reasons including instances of aging infrastructure, pipe bursts, illegal connections and vandalism. The Municipality is implementing various mitigation actions, which include implementation of District Wide Reservoir Cleansing and Pipe Flushing Programme, review bylaws to have greater legal control over illegal connection, implementation of infrastructure upgrading, public awareness and implementation of staff capacity building where necessary.

The provision of water, especially in villages of the Elundini local municipality has been depending on the grant funding that was committed the Netherlands government (the Orio programme) following successfully application by the District for funding. The availability of this funding is subject to the requirements of the procurement by the Netherlands government and those of the District. The double approval process has caused a number of delays in the implementation of the programme leading to frustrations on the side of the District, Elundini local municipality and communities in that area.

Maintenance is the foundation of safeguarding a sustainable life cycle of an asset. An effective preventative maintained programme and good organisational practices can reduce the occurrences of breakdown and emergency maintenance. The implementation of planned maintenance initiatives result in a reduction in operating expenditure and optimal management of spares and staff. Well defined planned maintenance schedule should include all asset types e.g. mechanical, electrical, civil and other infrastructure components required to support service delivery. The District is experiencing a number of challenges with regard to the old and aged infrastructure which is almost beyond useful life. Thus in response to this challenge the District is in the process of developing an Infrastructure Operations and Maintenance Plan. The development of the Plan started in the 2018/19 financial year and will be concluded by September 2019.

The municipality receives various grant allocations for infrastructure development/ and upgrades, the table below shows the grant allocations for 2018/19 FY and expenditures to date. Municipal Infrastructure Grant (MIG) is the capital grant allocation. The Eastern Cape Provincial Treasury Grant is a reimbursive capital grant. The Water and Sanitation Infrastructure grant (WSIG) is used for both operations and capital and is not solely capital.

<b>GRANT</b>	<b>REVENUE (2018/19FY)</b>	<b>(2018/19FY) EXPENDITURE (30 June 2019)</b>	<b>% EXPENDITURE</b>
Municipal Infrastructure Grant	R 151,815,279.00	R 153,873,622.15	101%
Eastern Cape Provincial Treasury	R 28,583,000.44	R 30,411,762.35	106%
WSIG	R 67,346,000.00	R 60,997,413.84	91%
<b>GRAND TOTAL</b>	<b>R 247,744,279.44</b>	<b>R 245,282,798.34</b>	<b>99%</b>

The loan secured for JGDM for 2019/20 and 2020/21 financial years is R145 002 404. The allocation for the current financial year is R 72 501 201 to implement two (2) projects in the Elundini local municipality as depicted in the table below.

**Table 1: Elundini LM front loading projects**

<b>Project Name</b>	<b>Project Description</b>	<b>Allocation</b>	<b>Progress to date</b>	<b>Challenges</b>	<b>Mitigation plans</b>
Bulk Sanitation Infrastructure Upgrade For Maclear: Phase 3B	The Works comprises of the construction of a bulk gravity collector sewer which will gravitate to the new Brickfield's Pump Station, from where the wastewater is pumped to the existing Wastewater Treatment Works via a new 350mm Ø rising main.	R24 503 384	25% Complete – The project designs have been completed and now the project is on tender stage. Tender has closed on 25 <sup>th</sup> March 2019, and JGDM is busy with Evaluation of Tenders	The delays on finalising the procurement of contractors is starting to delay the planned progress in the project.	None
Maclear Water Treatment and Distribution Upgrade	Civil Engineering Services for Maclear Water Treatment and Distribution Upgrade in the town of Maclear and surrounding townships	R47 997 817	25% Complete – The project designs have been completed and now the project is on tender stage. Tender has closed on 25 <sup>th</sup> March 2019, and JGDM is busy with Evaluation of Tenders	The delays on finalising the procurement of contractors is starting to delay the planned progress in the project.	None
<b>TOTALS</b>		<b>R72 501 202</b>			

Towards the promotion of integrated and coherent sector planning, the District established water forums and these continued to functional throughout the review. The work of this forum was enhanced by the Disaster Management Forum through shared planning and reporting, especially at times of anticipated or actual drought situations.

Critical departments such as the Department of Human Settlements, Water and Sanitation formed part of the forum engagements. The sessions focused on compliance, planning and reporting matters. Through the forum all stakeholders are abreast in terms of water planning and operations. The Human Settlements Department shares its planning with the District municipality and this has improved resource allocated and service delivery.

The Participation of municipalities in attending the forum engagements is a matter that is being improved. To ensure maximum participation the District water forum will be rotating to all municipalities prior to District approval process of planning matters in the District forum to deal with subsequent financial plans and projects. The finalisation of the WSDP has also improved. The District is in a process to develop mutual aid agreements with neighbouring municipalities as parts of the District fall within the OR Tambo and Alfred Nzo District municipality. Some of the developed infrastructure shifted ownership due to boundary redetermination process which requires close cooperation by Water Services Authorities. Political leadership is leading the process of community engagement through the ambit of the forums.

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### **3.2 FREE BASIC SERVICES AND INDIGENT SUPPORT**

The provision of free basic services (FBS) is an established national policy and this is strengthened through fiscal support for the provision of basic services. Free basic services are intended for households that are deemed indigent, either through a means test or through deeming provisions. Means testing is generally the preferred mode of identification. Indigent households are required to register and meet the criteria for indigence. The LM's in JGDM have indigent policies and registers in place and implement FBS. The JGDM has also developed an indigent policy to cover the services that all within its executive authority. Water and Sanitation is the key service provided by JGDM. The policy is reviewed annually. The indigent register is required to be renewed annually due to the mobility of persons and regular changes in the economic situation of households. However, cleansing and verification of the indigent data remains a challenge. Other government stakeholders are being engaged with a view of facilitating sharing of information.

The FBS package for water and sanitation serves as an income support programme and improves the human capabilities of households. The FBS level for water is 6 000ℓ/household/month. The District has also established a Free Basic Services forum with the purpose of coordinating and integrating the delivery of FBS in the District in an efficient and effective manner.

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### **3.3 GRADING OF [SLA] ROADS**

The District is an implementing agent for the Department of Roads and Public Works (DPW). The function is performed at proclaimed Provincial roads in the Walter Sisulu local municipality falling under the jurisdiction of the former Joe Gqabi Region of DPW.

The routine roads maintenance activities, as executed by the District in line with the Service Level Agreement (SLA) between the District and the DPW have been covering a three-year period which has now been altered to be year-to-year. This poses a challenge in terms of enabling the District to perform multi-year planning on implementation and human resource matters. The District met the annual targets of kilometers of gravel roads to be graded in which 2 800km were planned and 2 562km were achieved with a slight variance of 8.5% due to inclement weather. The funding agreement budget is detailed below.

Cost of Construction/Maintenance						
R' 000						
FY	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2016/17 FY	0	0	R31 228 134.35	0	0	0
2017/18 FY	0	0	R26 036 176.18	0	0	0
2018/19 FY	0	0	R27 879 206.03	0	0	0
						T 3.7.4

### 3.4 SPATIAL PLANNING

The District has up to date spatial development strategies and plans. The Spatial Development Framework for the District, Senqu and Elundini local municipalities have been developed and adopted by the respective Councils and these SDF are compliant with the Spatial Planning and Land Use Management Act of 2013 (SPLUMA).

In order to achieve the development aspiration outlined in the District SDF, some of the issues that the District has had to deal through the IGR processes is the development and management of land where portions of towns are under the custodian of traditional leaders as well as the development of land in which water services resources are not able to meet demand thereby constraining development. With a view to arrest this situation, the District is continuing with bulk infrastructure development for water services planning longer than a five year horizon.

For purposes of consideration and decision on land use and development applications within the District all three local municipalities took Council resolutions deciding to establish and join a District Planning Tribunal. This was borne out of a realization that the introduction of SPLUMA required municipalities to have the requisite capacity to establish all the required institutional mechanisms and arrangement to deal with land use and development applications. Subsequent to an assessment that was conducted by the Department of Agriculture, Rural Development and Agrarian Reform, it became clear that it was not feasible for each local municipality to have its own planning tribunal but a District Tribunal would be preferred. The District Council approved a Resolution to establish a Joe Gqabi District Planning Tribunal in 2015. The Tribunal members have been trained on various occasions and processes are at final stages to ensure its first sitting. The last training took place on MPT in September 2019.

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### 3.5 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM)

Economic development is not an end in itself but one important means by which people strive to enhance their well-being. There are several reasons why local government is indispensable to the process of economic development, beginning with their traditional roles of ensuring a secure and stable environment in which economic development can take place. The District municipality has realized that local government can go well beyond the traditional roles of providing roads, water supply, sanitation services, waste management, etc and move to helping existing enterprises to survive and expand, foster new enterprises, arrange workforce development programmes, promote research and development, and take action to ensure that marginalized members of their communities have access to decent livelihoods. Local economic development is a necessary complement to efforts at the national scale.

As its local economic development (LED) arm, the District established the Joe Gqabi Economic Development Agency (JoGEDA) with a mandate to deliver on the economic outcomes envisioned by the District Council. During the Agency's establishment a number of catalytic high impact projects were identified by Council (Aliwal Spa Resort; Maize meat hub feedlot; Senqu Industrial Park; Small Town Regeneration; Elundini Middle Income Housing; SMME Development; Agri-park and support agri-businesses; Rafi Implementation; and Senqu Marketing Board). In the current period of review, JoGEDA targeted the realisation of the following:

- Establishment of more strategic partnerships with the state institutions and agencies to support JoGEDA with technical expertise,
- Sourcing of requisite funding and development of feasibility studies and viable business plans for identified catalytic projects,
- Ensuring that at least one of the catalytic projects gets off the ground.

The organisation's annual performance plan highlights the key performance areas (KPAs) which are measured through specific key performance indicators (KPIs) and hereunder is an analysis of JoGEDA's performance against its KPIs for the financial year 2018/19.

**Aliwal Spa Resort:** During the financial year of 2018/19 financial year the agency there have been discussions between Walter Sisulu local Municipality and JoGEDA in contemplating various operational partnerships and business models that will be adopted in the event that a private partner is secured. The JoGEDA has appointed a successful company that will head the commercialisation of the Aliwal Spa and within their proposal the gambling entertainment is the draw card for the investment to be viable.

Some of JoGEDA's significant milestones and achievements attained so far include the following the facilitation of the gambling license as required by the investor. JoGEDA is engaging the Eastern Cape Gambling Board to source the full gambling casino license or the possibilities of obtaining a Bingo license.



**Maize Meat Hub Feedlot:** The purpose of the maize-meat hub Feedlot in Elundini Local Municipality is to increase income and employment for beneficiaries by developing the red meat value chain in a region which holds competitive advantage within livestock production. Some of JoGEDA's significant milestones and achievements attained so far include the following:

- The Social Facilitation Process has been done and four meetings have been held this quarter, the District Municipality worked much closer with the Agency during this period. This has gone a long way into allaying the fears of ownership of the project amongst the farming community
- After the natural disaster of the July 2018, where gale force winds uprooted poles and the roof structure of the feeding troughs, where mobile offices were also overturned, much of that damage has been completely restored by the Department of Rural Development and Land Reform through the National Agricultural Council of Marketing
- Currently there is a drive to clear out all remaining infrastructure bits and pieces that may have been part of the previous project on that site, with the view of launching the project
- The company secretary is currently working on a draft Lease Agreement that is to govern the relationship between the Co-op and the Agency

**Senqu Industrial Park:** The Senqu Plastic Manufacturing centers around PVC pipe manufacturing and by making use of plant and machinery which was donated to JoGEDA by Senqu Local Municipality. This project is being positioned to become a competitive and self-sustainable manufacturing factory which creates employment in the region. JoGEDA seeks to attract both the private and public sectors to invest and participate in the development of the project. Some of JoGEDA's significant milestones and achievements attained during the period under review include the following:

- JOGEDA is exploring a partnership with TCE Plastics. The establishment of the reconfigured plastic project would yield a successful local manufacturing plant that would produce product which they will buy for distribution and more.
- Application for funding has been submitted to DEDEAT for LRED
- Letter of intent to fund the project was received from the IDC

**Small Town Regeneration:** Senqu Local Municipality has developed Small Town Regeneration Strategy. This feasibility study was developed for the town of Barkly East, Lady Grey and Sterkspruit, to identify which town has a potential for commercial development. The feasibility study that exists reveals a compelling business case for the development of a Community Shopping Centre in Sterkspruit. The agency made an application to be given a parcel of land in order to implement the recommendations of the study. The municipality identified a site which unfortunately was invaded by the community. The project then delayed. The Senqu Local Municipality is resolving the

matter with affected parties through a legal route to prohibit the invaders in occupying the land illegally.

The agency then made an application for erf 101 including adjacent sites to this parcel of land. The municipality also identified 15 Erven that the development agency could develop, however some of these sites were not under the books of the municipality. Some of JoGEDA's significant milestones and achievements attained during the 2018/19 financial year include the appointment of a successful bidder and an offer of R48 million for mixed use development investment for the project.

**Elundini Middle-Income Housing:** JoGEDA has sought technical assistance from the Housing Development Agency to assess developmental merits of the site in Ugie. The Elundini Local municipality gave the entity developmental rights to develop middle-income housing on a 15.6 hectares land in Ugie. For the 2018/19 financial year, the agency signed development agreement for technical support and will work to develop the housing project in Ugie. Some of JoGEDA's significant milestones and achievements attained so far include the following:

- The project steering committee has been established
- The procurement of the panel of professional service providers (PSP) has been completed

**SMME Development:** JoGEDA seeks to incorporate skills development into the catalytic projects implemented by the Agency. The Agency approached institutions of higher learning such as University of Stellenbosch Business School – Enterprise Development Unit to partner with them in training of local entrepreneurs. Some of JoGEDA's significant milestones and achievements attained so far include the following:

- Last period under review marked the first intake in the programme which had 26 participants of which all graduated
- The agency has managed to recruit 23 applicants to join the programme for the 2019/20 financial year period

**Agri-Park and Support Agri-Business:** In the 2018/19 financial year, the development Agency aimed to support the agricultural sector in enhancing economic growth through development of competitive and sustainable agri-businesses in the District, with a special focus on market access for cooperatives and SMME's. Some of JoGEDA's significant milestones and achievements attained so far include the following:

- Coordination of the implementation of the Rural Agro-Industries and Financial Initiative (RAFI), which is a programme intending to strengthen agricultural development and co-operation between South Africa and Argentina through shared programmes and projects – and in turn to benefit rural co-operatives and farmers of the region.

- About 30 000Ha of agricultural land was made available by the JGDM for the implementation of the RAFI project. The land is situated in Lower Tsitsana, Mt Fletcher in Elundini Local Municipality
- Out of the 30 000Ha, 50% was allocated for Soybean production, 20% for maize, 12% for sunflower and sorghum. The remaining 18% was allocated for wheat, barley and Lucerne.
- Harvesting has commenced on the project.

**RAFI Implementation:** The site visits to the MMHF and RAFI pilot were made on Wednesday, 27 March 2019 as arranged by JoGEDA for their board members to check the status of the pilot. The visit started in the Maize Meat Hub where the board was shown the facility and informed of the challenges encountered including vandalism and theft that have taken place. Two sites (Mcambalala and Hlankomo) where maize and soybeans are planted were visited. The Mcambalala site has got maize planted in 113ha and a few other hectares having soybean. The Hlankomo site has got only soybean planted which totals to 88ha when combined with the portion in Mcambalala. Both these crops were progressing well with rangers in each site preventing livestock from getting into the fields as they were not fenced. DRDAR has however delivered fencing material for these sites though inadequate. Counting of all the material is being done to properly make estimates of the actual amount of material needed for both sites so that a process of requesting the balance can also begin as soon as possible.

The site visits to the MMHF and RAFI pilot were undertaken in March 2019. Two sites (Mcambalala and Hlankomo) where maize and soybeans are planted were visited. The Mcambalala site has got maize planted in 113ha and a few other hectares having soybean. The Hlankomo site has planted soybean on 88ha when combined with the portion in Mcambalala. JGDM allocated an amount of R4.2 million rand for the programme to plant maize (113ha) and soybean (88ha) as a 201 ha pilot project implemented by JoGEDA in Elundini Local Municipality using direct planting, for the benefit of communal farmers in the area. Direct planting is a technique used in modern agriculture to ensure that minimal disturbance is done to the soil, thereby protecting it from exposure to extreme weather conditions that reduce fertility overtime. This leads to a build up of fertility and moisture content of the soil which is in line with the requirements of sustainable agriculture.

**Senqu Marketing Board:** The JGDM, its agency JoGEDA and Senqu Local Municipality (SLM) have recognised an opportunity to create platform for local businesses and municipalities to publicize notices, market local businesses, disseminate information, etc. This outdoor electronic advertising billboard should operate 24/7 - 365 days. In the 2018/19 financial year, the development Agency facilitated the launch of the marketing board. Some of JoGEDA's significant milestones and achievements attained so far include the following:

- A Request for Expression of Interest was issued and an appointment of a service provider was made

- Appointment has been done; the agency is waiting for the part payment from the parent municipality in order to proceed with the project.

In the financial year under review, out of a total of 41 set targets, 36 were achieved. Detailed on variances and corrective action are contained in appendix. The development agency managed to achieve 87.8% of its set targets.

Strategic Goals Per Programme	No. of Planned targets	No. of targets Achieved	No. of targets Not Achieved
Serve as primary and principal vehicle for economic development & investment within district	22	17	5
To establish a well-resourced and well-staffed institution that supports the agency's strategy	6	6	0
To establish effective governance procedures and efficient management systems	9	9	0
To ensure financial sustainability	4	4	0
Total achievement	41	36	5
Performance scored card	87.8%		

**Livestock Improvement Programme:** An amount of R300 000 was set aside to implement the programme for the benefit of communal livestock producers to improve quality of their stock in order for them to be able to participate and compete in formal markets where commercial producers are in charge. Forty Dohne Merino rams were purchased and allocated to Regions 24 and 25 of the National Wool Growers Association (NWGA) in Mt Fletcher and Sterkspruit respectively. Two Breeding Schemes in Sterkspruit with over 60 shearing sheds received 20 rams and 4 shearing sheds in Mt Fletcher received 5 rams each. These rams can service up to 1 200 ewes during the mating season. Given the constantly improving quality of wool produced by communal wool producers in the District, this initiative is meaningfully contributing to ensure that these producers continue to improve their productivity. This is further shown in the statistics from NWGA for 2017/18 financial year on wool production that, JGDM as a third largest communal wool producer after Chris Hani and OR Tambo, goes on to fetch the highest price than these two top producing Districts when it comes to wool sales due to its high quality.

**EPWP job creation:** Over the years, commencing in 2016 the District created a number of job opportunities. The job opportunities are created through various means, including the Community Works Programme (CWP) and Expanded Public Works programme (EPWP). Other EPWP job opportunities are created through employment of unemployed graduates and others job opportunities through implementation of capital projects. This programme has been implemented by the District over a number of years now emanating from the decision taken at the municipal strategic planning session. In the 2016/17 financial year the District created 888 jobs, in 2017/18 financial year 614 job opportunities were created. In the 2018/19 financial year 920 job opportunities were created. This accounts for a total of 2 422 job opportunities created

from the 2016/17 financial year to the 2018/19 financial year period. The achievement in this target is affected by a number of projects being completed and some being delayed. However, in the current period, contractors have been appointed for multiyear projects and there will be no delays going forward which means that more projects should be reported in the 2019/20 financial year.

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### **3.6 TRAINING AND SKILLS DEVELOPMENT**

The institution has developed and approved a Work Skills Development Plan. The plan identifies training needs aligned to the scarce skills and IDP implementation processes. JGDM has a skills development function whose role is to provide accredited tuition, trainings and workshops to employees of all municipalities, Councillors and the community members.

The programme of SMME development within the District has taken a multi-pronged approach. Training of small and emerging business people is a programme of the District that is implemented through JoGEDA. JoGEDA has a partnership with the University of Stellenbosch to training a number of SMMEs. In the current year, the training of SMMEs targeted 26 businesses who all graduated after successfully completing the programme. The beneficiaries of this programme are distributed across the District. It is important to have businesses ready to initiate or receive support in order to grow the local economy and address the high unemployment challenge.

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### **3.7 SPECIAL PROGRAMMES AND MAINSTREAMING**

During the year under review, the District initiated processes of establishing National Youth Development Agency (NYDA) District offices to empower youth on issues such research, awareness campaigns on social ills confronting the youth and available youth development opportunities. In this period, the District managed to identify and secure space for the NYDA District office in Lady Grey. NYDA was also engaged to install the necessary infrastructure to enable the office to function. To this effect a MoU between the District and Senqu local municipality was signed. Assessments of the readiness for the office space are undergoing to ensure recruitment is finalised.

The Sondela Youth Festivals is one of the youth development programmes that seek to bring the young people together and development local artists. The programme also seeks to bring about enhanced social cohesion within the communities of the District, with a focus on the youth. The outcome of the programme should be a legacy in which development infrastructure, development of small businesses, skilling the youth, tourism promotion as national artists participate in the programme thereby drawing a large number of people across the country and abroad to converge within the District. This programme will also leave a legacy in which the available infrastructure, such as tourist resources, stadia, etc will be developed.

## Projects

Project name	Objective	Budgeted amount	Comment
Sondela Youth Festival	Showcasing talent and development of youth	R1 000 000	Other funds were raised through sponsorship

The District is legislatively compelled to drive, coordinate support and resource (both human and capital) to initiation forums and committees as well as customary male initiation schools during the initiation seasons. (4) Establish a committee on tradition, culture and customs and provide the necessary support to such committee and support a safe and healthy initiation programme. Over the period under review the District continued to support the programme through grading of roads and other support to circumvent any preventable deaths.

Awareness campaigns were also done before the start of the season targeting the Barkly East in Senqu local municipality and Ncembu in Elundini local municipality. Monitoring is performed through the District and reporting and evaluation is conducted and a report tabled to the Provincial Initiation Technical Task Team. Traditional leaders drive the initiation programme through facilitation and leadership. The District also had functional traditional leaders' forum which is supported and coordinated by the District Municipality wherein four meetings were held in the financial year. Local Initiation Working committees were also established in each town in order to have a close interaction and dissemination of information with the communities.

Job preparedness workshop was conducted in which youth were exposed to interview process, job hunting processes which was conducted in Lady Grey, Maclear, Burgersdorp covering all local municipalities within the District. Youth from other town were transported to these venues.

The District AIDS council continued to coordinate and support implementation of HIV and AIDS programmes within the District. The focus for the year was on workplace awareness campaigns in which five workshops on HIV and TB in various satellite offices (Maclear, Barkly East, Lady Grey, Aliwal North and Burgersdorp) of the District. A staff wellness programme in which all the employees of the District municipality were also held as planned. The wellness programme focussed on cancer, HIV and AIDS, physical fitness (10km fun-run and 5km fun-walk, including other sporting activities) and Financial Management. Four District AIDS Council meetings were held as planned which forum was established as one of the coordination efforts by the District municipality.

In support of special groups through cooperation with civil society groups, the District hosted a Spanish International work-camp in July 2018. Students from Retamar (an all-male centre of education centre–Grade 12 equivalent) visited the District for purposes of doing community work and travel experience. Khaya Lokukhanya Cluster

Foster Home was adopted as a community project that the education centre will continue to support. The group engaged in various activities, including:

- Construction of a new Foster Cluster Child Care Facility (Foster Care Centre) linked to Khaya Lokukhanya to provide more space for children in need of these services.
- Extensive renovations to the old building situated at 7 De Villiers Street, Barkly East that is utilised as an Early Childhood Development Centre linked to Khaya Lokukhanya
- Painted nine community homes that were identified by the Department of Social Development and Masipilisane Home Based Care in Barkly East.

The Women in Tourism (WiT) Programme commenced in 2013 as a platform to drive initiatives that support the development and empowerment of women in the tourism sector. Its interventions included training on personal development, supporting women to develop a competitive advantage in their businesses and provision of capacity building initiatives. This is to be achieved by establishing Women in Tourism branches at a Provincial, Regional and Local Level. The District currently has three Women in Tourism branches that are in the establishment phase.

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### **3.8 MUNICIPAL HEALTH SERVICES**

In terms of the District function on Municipal Health Services (MHS), the District performs various functions, which include various inspections ranging from waste, health premises, public premises, funeral parlours, business premises, etc. The District has elected to tackle MHS compliance with a developmental and educational approach. The initial assessment and outcomes are more focused on identification and resolution. Drastic steps are then immediately taken in cases of where no improvement is observed. In cases where high health risks are identified immediate closure notices are issued due to the zero tolerance on extreme health hazards per the by-law.

Due to exemplary execution of the MHS function the District managed to scoop the following award during the year under review:

- Best in National Audit with an attainment of 85% score on compliance in relation to National norms and standards
- Best practice case on MHS bylaws
- District MHS by-law adopted by SALGA National as national generic by-laws for the country
- Best Environmental Project award at a National level

During this reporting period, the District continued to monitor these establishment and waste as the set target of 2 inspections of 95 health establishment premises was achieved. At the year end the District reported that 2 inspections of each of the 91 health establishment premises and 1 inspection of 6 health establishments were

achieved. The ratio of EHP to the population is below the national norm and this affects the service. The District municipality will continue with the inspections and enforcement in the new-year. EHPs were trained and workshopped on the performance of the MHS function with specific focus on the implementation of bylaws and this will be continued going forward.

The district MHS has seen its performance recognized nationally. The District was selected as a best practice case. Due to the national recognition, the District has been invited by various institutions to share lessons learned. Stakeholders in the Eastern Cape and Free State have engaged the District on this aspect.

The MHS bylaws of the Joe Gqabi District have been adopted by SALGA National as national generic by-laws. The District has further and continues to engage in various by-law enforcement initiatives which have included coordination of stakeholders, including the South African Police Service (SAPS) towards enforcing public health protocols with an objective of proactively coordinating the well-being of public thereby reducing the strain on the public health facilities and resources. Stakeholder coordination and cooperation is critical to effectively implement the MHS function as the relevant performance areas extend beyond a single stakeholder. For instance, the management of waste sites and illegal dumps in the entire District is a serious predicament that requires intervention from local municipalities and communities. Empowering and addressing critical public health issues will lessen the burden of disease which if not addressed would bear major financial implications for the government. In addition, effective and resourced MHS will improve the preventative measure and lead to happy and healthy communities in the future.

Despite some remaining challenges with regard to compliance in the existing public premises in the District, there is an increase of opening of new non-compliant food trading premises. EHPs managed to close new businesses that were newly opened without Certificate of Acceptability (CoA) and other health related certificates. Non compliance has been found in various establishments including schools and health establishments. Shortage of resources to the EHPs to effectively execute their function is one of the challenges that the institution confronting.

One of the priorities of the District is awareness. During the year under review, the country was confronted by *listeriosis* albeit no incidents or cases were reported within the District. As proactive preventative intervention, the Municipal Health Services conducted awareness drives through engagements on radio stations, schools and community during the World Environmental Health day. Pamphlets were also issued to educate communities about the symptoms and preventative measure against *listeria* infection. During the 2018/19 financial year drought situation the District also implemented extensive programmes on basic hygiene educate to reduce chances of communities acquiring water borne and other contagious infections.

In implementing the proactive preventative intervention strategy, food samples from all milk palours, processing establishments and butcheries from the District as well as



selected food outlets were tested in partnership with the National Department of Health office from such as butcheries. This assisted the District with access to the concomitant testing equipment. Some contaminants and pathogens were identified in one of the establishments during the sample analysis exercise leading to issuing of closure notices with recommendations to resolve the identified problems. All food staffs that were affected were removed from all the affected establishments. Awareness campaigns were conducted in all identified risk areas with the theme 'global food safety and sustainability'. Blitzes were also conducted in food premises to deal with the challenge of fake foods in collaboration with other Departments such as SAPS, DEDEA and local municipalities.

With regard to enforcement, the District conducted health surveillance of public and business premises within the District area with the aim of imposing compliance in such premises. Monitoring of sewerage spillages and illegal waste sites was also performed by the District. Compared to the previous financial years there has been major improvements in the management and resolution of the sewer spillage challenge though challenges remain in Burgersdorp, Sterkspruit, Maclear and Ugie. Some of the challenges are due to usage of septic tanks as a result of lack of infrastructure to channel sewer to the treatment works. An infrastructure investment programme is being executed including projects that are implemented through the DBSA front loading programme to address this challenge.

The District is more rural and is then characterized by high levels of backlogs leading to business and public premises not inspected regularly as per the standards. Access roads, bridges and the vastness of the District pose a serious challenge. As a result the levels of compliance in remote areas are higher compared to the urban areas and townships. A number of business premises operate without the necessary permits.

To enforce compliance, the District developed the Joe Gqabi Municipal Health Services by-law and it was published in March 2019 for public engagement. The by-law sought to enable the municipality to promote and protect the well being of all people within the municipal area by providing an effective legal and administrative framework to manage Municipal Health Service obligations. As a result of the ground breaking nature of the by-law, the District won a 'best Environmental Project' award at a National level. Moreover, EHPs were trained and are now qualified as law enforcement officers and peace officers. This improved the capacity of the District to enforce the by-law.

Successful implementation of Environmental Health Services depends on cooperation between all affected parties such as government departments and municipalities. The legal mandate on creation and maintenance of safe and healthy environment requires multi-stakeholder actions and this area has been faced with challenges. Improved intergovernmental cooperation will lead to improvement in areas such as illegal dumping, compliance of waste sites, compliance by early childhood development centers.

Project Name	Objective	Budgeted Amount	Amount Spent	Comments
<b>Development of Municipal Health Services by-law</b>		R0 (operational)	R0 (operational)	This was developed internally. This has made the by-law more practical and implementable.
<b>Surveillance of Public and business premises</b>	Aimed to assess hazardous and unsatisfactory health conditions on all public and business premises within the District	R0 (operational)	R0 (operational)	The project intended to ensure that the MHS services reach all the remote areas of the District

### 3.9 DISASTER MANAGEMENT, FIRE AND RESCUE SERVICES

Climate change impacts will affect disaster management, infrastructure and human settlements in several ways in Joe Gqabi District Municipality. Increases in the severity of storm events, gale force winds, drought, severe flooding and similar risks will damage infrastructure and social life and it may also lead to a loss of industrial productivity, service delivery and social disruptions. With this realization the District developed and adopted a Disaster Risk Management Plan which outlines proactive identification of disaster risks, disaster preparedness, mitigation and recovery strategies. The District aims to provide effective and efficient disaster risk management, fire and rescue services which will be achieved through responding and addressing all reported disaster incidents.

The District reviewed and adopted its Disaster Risk Management Plan to deal with disaster management and planning within the District. Vulnerability and risk assessment linked to the frequent snow incidents and approval of an incidence protocol was developed in consultation with all stakeholders.

The Disaster Management Centre (DMC) has been established. The roles and responsibilities of the centre are to coordinate, plan, prevent, mitigate and respond to disaster and fire incidents. In addition, local offices have been established by the District in each local municipality in Mount Fletcher, Burgersdorp, Aliwal North and Lady Grey. With the merger of former Gariep and Maletswai local municipalities, the District initiated a process to integrate the Burgersdorp and Aliwal centers into a single unit which represents the newly formed Walter Sisulu Walter Sisulu local municipal satellite office. The Disaster Centre is in a process of developing the Cross Border Mutual Aid Agreements with neighbouring municipalities and Districts offering disaster and fire services in an attempt to cater for risks and community vulnerabilities.

In order to deal with veld and forest fires, the District has entered into agreements with local farmers and local municipalities. The District also entered into a formal agreement with the working on fire programme with a focus of increasing the available human resources. The Provincial Disaster Management centre also provides support as and

when required. Good relations with the farming community which process allows for shared resources usage, also enable the District to respond to fire incidents with high levels of success.

Project Name	Objective	Budgeted Amount	Amount Spent	Comment
Procured 1 multi-purpose response vehicle (as part of the Mutual aid assistance programme with the Department of Environmental Affairs)	To respond to all fire related incidents	R1 387 915	R1 387 915	The vehicle is designed for both rural and urban to deal with structural and veld fires. This has increased the response capacity of the District
Review of Disaster Management Policy Framework	To align with Provincial and National Policy	R0 (operational budget)	R0 (operational budget)	The document is in draft stage. The document will be completed by June 2020
<u>Draft</u> Disaster Management Plan	To enable the District to respond to Disaster and outline and mitigate common and likely Disasters	R0 (operational budget)	R0 (operational budget)	The document is in draft stage. The document will be completed by June 2020
PPE equipment (as part of the Mutual aid assistance programme with the Department of Environmental Affairs)				Mutual aid assistance programme with the Department of Environmental Affairs Procured PPE for fire fighters and reservists Shared service model

With regard to community awareness programme, the District municipality conducted ongoing integrated community disaster and fire awareness sessions in various areas throughout the District. The focus awareness sessions focused on improving understanding of disaster management procedures, fire safety tips as well as sharing of information on the drought situation and seasonal weather focus. These programmes were implemented with greater successes recorded in the urban areas compared to the rural areas. Supplementary initiatives are being explored with an objective of extending the programme to rural areas. Ward committees, traditional leaders and councilors actively participated on the programme.

Hoax calls pose a challenge to the District as they potentially derail reaction to genuine incidents. A disaster incident register which serves as a tool to register and track reported disaster and fire incidents is in place. During the 2018/19 financial year, the District was able to respond to all reported incidents albeit due to the vastness of the District and inadequacy of resources response times were extended in some cases. The inability of local municipalities to assume ownership of their share in fire-fighting services exerts additional pressure on the already strained resources and capacity of

the District. Initiatives and engagements to address this matter with the local municipalities and the Province are ongoing. Due to how powers and functions are spread throughout government institutions and agencies, some cases are referred to the local municipalities, Department of Social Development, Department of Human Settlements or the Department of Local Government and Traditional Affairs. An incidence of slow response rate to resolving reported disaster incidents remained as a challenge. The matter is getting the necessary attention after being elevated to relevant intergovernmental platforms.

The District has twenty eight (28) fire fighters currently in service. The extent of meeting minimum requirements has improved significantly in terms of strictly applying the necessary requirements for fire-fighting skills. Project Management, monitoring and evaluation skills have been identified as critical skills requiring implementation for both fire and Disaster services. During the period under review and going forward, the District received support through the National Disaster Management Center which focused on fire investigations. The Provincial Disaster Management Centre together with the District has plans to train fire fighting and disaster management officials on search and rescue operations.

As with disaster services, the District strives to respond to all reported fire incidents. In the 2018/19 financial there were reported incidents in Mt Fletcher in which the District municipality could not respond to a reported incidence due to non-availability of vehicles. The old equipment leads to huge expenses due to concomitant hiring of vehicles for Mt Fletcher, Lady Grey, Aliwal North and Burgersdorp areas. The service is growing in a modest rate due to local municipalities not assuming their role as far as the fire services function is concerned. Elundini local municipality has started to move towards the implementation of the function. The matter is being discussed at relevant intergovernmental platforms including the Provincial Disaster Management center for intervention and resolution.

Employees: Disaster Management					
Job Level	2017/18 FY	2018/19 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	N/A
4 - 6	0	1	1	0	0%
7 - 9	0	0	0	0	N/A
10 - 12	2	3	3	0	0%
13 - 15	0	0	0	0	N/A
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	N/A
<b>Total</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0%</b>

Employees: Fire and Rescue Services
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Job Level	2017/18 FY	2018/19 FY			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		0	0	0	N/A
4 - 6		29	23	6	79%
7 - 9		10	5	5	50%
10 - 12		0	0	0	N/A
13 - 15		2	2	0	0%
16 - 18		0	0	0	N/A
19 - 20		0	0	0	N/A
<b>Total</b>		41	30	11	73%

### 3.10 LEGAL SERVICES

One of the key priorities of the Legal Services function of the municipality was to ensure that Councillors and staff declared their interests for the year under review. In terms of the applicable legislation, Councillors should declare within 60 days of the start of the financial year and staff by the end of the first quarter of the financial as per Declaration of Interests policy of Council. About 100% of staff made their declarations timely and 100% Councillors also declared. This represented a significant improvement compared to the prior year which was due to implementation of disciplinary measures. Disciplinary measures are being enforced through the Legal Services Section, Rules and Ethics Committee as well as the MPAC.

The municipality annually reviews and adopts its policies. All policies of the institution were reviewed and adopted by the Council in May 2018 and September 2018. This followed a thorough process of consultation with user Departments and Council Committees. The Legal Services section seeks to ensure compliance of all with policies with applicable legislative prescripts. Challenges were experienced on policies that required consultation with organised labour through the LLF. This led to delays in Council adopting the pertinent policies. To deal with this challenge, LLF subcommittees were established and this has eased the workload and improved the timing of adoption of policies.

With a view to enhance compliance with legislation and policies, the District Municipality drafted compliance tools which were developed in partnership with the Audit Committee. As this is a new initiative, a change management process that aims to improve response rates to the templates and the general improvement in compliance is being implemented.

### 3.11 HUMAN RESOURCES DEVELOPMENT

During the year under review the municipality initiated a programme of re-engineering, reviewal and implementation of all organisational development related processes. The programme entails development of processes linked to the development of an organisational structure, job specifications and descriptions, skills audit and skills profile for the municipality, ensuring inter and intra departmental alignment of functions, placement of staff as well as the calculation of all salaries linked to such placement in line with the SALGBC prescripts. The outcome of this process can be summed up as follows:

- Design/development and review of a comprehensive first level organisational structure for the Municipality.
- Development of Job Descriptions for the entire municipality in the SALGBC, Task format and task grading.
- Development of a detailed skills audit /profile for the municipality
- Development of a Placement Policy to formalize and guide the placement process

The District identified a need to update and automate integrated human resource management processes, with a focus on a systematic approach to conversion of manual systems to self service automation. Amongst others, this will improve areas such as leave, time and attendance between the main office and the satellite centres. These systems will be integrated with the financial system of the municipality, Sebata, though there are some functionality related issues with it. The District continues to engage with the service provider and the Provincial Treasury in resolving the matter.

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### **3.12 SUPPLY CHAIN MANAGEMENT**

The role of the supply chain management function of the municipality is to fulfil municipal procurement needs, manage contracts and manage insurance and municipal assets. The municipality is dealing with inability to attract the relevant skills and the municipality intends to address this challenge through reviewing the relevant recruitment policies. The municipality has prioritised seating of bid committees to ensure timely award of tenders. The municipality was able to procure despite capacity challenges. During the year under consideration, the municipality reviewed the Supply Chain Management Policy and Asset Management Policy. The three legislated SCM committees continued to meet as and when required.

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### **3.13 FINANCIAL SERVICES**

**Grant expenditure:** Over the past few years the District has experienced severe cashflow challenges. It is however through the various initiatives and intervention that have been progressively implemented over the years in order to deal with financial sustainability of the District municipality.

The municipality receives various grant allocations for infrastructure development/ and upgrades, the table below shows the grant allocations for 2018/19 FY and expenditures to date. Municipal Infrastructure Grant (MIG) is the capital grant allocation. The Eastern Cape Provincial Treasury Grant is a reimbursive capital grant. The Water and Sanitation Infrastructure grant (WSIG) is used for both operations and capital and is not solely capital.

GRANT	REVENUE (2018/19FY)	EXPENDITURE (2018/19FY)	% EXPENDITURE
Municipal Infrastructure Grant	R 151,815,279.00	R 153,873,622.15	101%
Eastern Cape Provincial Treasury	R 28,583,000.44	R 30,411,762.35	106%
WSIG	R 67,346,000.00	R 60,997,413.84	91%
GRAND TOTAL	<b>R 247,744,279.44</b>	<b>R 245,282,798.34</b>	<b>99%</b>

**Revenue enhancement:** One of the critical areas of focus for the District was the implementation of revenue collection and enhancement strategy, which was developed and adopted by Council. Initiatives range from Water Demand Management and Conservation programme and improved billing. The billing improvement programme focuses on efficient smart metering for both consumer units and the bulk infrastructure. These initiatives will lead to efficient use of the finite and scarce water resource. The District collected 28% of the billed revenue in the 2018/19 financial year. The target for collections in the current year (2019/20FY) is set at 40%. Some of the challenges relate to that fact that water services cannot be cut to residential premises to force payment and there is a culture of non-payment for services. Pre-paid water installations and credit control are being prioritised in 2019/20 so as to increase revenue. Awareness programmes to encourage communities to commit to payment for municipal services are being prioritized in the current year. Bulk meters are also being implemented with an objective of reducing unaccounted for water.

There has been significant reduction in wasteful and fruitless expenditure which enhances the revenue of the institution. To limit payment of interest charged by creditors for late payment of accounts, the District has strict controls on overdue accounts. All confirmed invoices are paid within the norms and standards.

**Implementation of MSCOA:** In compliance with the MSCOA implementation requirements, the District has implemented a new financial system following the passing of an mSCOA resolution. The mSCOA implementation plan was also

approved. The CFO and budget Manager were appointed as mSCOA champions who are leading the implementation phases of mSCOA with the assistance and practical hands-on support of the mSCOA oversight committee which is constituted by the critical functionaries within the District together with Top Management. The Internal Audit Function is responsible for assessment of the progress made on planning, design, development, testing and implementation of MSCOA against milestones as defined by the National Treasury and those milestones as identified in the JGDM mSCOA project plan.

### 3.14 INFORMATION COMMUNICATION TECHNOLOGY

ICT governance is the application of standards, management, policies, procedures, structure, contract management, SLA's and other management methods to effectively control, plan and administer ICT. Over the year under review, the District implemented various systems that sought to improve the governance of ICT through the application of policies, standards and procedures. The implementation strategy included examining Open Source alternatives in terms of Total Cost of Ownership principals and alternative service delivery methods. The objectives below were identified as part of IT strategic priorities and were expected to deliver benefits through the execution and implementation of initiatives resulting from the strategic plan.

This strategic priority on coordination of ICT projects, activities and resources was met through the development and introduction of inTouch programme which was developed through the tirelo Bosha project. The objective of the project is to create a central repository of all projects and experiences to improve service delivery.

This strategic priority on Master Systems Plan was oversight and quality control of documents produced by service providers. The District implemented a programme of promoting ICT alignment with information and systems requirements of the municipalities to improve decision making and service delivery through access to accurate and timely information.

The overall strategic achievements can be summed into four main areas as outlined below:

- Completion of the implementation of the Wi-Fi hotspot at the Sterkspruit library
- Setting up of connectivity for the Municipal billing offices
- Completion and implementation of the Tirelo Bosha project
- Finalisation of the Voice Over Internet Protocol (VOIP) telephone system

Project name	Objectives	Budget allocated	Project completed	Comment
Wi-Fi project	The intention is to improve internet access through a pilot programme	R2 000 000	Project is complete	Sterkspruit has been identified as the pilot site and a launch was in March 2019
Connectivity	To change the telephone	Rates basis	Project is	None



	system from analogue phones to VOIP and also to connect the satellite to the main office		ongoing	
Tirelo Bosha	To enhance service delivery through the use of ICT and improve communication management of the Joe Gqabi District Municipality	R1 306 000	Systems have been installed and are being tested by users within the Municipality.	None

### 3.15 JGDM ORGANISATIONAL PERFORMANCE SCORECARD

#### KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE PROVISION

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 (Target)	2017/18 (Actual)	2018/19 FY (Target)	2018/19 FY (Actual)					
Provide access to basic services	SD01: Develop and maintain water and sanitation infrastructure	SD01-01	% compliance with SANS 241 for drinking water quality	97%	94.5%	97%	94.6%		Failures are due to a variety of reasons including instances of aging infrastructure, pipe bursts, Illegal connections and vandalism	Implement District Wide Reservoir Cleansing and Pipe Flushing Programme. Review bylaws to have greater legal control over illegal connection. Implement infrastructure upgrading. Conduct Public awareness. Implement staff capacity building where necessary.	IRIS Report	WSP
		SD01-02	Develop Water Services infrastructure Operations and Maintenance plan	New Indicator	New Indicator	Water Service Infrastructure Operations and Maintenance plan approved by Council	Draft Water Service Infrastructure Operations and Maintenance plan		A number of issues were identified during the review of the asset register that would have direct impact on the O&M Plan thus it was decided to wait for the asset register to be finalised before finalising the O&M	Final Report will be tabled before Council by end of October 2019.	1. Council resolution. 2. Infrastructure Operations and Maintenance plan	WSP

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 (Target)	2017/18 (Actual)	2018/19 FY (Target)	2018/19 FY (Actual)					
									Plan			
	SD02: Provide effective and efficient disaster risk management, fire and rescue services	SD02-01	Ratio of fire incidents responded to as a proportion of entries in the Occurrence Book	01:01	01:01	01:01	01:01		None	None	Report to MayCo	Community Services
	SD03: Expand and fast-track the provision of universal access to water and sanitation	SD03-01	% of households earning less than R1100 (national indigent declaration) per month with access to free basic services (water and sanitation)	100% of registered households (indigent)	100% of registered households (indigent)	100% of registered households (indigent)	100% of registered households (indigent)		None	None	Billing Report	Finance
		SD03-02	% of households with access to basic level of water	74.1%	74.1%	74,2%	74.1%		The small variance is due to the slow pace of initiation of Orio Programme in Elundini LM.	Await compliance report from Orio (the funders) authorising processes to proceed.	Report to MayCo	Community Services
		SD03-03	% of households with access to a basic level of sanitation	84%	83.9%	86.1%	89.7%		Additional funds were provided to the project once the new implementing agent was found to be meeting standards. The funds were redirected from the other MIG projects where delays were	None. The more people are served with sanitation services as quickly as possible, the better service delivery is achieved	Report to MayCo	Community Services

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 (Target)	2017/18 (Actual)	2018/19 FY (Target)	2018/19 FY (Actual)					
									experienced			
	SD04: Render effective municipal health services	SD04-01	Number of inspections on health establishment premises	New Indicator	New Indicator	2 inspections of 95 health establishment premises	2 inspections of each of the 91 health establishment premises and 1 inspection of 6 health establishments		The ratio of EHP to the population is below the national norm and therefore when there is statutory and sick leave, the service is more negatively affected.	Continue with inspections in the new year. Fill posts when budget is available.	Inspection Report	Community Services
	SD05: Support maintenance of road networks in the District	SD05-01	Number of kilometers of gravel roads graded	2800km	2158km	2800 km	2562km		The SLA ended on 31 March 2019 and a new SLA only started on 1 May 2019. A month's worth of production was lost.	None. The SLA was subsequently extended for 1 year and the work started again in May 2019.	Report to MayCo	Technical Services

## KPA 2: LOCAL ECONOMIC DEVELOPMENT

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective action	Evidence	Directorate
				2017/18 (target)	2017/18 (actual)	2018/19 FY (target)	2018/19 FY (actual)					
Facilitate and implement job creation and poverty alleviation initiatives	LED01: Implement and expand implementation of EPWP and other job creation initiatives	LED01-01	Number of jobs created through municipality's local economic development initiatives including capital projects	2050	614	2050	920		The programme started in February 2019 after JoGEDA completed all procurement processes and appointed service providers and contractors.	Contractors have been appointed for multiyear projects and there will be no delays going forward.	1. Report to MayCo 2. Employment report to the funder	Technical Services & WSP
	LED02: Support and facilitate rural development and poverty alleviation programmes	LED02-01	Number of reports on the implementation of RAFI project	New Indicator	New Indicator	4	5		Additional report was prepared due to community issues emerging on the implementation site	None	1. Report to MayCo	OMM
	LED03: Facilitate and actively participate in youth, women and people with disability development programmes	LED03-01	Number of capacity building workshops for youth, women and people with disabilities	1	1	3	3		None	None	1. Report to MayCo	OMM

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Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective action	Evidence	Directorate
				2017/18 (target)	2017/18 (actual)	2018/19 FY (target)	2018/19 FY (actual)					
Facilitate and support regional economic development initiatives	LED04: Facilitate and support local economic development initiatives	LED04-01	Number of SMMEs trained	New Indicator	New Indicator	27	27	👍	None	None	Certificates Attendance Registers	OMM
		LED04-02	% of procurement allocated to local businesses	30%	0%	30%	0%	📉	This refers to capital projects. No tenders were awarded on capital projects however tenders for Jamestown and Maclear infrastructure upgrades were advertised. Orio project implementation was delayed by the funder's review of procurement	Continue to monitor the % of procurement allocated to local businesses.	1. Procurement report to MayCo	Technical Services

### KPA 3: FINANCIAL VIABILITY AND MANAGEMENT

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current period		Snapshot	Variance	Corrective action	Evidence	Directorate
				2017/18 (target)	2017/18 (actual)	2018/19 FY (target)	2018/19 FY (actual)					
Ensure effective financial management and reporting	FM01: Comply with all statutory financial reporting and management	FM01-01	% of capital budget actually spent on capital projects identified in the IDP	100%	64%	100%	99%	👍	An additional allocation related to drought was received late in the year could not all be spent in the time period	Apply for a roll over for Drought funding and increase capital expenditure in 2019/20	Income and expenditure report	Technical Services
		FM01-02	Cost coverage ratio	2.02	1	2.02	0.23	📉	Insufficient revenue collected for municipal services	Pre paid water installations and credit control to be prioritised in 2019/20 to improve revenue.	S71 Report to Council	Finance
		FM01-03	% of budget actually spent on implementing workplace skills plan	100%	75%	100%	100%	👍	None	None	Income and Expenditure report	Corporate Services
		FM01-04	% of operational budget allocated for repairs and maintenance	8%	8%	8%	8%	👍	None	None	1. Approved budgeted	Community Services, Technical Services & WSP

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Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current period		Snapshot	Variance	Corrective action	Evidence	Directorate
				2017/18 (target)	2017/18 (actual)	2018/19 FY (target)	2018/19 FY (actual)					
		FM01-05	Debt coverage ratio	2.03	2.0	2.03	71.82	👍	No new long term debt in the year and old debt is close to being paid up.	None.	S71 Report to Council.	Finance
		FM01-06	Outstanding service debtors to revenue ratio	1.8	2.35	1.8	1.43	🙋	Increased provision for bad debt due to poor payment rate improves this ratio	Pre paid water installations and credit control to be prioritised in 2019/20 to improve revenue.	Debtors Report	Finance
	FM02: Implement revenue collection and enhancement strategy	FM02-01	% of billed revenue collected	100%	30%	40%	28%	🙋	Water services cannot be cut to residential premises to force payment. There is a culture of non-payment for services.	Pre paid water installations and credit control to be prioritised in 2019/20 so as to increase revenue. Awareness programmes.	1. Billing report 2. Report to MayCo	Finance
	FM03: Implement anti-fraud and anti-corruption measures	FM03-01	Number of anti-fraud and anti-corruption workshops conducted	1	1	1	1	👍	None	None	1. Attendance Register 2. Report to MayCo	OMM



#### KPA 4 INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Baseline info		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 (target)	2017/18 (actual)	2018/19 FY (target)	2018/19 FY (actual)					
Improve human resource capacity and potential	ID01: Effectively empower and develop skills base within the District	ID01-01	Number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP	23	23	11	11		None	None	Report to MayCo	Corporate Services
		ID01-02	Number of internships & learnership opportunities created	53	53	48	50		Extra funding was received from LGSETA	None	1. Report to MayCo	Corporate Services
		ID01-03	Fill all budgeted and funded vacant posts	All vacant budgeted posts filled	Not Achieved	All vacant budgeted posts filled	Not achieved (21.5 %) remained vacant		The majority of posts were not filled due to the re-engineering of the organogram to meet current needs, the insecurity of the agreement with the Department of Transport and processes of recruitment that are underway.	Continue processes to determine the future of the roads maintenance agreement with the Department of Transport and finalise key water and sanitation sections in the 2019/20 FY.	1. Report to management	Corporate Services

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Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Baseline info		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 (target)	2017/18 (actual)	2018/19 FY (target)	2018/19 FY (actual)					
	ID02: Maintain conducive working conditions for staff	ID02-01	Number of LLF meetings held	4	3	4	4	👉	None	None	1. Minutes 2. Attendance Registers	Corporate Services

## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 FY (target)	2017/18 FY (actual)	2018/19 FY (target)	2018/19 FY (actual)					
Facilitate intergovernmental cooperation and coordination	GG01: Support and facilitate in intergovernmental cooperation initiatives	GG01-01	Number of DIMAFO meetings held	4	2	4	1	🤖	Challenging programmes of the members resulted in the meetings being postponed due to lack of quorum	Continue to coordinate among the members and Leadership to attempt to achieve regular meetings	1. Minutes 2. Attendance Registers	ISA
			Number of Council meetings held	11	11	11	13	👍	Extra meeting were held due to the need for additional Special Council meetings to discuss urgent matters	None	1. Minutes 2. Attendance Registers	Corporate Services
		GG02-02	Number of Mayoral outreach programs held in each Local Municipality	1 Mayoral outreach held in each Local Municipality	1 Mayoral outreach held in each Local Municipality	1 Mayoral outreach program held in each Local Municipality	1 Mayoral outreach program held in each Local Municipality	👍	None	None	1. Attendance Registers 2. Outreach report	ISA

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Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 FY (target)	2017/18 FY (actual)	2018/19 FY (target)	2018/19 FY (actual)					
	GG03: Provide support to local municipalities	GG03-01	Number of IDP/PMS, IT and Internal Audit support initiatives for local municipalities	3	3	3	3	👍	None	None	1. Report to MayCo 2. Attendance Registers	ISA & OMM
	GG04: Facilitate environmental management and conservation	GG04-01	Climate Change TOR & Action Plan developed	New Indicator	New Indicator	Climate Change TOR & Action Plan developed	Climate Change TOR & Action Plan developed	👍	None	None	1. TOR & Action Plan 2. Report to Top Management	Community Services
• Establish and support municipal oversight systems, mechanisms and processes	GG05: Ensure and maintain corporate governance	GG05-01	Compile 2017/18 FY annual report	Annual Report approved by Council	Annual Report approved by Council	Annual Report approved by Council	Annual Report approved by Council	👍	None	None	1. Approved Annual Report. 2. Council Resolution	OMM
		GG05-02	Compile 2019/20 FY MTEF Budget	2018/19 FY MTEF Budget approved by Council	2018/19 FY MTEF Budget approved by Council	2019/20 FY MTEF Budget approved by Council	2019/20 FY MTEF Budget approved by Council	👍	None	None	1. Approved Budget 2. Council Resolution adopting the budget	Finance
		GG05-03	Compile 2019/20 FY IDP	2018/19 reviewed IDP approved by Council	2018/19 reviewed IDP approved by Council	2019/20 FY IDP compiled and approved by Council	2019/20 FY IDP compiled and approved by Council	👍	None	None	1. 2019/2020 FY IDP 2. Council resolution	OMM

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Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 FY (target)	2017/18 FY (actual)	2018/19 FY (target)	2018/19 FY (actual)					
		GG05-04	Number of signed performance agreements for Directors & Managers directly reporting to the Municipal Manager including the Municipal Manager	8	8	8	8	👍	None	None	8 signed performance agreements	OMM
		GG05-05	Clean audit outcomes achieved	Clean audit outcomes achieved	2016/17 FY Unqualified Audit opinion	2017/18 FY Clean audit outcomes achieved	2017/18 FY Clean audit outcomes achieved	👍	None	None	Audit report	OMM
		GG05-06	Number of MPAC meetings held	4	4	4	4	👍	None	None	1. Minutes 2. Attendance Register	OMM
		GG05-07	Number of Audit and Performance Committee meetings held	5	6	5	5	👍	None	None	1. Minutes 2. Attendance Register	OMM
Facilitate the development of a healthy and inclusive society	GG06: Facilitate Implementation of programmes supporting special groups	GG06-01	Hold District Mayor's Cup	New Indicator	New Indicator	District Mayoral Cup held	District Mayoral Cup held	👍	None	None	1. Report to MayCo	OMM

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Strategic objective	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Evidence	Directorate
				2017/18 FY (target)	2017/18 FY (actual)	2018/19 FY (target)	2018/19 FY (actual)					
		GG06-02	Hold District Sondela Youth Festival	New Indicator	New Indicator	District Sondela Youth Festival held	District Sondela Youth Festival held	👍	None	None	1. Report to MayCo	OMM

### 3.1 EXPENDITURE SUMMARY

The municipality receives various grant allocations for infrastructure development/ and upgrades, the table below shows the grant allocations for 2018/19 FY and expenditures to date. Municipal Infrastructure Grant (MIG) is the capital grant allocation. The Eastern Cape Provincial Treasury Grant is a reimbursive capital grant. The Water and Sanitation Infrastructure grant (WSIG) is used for both operations and capital and is not solely capital.

GRANT	REVENUE (2018/19 FY)	EXPENDITURE (2018/19 FY)	% EXPENDITURE
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<b>GRAND TOTAL</b>	<b>R 247,744,279.44</b>	<b>R 245,282,798.34</b>	<b>99%</b>

### 3.2 DETAILED PERFORMANCE ON CAPITAL PROJECTS

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
Maclear Water Treatment and Distribution Upgrade (Phase 1)	The project constitute the Following activities for this financial year: (1) The construction of pipeline linking the reservoirs, (2) Installation of fittings for the link pipeline	Total Budget R95 995 638 2018/19 R10 000 000	MIG	ELM	29/10/2015 29/03/2019	Total Exp. Prev. FYs = R17 207 351.31 2018/19 R 0	<b>Phase 1</b> Progress: Construction<=80%, (On hold until the appointment of a new service provider)	<b>Phase 1</b> The services of the PSP that was appointed on this project were terminated due to under performance. The item to MAYCO has been prepared for the appointment of the PSP that was appointed for Phase 2 of the project to complete what was not completed on Phase 1. That process is still under way
Maclear Water Treatment and Distribution Upgrade (Phase 2 – Construction of <b>Water Treatment Works</b> )	1) The project activities for 2018/19 FY: • Procurement of Construction Services Provider (CSP) • Construction of WTW	Total Budget R96 837 705  2018/19 R 10 000 000	MIG	ELM	11/03/2016 30/05/2021	Total Exp: 2018/19 FY R 4 478 419.60	<b>Phase 2:</b> Progress: Project is at Tender stage,	<b>Phase 2 – Construction of WTW</b> 25% Complete – Tender adverts were published on the 15 February 2019 and they closed on the 25 March 2019, they are being evaluated
Maclear Water Treatment and Distribution Upgrade (Phase 2 – Maclear Town <b>Pipe Replacement</b> )	1) The project activities for 2018/19 FY: • Procurement of Construction Services Provider (CSP) • Replacement of AC Pipe in Maclear town	Total Budget R20 000 000 2018/19 R 10 000 000	MIG	ELM	11/03/2016 30/05/2021	Total Exp: 2018/19 FY R 4 478 419.60	<b>Phase 2:</b> Progress: Project is at Tender stage,	<b>Phase 2 – AC Pipe Replacement in Maclear</b> 25% Complete – Tender adverts were published on the 15 February 2019 and they closed on the 25 March 2019, they are being evaluated



Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
Mt Fletcher Bulk Water Supply Scheme Phase 2 (Upper and Lower Tokwana Villages Project)	<b>Project activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Releasing the final account to the contractor</li> </ul>	Total Budget: R152 000 000 2018/19 R 8 600 000	MIG	ELM	26/01/2015 Complete	Total Exp. Prev. FYs =R 101 151 201 2018/19 Exp. = R 8 281 579.58	<b>Progress: 100% complete, (retention)</b>	<b>Update on 2018/19 progress</b> Final Accounts have been settled and the project is complete
Mt Fletcher Bulk Water Supply Scheme Phase 2 (Upper and Lower Tsolobeng and Mpharane Project)	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Monitoring of Dampness on the Reservoir wall and signing off of the final certificate</li> </ul>	Total Budget: R152 000 000 2018/19 R5 000 000	MIG	ELM	16/09/2013 30/06/2018	Total Exp. Prev. FYs =R 101 151 201  2018/19 Exp. = R 0	<b>Progress: 100% complete</b>	<b>Update on 2018/19 progress</b>  The final accounts have been issued to the SMME contractors and the project is in the process of being handed over officially to WSP.
<b>Bulk Sanitation Infrastructure Upgrade for Maclear : Phase 3B:</b>	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Procurement of Construction Service Provider (CSP)</li> <li>Construction of Phase 3B</li> </ul>	Total Budget: R63,543,600.25  2017/18 R 17 000 000	MIG	ELM	11/03/2015 30/06/2021	Total Exp. Prev. FYs = R0 201/18 Exp. = R 965 486.66	Progress: Progress: Project is at Design and Tender stage (Designs <b>100%</b> , and Tender Development <=100%,	<b>Update on 2018/19 progress</b>  Tender adverts were published on the 15 February 2019 and they closed on the 25 March 2019, they are being evaluated
Bulk Sanitation Infrastructur e Upgrade for Maclear	<b>Project Activities for 2018/19 FY</b> <ol style="list-style-type: none"> <li>Completion of Upgrading of WWTW from 0.7 to 1.4 Ml/day</li> <li>Completion of Pump</li> </ol>	Total Budget: R49 006 769 2018/19 R17 000 000	MIG	ELM	11/05/2015 01/05/2019	Total Exp. Prev. FYs =R 29 327 016.80 2018/19 Exp. = R 16 440 304.70	Progress: <b>Construction &lt;=90%</b>	<b>Update on 2018/19 progress</b> The new contractor is doing well, the project is at 95% complete, and it is planned to be completed by the end July 2019. The ff have been completed by the sub-contractor: 1) Clarifier 100% complete,

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
: (Phase 3)	station and rising main							testing has been started and now is being monitored for any failures 2) Pump Station is 95% complete — The extension of time that was requested by the new sub-contractor has since been approved and progressing quite well.
Bulk Sanitation Infrastructure Upgrade for Maclear : Phase 4	<b>Project Activities for 2018/19 FY</b> Design development for: • Sewer Reticulation of the entire Maclear town	TBA	MIG	ELM	TBA	Total Exp. Prev. FYs = 0 2017/18 Exp. = 0	<b>Progress: Design &amp; Tender</b>	<b>Update on 2018/19 progress</b> The consultant is still busy with the development of the Technical Report. The project is planned to be implemented in 2019/20
Ugie Bulk Water Infrastructure Phase B	<b>Project Activities for 2018/19 FY</b>  This is Phase B of the project which still at design and tender documentation for following activities: (1) Construction of Phase 2 of the bulk supply lines for Ugie (2) Provision of a water reticulation system for Ugie town (3) Construction of the Ugie Dam	Total Budget: 143,188,981.93  2018/19 R 2 000 000	MIG	ELM	July 2015 TBA	Total Exp. Prev. FYs = R0  2017/18 Exp. = R0	<b>Progress: Design and Tender</b>	<b>What has been completed up to 2017/18</b> Phase A has been completed which consisted of the following: Upgrading and extension of the Ugie water treatment plant (1) Construction of bulk supply lines (2) Construction of rising mains to the 2 existing reservoirs (3) And basic planning of the proposed Ugie Dam  <b>Update on 2018/19 progress</b> A meeting was held with the PSP where they took the municipality into confidence that they will be

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								able to undertake the project. The municipality has given them a chance to continue with the project. And now are busy with Tender Documentation.
Elundini Rural Water Programme (Orio Project)	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Procurement of Sub-consultant</li> <li>Completion of Designs</li> <li>Procurement of Construction Service Provider (CSP)</li> </ul>	<b>Total Budget:</b> R221 252 004,62  <b>2018/19</b> R 3 000 000	MIG <b>ORIO</b>	ELM	TBA	Total Exp. Prev. FYs= R3 749 416.01  2018/19 Exp. = R 404 874,75	Progress: <b>Design &amp; Tender</b>	<b>Update on progress in 2018/19 FY</b> 20% Complete – The project is at Design Stage and Tender stage. The procurement of Sub-Consultants has been completed by JGDM and the reports have been sent to ORIO for verification and approval. The municipality is awaiting approval from ORIO to appoint.
Sterkspruit: Upgrading of WTW and Bulk Lines <b>200mmØ Hershel Pipeline (Under construction)</b>	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Completion of 200mmØ Hershel Pipeline</li> </ul>	<b>Total Budget:</b> R 125,438,317.60  2018/19 R 2 000 000	MIG	SLM	10/2009	Total Exp. Prev. FYs= R 130 498 734.00 2017/18 Exp. = R 511 894 .06	Progress: <b>Construction &lt;=75%</b>	<b>Update on progress in 2018/19 FY</b> The IA is in the process of claiming the guarantee from the Contractor and in the mean time the processes to procure a new contractor for the project are underway.
Jamestown Bucket Eradication and Sanitation - Phase 2 Contract: JGDM 2014/15-009 <b>(Pipelines)</b>	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Procurement of new contractor (This is after the SCA ruling that JGDM should go out to tender again)</li> <li>Restarting the construction of Pipeline project</li> </ul>	<b>Total Budget:</b> R38 550 081  2018/19 R 5 000 000	MIG	WSLM	TBA	Total Exp. Prev. FYs=R4 666 535 .06  2018/19 Exp. = R 1 064 186.09	Progress: <b>Construction &lt;=50%</b>	<b>Update on 2018/19 progress</b> The sewer line project was challenged when it was at 50% complete and therefore was instructed by a Supreme Court of Appeals to stop. The judgement was received only late in June 2018, where the SCA instructed that procurement should start from scratch.

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								Tender adverts were published on 15 February 2019 and they closed on the 25 March 2019. Still being evaluated
Jamestown Bucket Eradication and Sanitation-Phase 2 Contract: JGDM 2014/15-001 (Pump stations)	<b>Project Activities for 2018/19 FY</b> 1. Completion of Two Pump Station in Jamestown	Total Budget: R38 550 081 2018/19 R 5 000 000	MIG	WSLM	TBA	Total Exp. Prev. FYs=R 15 874 653.20 2017/18 Exp. = R 4 144 397.37	Progress: <b>Construction &lt;=100%</b>	<b>Update on 2018/19 progress</b> The project been completed, however cannot be handed over to WSP at this stage as the Pipeline contract has to be completed first.
Senqu Rural Sanitation VIP Toilet Programme	<b>Project Activities for 2018/19</b> • Construction of VIP toilets in Senqu	Total Budget: R102 761 447 2018/19 R 40 450 000	MIG	SLM	TBA	Total Exp. Prev. FYs=R 153 536 582 2018/19 Exp. = R 41 772 905.27	Progress: <b>Construction &lt;=90%</b>	<b>Update on 2018/19 progress</b> The Implementing Agent (IA) that has been responsible for this project has been relieved and the project has been transferred to JOGEDA for implementation, however the staff and the office of the IA have been retained by JOGEDA The contractors have stated working on sites
Elundini Rural Sanitation VIP Toilet Programme	<b>Project Activities for 2018/19</b> • Construction of VIP toilets in Elundini	Total Budget: R182 117 245 201/2018 R40 450 000	MIG	ELM	TBA	Total Exp. Prev FYs R 145 851 179.40 2018/19 R 51 944 825.96	Progress: Construction <=90%	<b>Update on 2018/19 progress</b> The Implementing Agent (IA) that has been responsible for this project has been relieved and the project has been transferred to JOGEDA for implementation, however the staff and the office of the IA have been retained by JOGEDA

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								The Contractors has started working on sites.
Senqu Rural Water Supply: Network Extension	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Water Supply (Quick Wins) to Sterkspruit Villages</li> </ul>	Total Budget: R85 000 000  2018/19 R 3 000 000	MIG	SLM	TBA	Total Exp. Prev. FYs=R 78 538 418.33  2018/19 Exp. = R 4 478 419.60	Progress: <b>Construction &lt;=70%</b>	<b>Update on 2018/19 progress</b> The two PSP; Masilakhe and Lukhozi Consulting Engineers are currently on site. Masilakhe working at Mpoki Village, putting up the pipeline, and emerging the existing pump stations. Lukhozi working at Skisazana Village (Doing pipeline, Makhheteng village (doing pump station) and Macacume village (doing the rising main to the reservoir)
Upscaling and Upgrading of Barkly East Bulk Water Supply	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Secure WULA for small streams</li> <li>Revision of Designs as the scope has been increased on the new funding</li> <li>Construction started</li> </ul>	Total Approved Budget R 42 490 377  2018/19 R 15 000 000	MIG	SLM	01/09/2018 30/06/2020	Total Exp. Prev FYs = R 12 969 199,27 2018/19 = R 15 984 525.17	Progress: <b>Construction &lt;=70%</b>	<b>Update on 2018/19 progress</b> The project has been split into two phases, phase 1 is at 95% complete Phase 2 is at 40%, the project is progressing very well at this stage
<b>Sub-Project 4:</b> Lady Grey: Additional Storage Reservoirs and Groundwater supplies	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Equipping 3 boreholes with complete pump houses propelled with electrical power,</li> <li>3 Storage Reservoirs</li> </ul>	Total Budget R35.8M  2018/19 R35.8M	ECPT	SLM	22/04/2017 30/04/2019	Total Exp. To date: R 39 535 655.90 (there was a VO in this project)	Progress: Construction <= 95%	<b>Update on 2018/19 progress</b> <ul style="list-style-type: none"> <li>The project is at 95% complete, and the contractor is slightly falling behind schedule, however the project set to be completed before the end of July 2019.</li> </ul>

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
	(1ML, 300KL & 100KL), <ul style="list-style-type: none"> <li>250mm bulk line and (4) 160mm gravity main into the reticulation network</li> </ul>							
Burgersdorp Plantation Sump and Boreholes	<b>Project Activities for 2018/19</b> The project entails the construction of Sump next to the Burgersdorp WTW	Total Budget R8,708,192.95 2018/19 R8,708,192.95	ECPT	WSLM	11/05/2017 11/11/2018	Total Exp. To date: R 8 070 553.34	Progress: Construction <=100%	<b>Update on 2018/19 progress</b> <ul style="list-style-type: none"> <li>Project is practically complete</li> </ul>
6ML Storage Reservoir at Burgersdorp WTW	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Construction of 6ML reservoir next to the Burgersdorp WTW</li> </ul>	Total Budget R26,667,014.80 2018/19 R26,667,014.80	ECPT	WSLM	09/11/2017 28/11/2018	Total Exp. To date: R 23 999 306.30	Progress: Construction <=99%	<b>Update on 2018/19 progress</b> <ul style="list-style-type: none"> <li>C4 Base course for the access road is at <b>100%</b> completion</li> <li>Surfacing of the access road with paving blocks is at <b>80%</b> complete</li> <li>Concrete walls at the 6ML reservoir are <b>100%</b> complete.</li> <li>Columns at the 6ML reservoir are <b>100%</b> complete.</li> <li>Beams at the 6ML reservoir are <b>100%</b> complete</li> <li>The concrete roof at the 6ML reservoir is <b>100%</b> complete</li> <li>Piping <b>100%</b> complete</li> <li><b>Testing and cleaning are the outstanding activities</b></li> </ul>
WSIG Drought Relief Intervention	<b>Project Activities for 2018/19</b> Development of groundwater incl drilling, testing and equipping of	Total Budget R7,673,000 2018/19 R7,673,000	WSIG	ELM	01/03/2019 30/03/2020	Total Exp. To date: R1,997,414	Progress: Design and tender	<b>Update on 2018/19 progress</b> Late start due to conversion of the grant from Schedule 6b to 5b. Notice of conversion received on 14/02/19. Jogeda appointed as IA.

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
	boreholes as well as the construction of pump houses							Sub-consultants appointed and designs complete Rollover application to be submitted in Aug 2019.
Refurbishment of Burgersdorp WWTW	<b>Project Activities for 2018/19</b> Civil Works: Upgrade of components in the Head of works such as screens, grit and clarifiers. Mechanical Works: Upgrade of the mechanical components such as screening equipment, grit isolation, aeration equipment, clarifiers and chlorination equipment. Refurbishment of the asbestos sewer pumping main (Mzamomhle Sewer Pumpstation to the WWTW).	R 9 992 517	WSIG	WSLM	01/10/2018 30/06/2019	R 9 992 654	Complete	The project is implemented by an Implementing Agent, JoGEDA. Phase 1 of the refurbishment project has been completed. Phase 2 of the project will be implemented in the 2019/20 FY
District Wide Telemetry System	<b>Project Activities for 2018/19</b> Implementation of a telemetry system for reservoirs, pumpstation, water treatment works and pipelines for water quality and quantity as well as infrastructure (pumps) functionality	R 21 173 791	WSIG	WSLM, SLM, ELM	28/09/2017 27/08/2020	R 21 176 286	Complete	All the Water Treatment works and reservoirs in the urban areas have a telemetry system. A TOC is installed in the head office in Barkly East

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ( )	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
	(operation) monitoring.							
Refurbishment of WTW	<b>Project Activities for 2018/19</b> Upgrade and refurbish various components of the existing WTW such as chemical storage tanks, sludge ponds, electrical panels & equipment, Sand Filtration and Chlorination system	R 15 833 691	WSIG	WSLM	01/11/2018 30/06/2019	R 15 832 353	Steynsburg WTW, Aliwal North WTW, Jamestown WTW refurbished, completed and Commissioned	None
Argumentation of Clear Water Storage	<b>Project Activities for 2018/19</b> Construction and Commissioning of clear Water Storage	R 9 500 000	WSIG	SLM	01/09/2019	R 9 497 008	Reservoirs were constructed in Lady Grey and Herschel	The project is a multiyear project
Bulk Meters	<b>Project Activities for 2018/19</b> Installation of Smart Bulk Metering system at the Water Treatment Works	R 2 500 000	WSIG	SLM	01/04/2019 30/06/2022	R 4 499 110	Installation of Bulk Meters in Sterkspruit, and Lady Grey	The project is a multiyear project





Annual Performance Period 01 July 2018 To 30 June 2019

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

Organization development must be understood as an effort that is planned, organization-wide, and managed from the top, that is aimed at increasing the organization's effectiveness and health through planned interventions in the organization's structure and processes. The Corporate services Directorate in the District municipality through the Human Resources Management section and the Skills Development Sections are responsible for coordinating and implementing matters pertaining to organizational Development issues. The primary objective of the District in this regard is to ensure that the institution is able to implement its mandate as outlined in the Constitution of the Republic read together with applicable legislation. The IDP becomes the panacea of organizational development and service delivery implementation. The section below depicts in details key organizational development matters.

### 4.1 EMPLOYEE MATTERS

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	NO 1 JOE GQABI DISTRICT MUNICIPALITY LEAVE POLICY 2018 2019	100%	100%	31-May-18
2	NO 2 POLICY ON MEDICAL AID CONTRIBUTIONS FOR IN-SERVICE EMPLOYEES AND PENSIONERS 2018 2019	100%	100%	31-May-18
3	NO 3 OVERTIME AND SHIFT WORK POLICY 2018 2019	100%	100%	31-May-18
4	NO 4 S & T POLICY 2018 2019	100%	100%	31-May-18
5	NO 5 NFMW POLICY 2018 2019	100%	100%	31-May-18
6	NO 6 POLICY ON THE PAYMENT OF A 13TH CHEQUE TO TEMPORARY EMPLOYEES INTERNS AND STUDENTS 2018 2019	100%	100%	31-May-18
7	NO 7 RECRUITMENT SELECTION AND APPOINTMENT POLICY 2018 2019	100%	100%	31-May-18
8	NO 8 ACTING AND ENHANCED RESPONSIBILITY ALLOWANCE POLICY 2018 2019	100%	100%	31-May-18
9	NO 9 TERMINATION OF EMPLOYMENT POLICY 2018 2019	100%	100%	31-May-18
10	NO 10 JGDM RELOCATION POLICY 2018 2019	100%	100%	31-May-18
11	NO 11 CELLPHONE POLICY 2018 2019	100%	100%	31-May-18
12	NO 12 RENTAL AND HOUSING SUBSIDY POLICY 2018 2019	100%	100%	31-May-18
13	NO 13 WORKING HOURS POLICY 2018 2019	100%	100%	31-May-18
14	NO 14 JGDM SMOKING POLICY 2018 2019	100%	100%	31-May-18
15	NO 15 BANKING AND DEDUCTIONS POLICY 2018 2019	100%	100%	31-May-18
16	NO 16 POLICY ON THE USE OF MUNICIPAL FACILITIES BY TRADE UNIONS 2018 2019	100%	100%	31-May-18

17	NO 17 POLICY ON THE APPOINTMENT OF AN ACTING MUNICIPAL MANAGER OR SECTION 56 MANAGER 2018 2019	100%	100%	31-May-18
18	NO 18 EMPLOYEE ASSISTANCE (EAP) POLICY 2018 2019	100%	100%	31-May-18
19	NO 19 ESSENTIAL USER SCHEME POLICY 2018 2019	100%	100%	31-May-18
20	NO 20 ATTENDANCE REGISTER POLICY 2018 2019	100%	100%	31-May-18
21	NO 21 POLICY ON INCAPACITY DUE TO ILL HEALTH OR INJURY 2018 2019	100%	100%	31-May-18
22	NO 22 OCCUPATIONAL HEALTH AND SAFETY POLICY 2018 2019	100%	100%	31-May-18
23	NO 23 BAD WEATHER INACCESSIBILITY POLICY 2018 2019	100%	100%	31-May-18
24	NO 24 BEREAVEMENT POLICY 2018 2019	100%	100%	31-May-18
25	NO 25 POLICY ON GIFTS GRATIA AND LONG SERVICE AWARDS 2018 2019	100%	100%	31-May-18
26	NO 26 JGDM HARASSMENT POLICY 2018 2019	100%	100%	31-May-18
27	NO 27 JGDM STANDBY DUTY AND ALLOWANCE POLICY 2018 2019	100%	100%	31-May-18
28	NO 28 ALCOHOL AND DRUG ABUSE POLICY 2018 2019	100%	100%	31-May-18
29	NO 29 JGDM GRATUITY POLICY 2018 2019	100%	100%	31-May-18
30	NO 30 POLICY ON THE TERMINATION OF EMPLOYEE RECORDS FROM THE PAYROLL SYSTEM 2018 2019	100%	100%	31-May-18
31	NO 31 RECRUITMENT OF EPWP EMPLOYEES 2018 2019	100%	100%	31-May-18
32	NO 32 JGDM PPE POLICY 2018 2019	100%	100%	31-May-18
33	NO 33 - JGDM TASK JOB EVALUATION POLICY 2018 2019	100%	100%	31-May-18

## 4.2 CAPACITATING THE MUNICIPAL WORKFORCE

The District implemented various training plans which focused on ABET, financial management, management development programme and leadership, municipal governance, specialised technical skills, life skills, legal, LED and planning, Occupational Health and safety, administration, project management and computer literacy. During the year under review the District implemented the following training.

Table 2: Annual training report

Name of Intervention	Type of Learning Intervention	NQF Level	Funded By	Employment Category	Number of Participant	Males	Females
Records Management	Skills Programme	NO	Institutional	Manager	1	0	1
Local Economic Development - Socio	Learnership	NO	LGSETA	Professionals	2	1	1
ODETDP	Learnership	5	Institutional	Clerk	1	0	1
Secretary Day	Skills Programme	NO	Institutional	Departmental Secretaries	10	0	10
Contract Management	Skills Programme	NO	Institutional	Manager	1	0	1

Name of Intervention	Type of Learning Intervention	NQF Level	Funded By	Employment Category	Number of Participant	Males	Females
Customer Service	Skills Programme	NO	Institutional	Semi-Skilled	3	2	1
Water Law of SA	Skills Programme	NO	Institutional	Directors	2	1	1
Leadership Development	Learnership	4	Institutional	Legislators	20		
MFMP	Learnership	NO	Institutional	Professionals	10	3	7
Basic Computer	Skills Programme	NQF Level 4	Institutional	Legislators	20		
Financial Management	Skills Programme	NQF LEVEL 4	Institutional	Community	40	10	10
Human Settlement	Skills Programme	NO	Institutional	Legislators	2		
HRM B TECH	Bursary	7	Institutional	Manager	1	1	0
Cigfaro	Skills Programme	NQF Level 5	Institutional	Managers	4	0	4
Director Series Programmer	Workshop	NO	Institutional	Directors	3	3	0
International Conference	Skills Programme	NO	Institutional	Legislator	1	0	1
MSCOA Training	Workshop	NO	Institutional	Legislators & Directors			
Water Process Control Workshop	Workshop	NO	Institutional	Semi-Skilled	33		
Excel Computer programme	Skills Programme	NQF Level 4	Institutional	Professionals	2	0	2
Job Evaluation Programme	Skills Programme	NQF Level 5	Institutional	Professional	1	1	0
Quality Assurance programme	Skills Programme	NQF 5	Institutional	Professionals	2	1	1
Local Governance Conference	Conference	NO	Institutional	Director	1	1	0
OHS programme	Workshop	NQF Level 5	Institutional	Professional	1	1	0
PMS	Skills Programme	NQF 4	Institutional	Legislators	30		
Rules of Order	Workshop	NO	Institutional	Legislators	30		
Labour Amendments	Workshop	NO	Institutional	Manager	1	0	1

Name of Intervention	Type of Learning Intervention	NQF Level	Funded By	Employment Category	Number of Participant	Males	Females
Councillor IDP Phase 2	Skills Programme	NQF Level 5	SALGA	Legislators	0		
Anti Fraud & Corruption	Workshop	NO	Institutional	Legislators	0	15	15
File Plan Training	Workshop	NQF Level 4	Institutional	Legislators	0	20	20
Staff Supervisory	Skills Programme	NQF Level 5	Institutional	Officials			
Peace Officer Training	Skills Programme	NQF 5	Institutional	Officials	23	4	19

### 4.3 WORKFORCE PROFILE

This section provides a report on the total number of employees (including employees with disabilities in each of the following occupational levels:

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	1	0	0	1	0	0	2	0	0	7
Senior management	8	2	0	2	7	0	0	0	0	0	19
Professionally qualified and experienced specialists and mid-management	30	3	0	4	34	2	0	2	0	0	75
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	55	3	0	4	40	2	0	1	0	0	105
Semi-skilled and discretionary decision making	104	12	0	0	80	1	0	0	0	0	197
Unskilled and defined decision making	157	7	1	0	33	1	0	0	0	0	199
<b>TOTAL PERMANENT</b>	<b>357</b>	<b>28</b>	<b>1</b>	<b>10</b>	<b>195</b>	<b>6</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>602</b>
Temporary employees	116	3	0	4	38	1	0	0	0	0	162
<b>GRAND TOTAL</b>	<b>473</b>	<b>31</b>	<b>1</b>	<b>14</b>	<b>233</b>	<b>7</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>764</b>

The following table shows the total number of employees with disabilities only in each of the following occupational levels:

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	2	0	0	0	0	0	4
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
<b>TOTAL PERMANENT</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
Temporary employees	0	0	0	0	2	0	0	0	0	0	2
<b>GRAND TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

#### 4.4 RECRUITMENT

The following report shows the total number of new recruits, including people with disabilities.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	2	0	0	0	3	0	0	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PERMANENT</b>	4	0	0	0	4	0	0	0	0	0	8
Temporary employees	3	0	0	0	8	0	0	0	0	0	11
<b>GRAND TOTAL</b>	7	0	0	0	12	0	0	0	0	0	19

## 4.5 PROMOTIONS

The following section shows the total number of promotions into each occupational level, including people with disabilities.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	2	0	0	0	1	0	0	1	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	0	0	0	1	1	0	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PERMANENT</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9</b>



## 4.6 TERMINATIONS

This section reports on the total number of terminations in each occupational level, including people with disabilities.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	1	0	0	1	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3	1	0	0	1	0	0	0	0	0	5
Semi-skilled and discretionary decision making	7	0	0	0	0	0	0	0	0	0	7
Unskilled and defined decision making	4	0	0	0	0	0	0	0	0	0	4
<b>TOTAL PERMANENT</b>	15	2	0	0	2	0	0	0	0	0	19
Temporary employees	5	0	0	0	12	1	0	0	0	0	18
<b>GRAND TOTAL</b>	20	2	0	0	14	1	0	0	0	0	37



## 4.7 NUMERICAL GOALS

This sections reports on numerical goals as contained in the EE Plan (i.e. the entire workforce profile including people with disabilities). This was projected to be achieved at the end of the period under review in terms of occupational levels.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	1	0	0	1	0	0	2	0	0	7
Senior management	8	2	0	2	8	1	0	0	0	0	21
Professionally qualified and experienced specialists and mid-management	37	7	0	4	34	4	0	2	0	0	88
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	55	5	0	4	42	4	0	3	0	0	113
Semi-skilled and discretionary decision making	104	14	0	0	80	7	0	0	0	0	205
Unskilled and defined decision making	157	9	1	0	42	5	0	0	0	0	214
<b>TOTAL PERMANENT</b>	<b>364</b>	<b>38</b>	<b>1</b>	<b>10</b>	<b>207</b>	<b>21</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>648</b>
Temporary employees	116	3	0	4	38	1	0	0	0	0	162
<b>GRAND TOTAL</b>	<b>480</b>	<b>41</b>	<b>1</b>	<b>14</b>	<b>245</b>	<b>22</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>810</b>

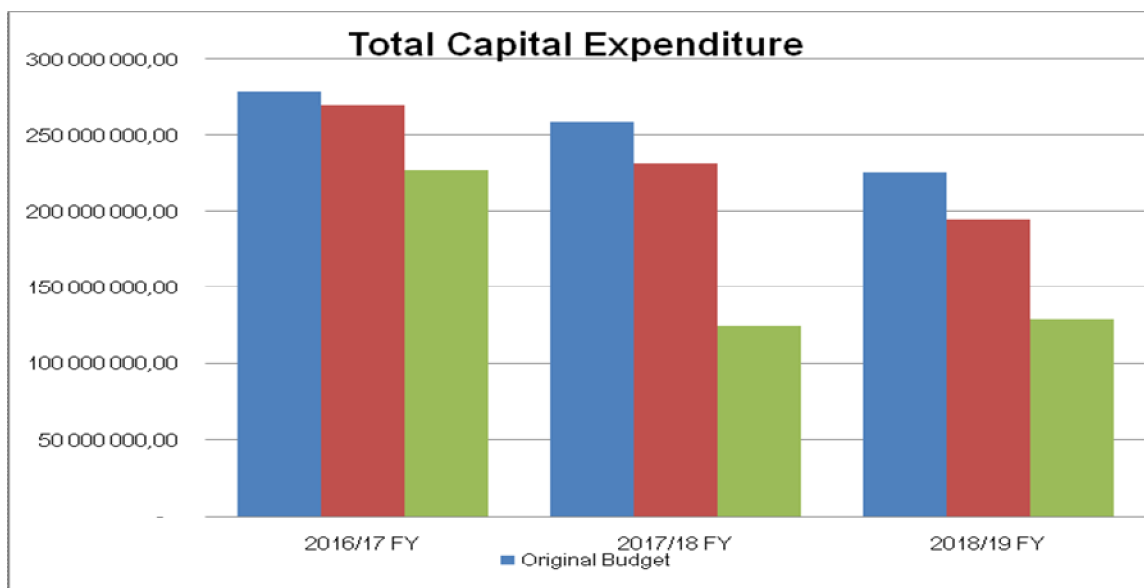
## CHAPTER 5 – FINANCIAL PERFORMANCE

The financial performance of the District municipality over the period under review is summed up in the tables below.

Financial Overview: 2018/19 FY			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	366 100 922,00	384 530 584,00	385 794 736,00
Taxes, Levies and tariffs	159 854 420,00	159 854 420,00	124 541 293,00
Other	30 874 627,00	29 097 159,00	40 833 486,00
Sub Total	556 829 969,00	573 482 163,00	551 169 515,00
Less: Expenditure	568 824 509,00	600 151 140,00	590 772 176,00
Net Total*	-11 994 540,00	-26 668 977,00	-39 602 661,00
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	38%
Repairs & Maintenance	1%
Finance Charges & Impairment	1%
T 1.4.3	

Total Capital Expenditure: 2016/17 FY to 2018/19 FY			
R'000			
Detail	2016/17 FY	2017/18 FY	2018/19 FY
Original Budget	278 736 000,00	258 546 000,00	225 522 134,00
Adjustment Budget	269 843 000,00	231 251 947,00	194 838 416,00
Actual	227 354 414,00	125 091 318,00	128 774 283,00
T 1.4.4			



Description	2018/19 FY										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousands	1	2	3	4	5	6	7	8	9	10	11
<b>Financial Performance</b>											
Property rates			-			-					
Service charges	159 854 420,00	-	159 854 420,00	-		159 854 420,00	124 541 293,00			78%	
Investment revenue	4 030 000,00		4 030 000,00	-		4 030 000,00	3 255 361,00			81%	
Transfers recognised - operational	366 100 922,00	18 429 662,00	384 530 584,00	-		384 530 584,00	385 794 736,00			100%	
Other own revenue	26 844 627,00	-1 777 468,00	25 067 159,00	-		25 067 159,00	37 578 125,00			150%	
	556 829 969,00	16 652 194,00	573 482 163,00	-		573 482 163,00	551 169 515,00	-			
<b>Total Revenue (excluding capital transfers and contributions)</b>									-		
Employee costs	202 556 723,00	1 348 701,00	203 905 424,00	-		203 905 424,00	222 350 946,00			109%	
Remuneration of councillors	6 256 313,00	120 000,00	6 376 313,00	-		6 376 313,00	5 979 722,00			94%	
Debt impairment	75 020 004,00		75 020 004,00			75 020 004,00	71 724 178,00			96%	
Depreciation & asset impairment	49 456 515,00		49 456 515,00			49 456 515,00	49 979 738,00			101%	
Finance charges	3 378 002,00	70 000,00	3 448 002,00	-		3 448 002,00	5 302 597,00			154%	
Materials and bulk purchases	41 167 606,00	(8 695 256,00)	32 472 350,00	-		32 472 350,00	16 639 605,00			51%	
Transfers and grants	9 305 000,00	50 000,00	9 355 000,00	-		9 355 000,00	8 900 000,00			95%	
Other expenditure	181 684 346,00	38 433 186,00	220 117 532,00	-		220 117 532,00	209 895 390,00			95%	
<b>Total Expenditure</b>	568 824 509,00	31 326 631,00	600 151 140,00	-		600 151 140,00	590 772 176,00	-	-		-
<b>Surplus/(Deficit)</b>	(11 994 540,00)	(14 674 437,00)	(26 668 977,00)	-		-26 668 977,00					
Transfers recognised - capital	211 685 000,00	(39 412 000,00)	172 273 000,00	-		172 273 000,00					
Contributions recognised - capital & contributed assets	-	-	-	-		-					
	199 690 460,00	-54 086 437,00	145 604 023,00	-		145 604 023,00	-39 602 661,00				
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-		-					
<b>Surplus/(Deficit) for the year</b>	199 690 460,00	(54 086 437,00)	145 604 023,00	-		145 604 023,00	-39 602 661,00		-	-	-
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	225 522 134,00	(30 683 718,00)	194 838 416,00	-		194 838 416,00	147 092 466,00			75%	
Transfers recognised - capital	225 522 134,00	(30 683 718,00)	194 838 416,00	-		194 838 416,00	147 092 466,00				
Public contributions & donations	-	-	-	-		-	-				
Borrowing	-	-	-	-		-	-				
Internally generated funds	-	-	-	-		-	-				
<b>Total sources of capital funds</b>	225 522 134,00	(30 683 718,00)	194 838 416,00	-		194 838 416,00	147 092 466,00				
<b>Cash flows</b>											
Net cash from (used) operating	233 234 227,00	(7 997 167,00)	225 237 060,00	-		225 237 060,00					
Net cash from (used) investing	-225 522 134,00	30 683 718,00	-194 838 416,00	-		-194 838 416,00					
Net cash from (used) financing	-5 904 892,00	-	-5 904 892,00	-		-5 904 892,00					
<b>Cash/cash equivalents at the year end</b>	5 015 823,00	22 686 551,00	27 702 374,00	-							

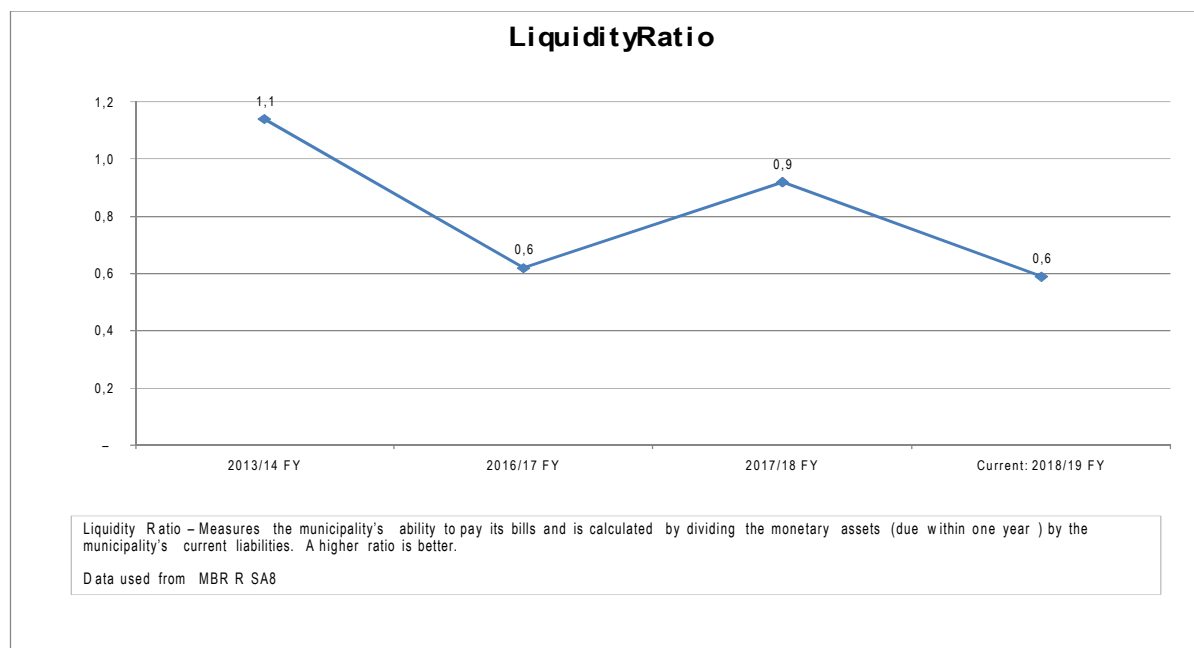
Financial Performance of Operational Services						
R '000						
Description	2017/18 FY	2018/19 FY			2018/19 FY Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	(14 190)	(75 269)	(75 913)	(5 727)	-1214,39%	-1225,64%
Waste Water (Sanitation)	15 715	(97 268)	(90 720)	(22 799)	-326,64%	-297,92%
Electricity	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Component A: sub-total	1 524	(172 537)	(166 633)	(28 525)	-504,86%	-484,16%
Waste Water (Stormwater Drainage)	-	-	-	-	-	-
Roads	(1 314)	23	23	(345)	106,63%	106,63%
Transport	-	-	-	-	-	-
Component B: sub-total	(1 314)	23	23	(345)	106,63%	106,63%
Planning	-	(295)	9 033	(2 179)	86,44%	514,59%
Local Economic Development	4 523	6 986	6 821	5 091	-37,21%	-33,97%
Component B: sub-total	4 523	6 690	15 854	2 912	-129,73%	-444,37%
Planning (Strategic & Regulatory)	-	-	-	-	-	-
Local Economic Development	-	-	-	-	-	-
Component C: sub-total	-	-	-	-	-	-
Community & Social Services	2 088	3 505	4 029	2 857	-22,70%	-41,03%
Environmental Protection	5 110	(1 513)	8 430	-	-	-
Health	14 158	13 188	13 171	15 878	16,94%	17,05%
Security and Safety	13 444	19 145	14 253	14 689	-30,33%	2,96%
Sport and Recreation	-	-	-	-	-	-
Corporate Policy Offices and Other	3 171	4 505	4 885	3 634	-23,97%	-34,43%
Component D: sub-total	37 971	38 830	44 767	37 058	-4,78%	-20,80%
<b>Total Expenditure</b>	<b>42 705</b>	<b>(126 995)</b>	<b>(105 989)</b>	<b>11 100</b>	<b>1244,09%</b>	<b>1054,85%</b>
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

T 5.1.2

Grant Performance						
R' 000						
Description	2017/18 FY	2018/19 FY			2018/19 FY Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>354 134</b>	<b>272 708</b>	<b>315 128</b>	<b>360 017</b>	<b>-32%</b>	<b>-14%</b>
Equitable share	239 160	223 895	223 895	258 283	-15%	-15%
Municipal Systems Improvement	–	–	–	–	–	–
Municipal Infrastructure Grant (MIG)	103 213	43 054	87 659	98 190	-128%	-12%
EPWP	2 227	2 254	2 254	2 224	1%	1%
Finance Management Grant (FMG)	1 250	1 320	1 320	1 320	0%	0%
Rural Roads Asset Management Grant	2 284	2 185	–	–	100%	–
RBIG: Regional Bulk Infrastructure Grant	6 000	–	–	–	–	–
<b>Provincial Government:</b>	<b>24 184</b>	<b>89 748</b>	<b>61 388</b>	<b>25 485</b>	<b>72%</b>	<b>58%</b>
RSC Levy	–	34 388	34 388	–	100%	100%
MIS Asset Management	957	–	–	389	–	–
Public Works - Special Programme	23 226	40 200	27 000	25 096	38%	7%
Working for Water Project Grant	–	6 024	–	–	100%	–
Working for Wetlands Project Grant	–	9 135	–	–	100%	–
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>[insert description]</i>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other grant providers:</b>	<b>107</b>	<b>5 830</b>	<b>5 830</b>	<b>292</b>	<b>95%</b>	<b>95%</b>
LG Seta	107	400	400	292	27%	27%
District Master Plan Grant	–	4 000	4 000	–	100%	100%
Strat Donation	–	350	350	–	100%	100%
Mayoral Cup Donation	–	80	80	–	100%	100%
Mainstream Projects Donation	–	1 000	1 000	–	100%	100%
<b>Total Operating Transfers and Grants</b>	<b>378 424</b>	<b>368 286</b>	<b>382 346</b>	<b>385 795</b>	<b>-5%</b>	<b>-1%</b>

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1



Financial Performance 2018/19 FY: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2017/18 FY	2018/19 FY			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	8 621 324,00	107 571 684,00	107 571 684,00	51 586 013,00	-109%
Waste Water (Sanitation)	13 812 494,00	82 122 631,00	82 122 631,00	16 915 400,00	-385%
Electricity	-	-	-	-	-
Waste Management (Solid Waste)	-	-	-	-	-
Total	22 433 818,00	189 694 315,00	189 694 315,00	68 501 413,00	-177%
					T 3.6.4

Capital Expenditure - Funding Sources: 2017/18 FY to 2018/19 FY							
R' 000							
Details	2017/18 FY	2018/19 FY					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment OB Variance	to (%)	Actual to OB Variance (%)
Source of finance							
External loans	-	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-	-
Grants and subsidies	132 635 748,00	225 522 134,00	194 838 416,00	128 774 283,00	-13,61%	-	-42,90%
Other	1 790 333,00	-	-	-	-	-	-
Total	134 426 081,00	225 522 134,00	194 838 416,00	128 774 283,00	-	-	-
Percentage of finance							
External loans	0,0%	0,0%	0,0%	0,0%	-	-	-
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	-	-	-
Grants and subsidies	98,7%	100,0%	100,0%	100,0%	-	-	-
Other	1,3%	0,0%	0,0%	0,0%	-	-	-
Capital expenditure							
Water and sanitation	123 300 985,00	68 290 000,00	68 290 000,00	49 932 379,00	0,00%	-	-26,88%
Electricity					-	-	-
Housing					-	-	-
Roads and storm water					-	-	-
Other	1 790 333,00	157 232 134,00	126 548 416,00	78 841 904,00	-19,51%	-	-49,86%
Total	125 091 318,00	225 522 134,00	194 838 416,00	128 774 283,00	-19,51%	-	-76,74%
Percentage of expenditure							
Water and sanitation	98,6%	30,3%	35,0%	38,8%	0,0%	35,0%	35,0%
Electricity	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Roads and storm water	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other	1,4%	69,7%	65,0%	61,2%	100,0%	65,0%	65,0%
							T 5.6.1

						R' 000
Name of Project	Current: 2018/19 FY			Variance: Current 2018/19 FY		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
MIG Upscaling of Barkly East Water Infrastructure	35 000 000	15 000 000	13 568 596	61%	57%	
Burgersdorp Top Up WTW 6M Storage Reservoir	20 432 802	18 293 576	14 584 145	29%	10%	
Refurbishment of WTW	20 000 000	20 000 000	17 578 041	12%	0%	
Bulk Sanitation Infrastructure Upgrade for Madear_SIEC/12440/11/15	19 567 198	17 000 000	12 900 702	34%	13%	
District Wide Telemetry System	17 000 000	15 000 000	19 296 541	-14%	12%	

CashFlowOutcomes					R'000
Description	2017/18 FY	Current: 2018/19 FY			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>	<b>605 370</b>	<b>658 191</b>	<b>658 884</b>	<b>-</b>	
Ratepayers and other	35 765	66 768	66 768		
Government - operating	410 224	368 286	386 716		
Government - capita	132 636	209 500	191 763		
Interest	26 745	13 637	13 637		
Dividends	-	-	-		
<b>Payments</b>	<b>(460 635)</b>	<b>(424 957)</b>	<b>(433 647)</b>	<b>-</b>	
Suppliers and employees	(451 027)	(412 556)	(421 196)		
Finance charges	(1 113)	(3 097)	(3 097)		
Transfers and Grants	(8 495)	(9 305)	(9 355)		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>144 735</b>	<b>233 234</b>	<b>225 237</b>	<b>-</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE					
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables					
Decrease (increase) in non-current investments					
<b>Payments</b>					
Capital assets	(125 091)	(225 522)	(194 838)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(125 091)</b>	<b>(225 522)</b>	<b>(194 838)</b>	<b>-</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Short term loans					
Borrowing long term/refinancing	(2 105)				
Increase (decrease) in consumer deposits	23				
<b>Payments</b>					
Repayment of borrowing	(1 419)	(5 905)	(5 905)		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 501)</b>	<b>(5 905)</b>	<b>(5 905)</b>	<b>-</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>16 142</b>	<b>1 807</b>	<b>24 494</b>	<b>-</b>	
Cash/cashequivalents at the year begin:	(3 488)	3 209	3 209	3 209	
Cash/cashequivalents at the year end:	12 655	5 016	27 702	3 209	
Source: MBRR A7					T 5.9.1

Actual Borrowings: 2016/17 FY to 2018/19 FY			
			R' 000
Instrument	2016/17 FY	2017/18 FY	2018/19 FY
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)	8086330	6668309	5087873
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	4528018	2422883	1084005
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	<b>12 614 348</b>	<b>9 091 192</b>	<b>6 171 878</b>



## CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

Auditor-General Report on Financial Statements 2017/18 FY	
Status of audit report:	<b>Clean</b>
Non-Compliance Issues	Remedial Action Taken
Other information not received by the AG prior to finalisation of the auditor's report	Improve on the availability of Information Technology information and compliance matters
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2017/18 FY	
Status of audit report	<b>Clean</b>
Non-Compliance Issues	Remedial Action Taken
Misstatements in the annual performance report	Strengthen the review of portfolio of evidence to support reported achievements throughout the year.
Non-implementation of mSCOA and weakened IT governance	Improve on the availability of Information Technology information and related compliance matters Improve on the implementation of mSCOA in line with the action plan.
T 6.2.2	

### COMPONENT B: AUDITOR-GENERAL OPINION CURRENT YEAR

Auditor-General Report on Financial Statements 2018/19 FY	
Status of audit report:	<b>Unqualified with findings</b>
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2018/19 FY	
Status of audit report	<b>Clean</b>
T 6.2.2	

# AUDIT ACTION PLAN TO ADDRESS FINDINGS AND RISKS IDENTIFIED IN THE 2018/19 AUDIT

	Internal Control Deficiency	Auditor Recommendation	Action	Who	When
<b>ANNUAL FINANCIAL STATEMENTS</b>					
<b>TB and GL do not agree to the AFS</b>	Financial and performance management: Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management must ensure 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	Appointment of the Manager - Financial statements Finish all assets by 10 August Review Asset register by 14 August Finish final draft AFS by 30 August	MM DTS, WSP, CFO	Appointment by: 31 May 2020
<b>AFS were not submitted within 2 months after year end</b>	Financial and performance management: Review and monitor compliance with applicable laws and regulations	Management must ensure that year end processes are completed on time to ensure submission of AFS to the AGSA within the legislated deadlines			
<b>PROPERTY PLANT AND EQUIPMENT</b>					
<b>Exception identified on the movable asset register</b>	Financial and performance management: Proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance report was not implemented	Management should review the asset register on a regular bases to identify any discrepancies that could prevent the asset registers from being a reliable source	Matters were resolved in the audit, however duplicate numbers still remained a finding. Action will be taken in line with the matter above	Manager SCM	Immediately
<b>IT</b>					

	Internal Control Deficiency	Auditor Recommendation	Action	Who	When
<b>GOVERNANCE</b>					
<b>Inadequate design and implementation of IT governance controls</b>	Information systems: lack of intervention from the leadership to ensure adequate internal controls were in place.	<p>understand and manage all significant IT risk types for an improved service delivery.</p> <p>Management must ensure that ICT Department is adequately staffed to sufficiently support the business objectives of the Municipality.</p> <p>The Municipality should have a formally documented benefits realisation and return on investment processes that will provide a clear indication of the following:</p> <ul style="list-style-type: none"> <li>• Investments types;</li> <li>• Criteria for when benefits realisation and return on investment needs to be performed; and</li> <li>• Requirements for stage-gate reviews</li> </ul> <p>A gaps and changes required to realise target capability must be identified. A guiding principle for allocation of resources and capabilities should be put in place. A skills development plan should be used to ensure that internal skills are developed.</p> <p>Service Level Agreements should be in place and adequately documented to guide the expected services as well as quality of services to be delivered.</p> <p>Specified service level performance criteria should be continuously monitored. Reports on achievement of service levels should be provided in a format that is meaningful to the stakeholders.</p> <p>The monitoring statistics should be analysed and acted upon to identify negative and positive trends for individual services as well as for overall services.</p>	<p>A review of the IT risks to be undertaken</p> <p>Review the organogram of the IT section</p> <p>Concept document will be developed to provide guidance to ROI and BR</p> <p>A gap analysis in order to realise targets will be undertaken including a specific IT skills development plan</p> <p>All IT related SLAs will be safely filed and will be checked that the content covers all matters as raised by auditors. All SLAs will have performance related criteria.</p> <p>All performance on IT SLAs will have evidence of monitoring in a suitable format relevant for stakeholders. Evidence of action to address negative trends will be kept on record.</p>	DISA,IT	<p>30 March 2020</p> <p>Linked to reengineering of the institution</p> <p>31 May 2020</p> <p>30 April 2020</p> <p>30 April 2020</p> <p>30 April 2020</p>

	<b>Internal Control Deficiency</b>	<b>Auditor Recommendation</b>	<b>Action</b>	<b>Who</b>	<b>When</b>
<b>Inadequate user account management controls - Payday</b>	Financial and performance management: Information systems: lack of intervention from the leadership to ensure adequate internal controls were in place.	Management should ensure that user account management controls are adequately implemented and ensure that there is a formal process is followed to grant access, password resets, amendments to user functions and termination of user access	Intouch to be utilised to facilitate all requests Approach the developers for assistance so that the required reports may be extracted	BTO	Immediately
<b>Inadequate IT service continuity controls</b>	Financial and performance management: Information systems: lack of intervention from the leadership to ensure adequate internal controls were in place	The Municipality must perform periodic restorability of backups, ensure that the disaster recovery plan is tested and backups are rotated to an offsite facility to ensure that the information being backed up is credible, reliable and available when required.	Review the backup strategy to see if it is effective. Implement DRP tests in line with strategy	DISA, IT	30 April 2020
<b>Inadequate user access management controls AD</b>	Financial and performance management: Information systems: lack of intervention from the leadership to ensure adequate internal controls were in place.	Management should ensure that user account management controls are adequately implemented and ensure that there is a formal process is followed to grant access, password resets and termination of user access.	Policy regarding the implementation of Active Directory to be amended to relate to the implementation as it is done at JGDM. The process to grant access, reset passwords and terminations must be included in such policy	DISA, IT	30 April 2020
<b>Inadequate user access management controls - SAMRAS</b>	Financial and performance management: Information systems: lack of intervention from the leadership to ensure adequate internal controls were in place.	Management should ensure that user account management controls are adequately implemented and ensure that there is a formal process is followed to grant access, password resets, amendments to user functions and termination of user access.	While the system is deprecated, rules around access control will be documented for the few that might need access	CFO, BTO	30 April 2020

	<b>Internal Control Deficiency</b>	<b>Auditor Recommendation</b>	<b>Action</b>	<b>Who</b>	<b>When</b>
<b>Inadequate user access management controls - SEBATA</b>	Financial and performance management: Information systems: lack of intervention from the leadership to ensure adequate internal controls were in place.	Management should ensure that user account management controls are adequately implemented and ensure that there is a formal process is followed to grant access, password resets, amendments to user functions and termination of user access.	Develop a SOP that shows how user account on Sebata Billing is managed and the type of reports that are available at this time from the system. Have special reports developed if necessary to draw out required info	CFO, BTO	30 April 2020
<b>Inadequate change management controls</b>	Day to day operations and the municipality's internal processes hindered the process of designing and approving IT policies and procedures including change management policy and due to system limitations a system generated list of changes made to the application could not be obtained.	<p>IT management should ensure that the program change control procedure is adequately designed, approved, communicated to all users and adherence to the program change procedure should be monitored.</p> <p>IT management should also implement a solution that tracks application changes; this could be designed internally and incorporated with helpdesk. Alternatively, Solar and Payday support should be sought on methods that would meet completeness requirements and the following control points should be considered:</p> <ul style="list-style-type: none"> <li>• Restriction of access to implement changes;</li> <li>• Monitoring of activities of administrators who have access to implement changes; and</li> <li>• Implement sufficient separation of duties within the change management environment.</li> </ul>	<p>Develop an IT change management policy that highlights how changes are to be implemented on each of the systems, monitoring of activities of administrators who have access to make the changes and suitable separation of duties</p> <p>Develop method to test completeness requirements for Payday and Sebata on change management matters</p>	DISA, IT, BTO	<p>30 April 2020</p> <p>30 April 2020</p>

# Report of the auditor-general to Eastern Cape Provincial Legislature and the council on Joe Gqabi District Municipality

## Report on the audit of the consolidated and separate financial statements

### Opinion

1. I have audited the consolidated and separate financial statements of the Joe Gqabi District Municipality and its subsidiary (the group) set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Joe Gqabi District Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of General Accounting Practice (GRAP) and the requirements of the Municipal Financial Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Material losses

7. As disclosed in note 46 to the consolidated financial statements, material losses of 35% to the value of R62 million (raw) and R11 million (treated) were incurred as a result of water distribution losses.

## Impairment – receivables from exchange transactions

8. As disclosed in note 4 to the consolidated financial statements, allowance was made for doubtful debts of R267 million (2017-18: R186 million) as a result of significant impairment of debtors due to a culture of non-payment and poor collection practices and inability to cut off water.

## Responsibilities of accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Joe Gqabi District 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

11. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.
12. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priorities	Pages in the annual performance report
KPA 1: Service delivery and infrastructure provision	x – x
KPA 2: Local economic development	x – x

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the development priorities.

### Other matters

18. I draw attention to the matters below.

### Achievement of planned targets

19. Refer to the annual performance report on page(s) ... to ... for information on the achievement of planned targets for the year.

## Report on the audit of compliance with legislation

### Introduction and scope

20. Included below are material findings on compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

### Consolidated and separate financial statements, performance and annual reports

21. The annual financial statements were not submitted to the auditor-general for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.



22. 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 of non-current assets and current assets items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.

### Other information

23. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
24. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. 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.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and 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 the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

27. I considered internal control relevant to my audit of the consolidated and separate 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 findings on compliance with legislation included in this report.
28. Leadership did not provide adequate oversight to ensure that policies and procedures are in place and monitor implementation of such policies to enhance the control environment, with the result that the existing controls could not prevent, detect or correct material misstatements in the financial statements and instances of non-compliance with legislation before submission for audit purposes.

29. The municipality did not perform monthly processing and reconciliation of transactions to ensure that accounting records are accurate, complete and supported by adequate supporting documentation. This is evidenced by material misstatements identified in the financial statements submitted for audit. In addition, compliance with legislation was not monitored adequately throughout the year, resulting in material findings on compliance with legislation.

*Auditor - General*

East London

17 February 2020



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 consolidated and separate 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 consolidated and separate financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality and its entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### **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.



AUDITOR-GENERAL  
SOUTH AFRICA

The Accounting officer  
Joe Gqabi District Municipality  
C/o Cole and Graham Street  
Barky East  
9786

20 December 2019

Reference: 05254REG18/19

Dear Municipal Manager

**Special report of the Auditor-General on the delay in the submission of the audit report on the consolidated and separate financial statements of Joe Gqabi District Municipality for the financial year ended 30 June 2019**

1. As required by section 126(4) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) I attach herewith my special report informing you on the reasons for the delay in submitting my audit report on the consolidated and separate financial statements of Joe Gqabi District Municipality by 31 December 2019.
2. Please acknowledge receipt of this letter.

Yours sincerely

**Shereen Noble**  
**Business Executive: Eastern Cape**

Telephone: (043) 709 7283  
Fax: (043) 709 7300  
E-mail: [ndiram@agsa.co.za](mailto:ndiram@agsa.co.za)

The receipt of this letter is acknowledged by Municipal Manager on behalf of  
[designated person signing]  
Joe Gqabi District Municipality  
[addressee]

Signed

Name and title  
for ZA Williams

20/12/2019  
Date

Auditing to build public confidence

**Auditor-General of South Africa**

PO Box 13252 Vincent 5217 Eastern Cape • Docex 72 • Tel: +27 (0)43 709 7200 • Fax: +27 (0)43 709 7300 • [www.agsa.co.za](http://www.agsa.co.za)

## **APPENDIX B: REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2019**

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of the Council. It is further subject to the recommendations of the King Report on Corporate Governance.

As allowed by section 166(6) (b) of the MFMA, a single Audit Committee has been established to service both the parent municipality and the Development Agency as an entity of the Municipality. The Committee presents its report for the financial year ended 30 June 2019.

### **AUDIT COMMITTEE MEMBERS AND ATTENDANCE**

The requirements in respect of membership of the Committee and the frequency of meetings is contained in the Committee's terms of reference. During the financial year under review, the term of the previous Audit Committee ended, and a new Committee was appointed. Details of the previous Committee and attendance details are listed in the table below;

<b>Name of member</b>	<b>Number of meetings attended</b>
J. Emslie - Chairperson	4
F. Ntlemenza	2
P. Ntisana	1

Details of the names and attendance of the new Committee that was appointed during the 2018/19 financial year appears in the table below;

<b>Name of member</b>	<b>Number of meetings attended</b>
C. Sparg - Chairperson	2
A. Jordan	2
H. Marsberg	2
L. Smith	2

Internal Audit facilitates these meetings and the office of the Auditor General is a standing invitee at these meetings.

### **AUDIT COMMITTEE RESPONSIBILITY**

The responsibility of the Audit Committee is governed by its Charter informed and by a combination of the MFMA and King Reports on Corporate Governance, with the MFMA being the overriding legal authority.

The overall responsibility of the Audit Committee is to perform an oversight function on the effectiveness or otherwise of good corporate governance at the institution. The MFMA goes further and details specific responsibilities that the Audit Committee must fulfill. This report therefore is fulfilling the responsibility of this Committee in accounting to the Council on its legislated mandate. The adopted formal terms of reference of the committee are reviewed annually and the Committee reports that it has regulated its affairs in compliance

with these terms of reference and has discharged all its responsibilities as contained therein. In the execution of its duties during the 2018/19 financial year, the activities of the Committee have included the matters listed below:

## **EFFECTIVENESS OF INTERNAL CONTROL**

In line with the MFMA and the King Reports on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations therefrom. Accordingly, we can report that the system of internal control was only partially effective for the year under review.

## **ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT**

The activities of the Audit Committee included the following:

- Reviewed and discussed the unaudited annual financial statements.
- Obtained explanations for significant variances compared to the budget and / or previous financial year.
- Reviewed for changes in accounting policies and practices.
- Reviewed and discussed the unaudited information on pre-determined objectives.

Based on the Audit Committee's review of the unaudited annual financial statements and performance report, the Committee resolved that they be recommended for submission to the Auditor General South Africa for auditing. Due to the fact that internal controls and processes were not fully effective during the year under review, the Committee cannot provide complete assurance that these documents are free from material misstatements.

## **INTERNAL AUDIT**

The Internal Audit Activity faced certain capacity challenges during the year under review, challenges included the fact that the Chief Audit Executive (CAE) post was vacant for a portion of the year, the post was filled with effect from 1 June 2019. In respect of Internal Audit, the activities of the Committee included the following:

- Reviewed the effectiveness and adequacy of the internal audit services and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the internal audit function provide adequate support to enable the committee to meet its objectives.
- Reviewed the results of the work performed by the internal audit services in relation to financial reporting, corporate governance, risk areas, internal control and any reports / significant investigations and management response.
- Reviewed the coordination between the internal audit function and the external auditors.

- Monitored the implementation of actions to deal with control weaknesses identified in Internal Audit reports.

As regards the implementation of actions to deal with control weaknesses, there is room for improvement in the rate of implementing these findings. The Committee is committed to support / assist the municipality in this area.

## **RISK MANAGEMENT AND OTHER MATTERS**

Though there is room for further growth in maturity, the Committee is generally satisfied with the progress that the municipality has made in the area of risk management, compliance and ICT Governance. In these areas, the activities of the Committee have included the following:

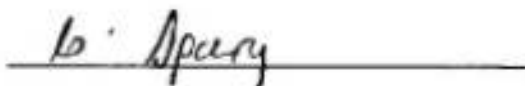
- Review of the procedures for identifying business risks and managing their impact on the agency including the risk management functions.
- Reviewed the adequacy and effectiveness of risk management;
- Reviewed the agency's policies and procedures for detecting and preventing fraud.
- Reviewed the agency's compliance with significant regulatory provisions.
- Reviewed such significant transactions as the committee deemed appropriate.
- Reviewed the controls over significant financial and operational risks.
- Reviewed the adequacy, reliability and accuracy of financial and performance information provided by management and other users of such information.

## **EXTERNAL AUDIT**

The Audit Committee met with the Auditor General of South Africa (AGSA) in order to discuss the Audit Strategy at the commencement of the audit and have further met with the AGSA during the completion phase of the audit process, to ensure that all matters relating to the audit were resolved. We concur with and accept the opinion of the AGSA on the financial statements of the Municipality for the year ended 30 June 2019.

## **APPRECIATION**

The Committee expresses its sincere appreciation to the Council, the Municipal Manager, Management, Internal Audit and the AGSA for their support and co-operation in enabling the Committee to execute and fulfill its responsibilities.



**Mr C. Sparg GA(SA)**

**Audit Committee Chairperson**

**For and on behalf of the Audit Committee**

**Date: 17 February 2020**

## APPENDIX C: COUNCIL COMMITTEES

Municipal Committees	Purpose of Committee
Audit Committee	To provide independent, objective assurance and consulting services designed to add value and improve the District Municipality's operations. It helps the District Municipality accomplish its objectives by bringing a systematic, discipline approach to evaluate and improve the effectiveness of risk management, governance and control processes.
MPAC	To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report in the annual report. To perform any other functions assigned to it through a resolution of Council within its area of responsibility, excluding policy formulation or prioritization matters.
Corporate Services Standing Committee	To advise the Mayoral Committee on matters related to Corporate Services
Community Services Standing Committee	To advise the Mayoral Committee on matters related to Community Services
Technical Services Standing Committee	To advise the Mayoral Committee on matters related to Technical Services
Financial Services Standing Committee	To advise the Mayoral Committee on matters related to Financial Services
Strategic & Governance Committee	To advise Council on matters related to Strategic and Governance
Rules & Ethics	To advise Council on matters related to Rules and Ethics
Remuneration Committee	To advise Council on matters related to Remuneration
Disciplinary Board	This is a committee established in terms of Regulation 4 of the MFMA Regulations on financial misconduct. It deals with cases of financial misconduct. It investigates cases and reports to Council



## APPENDIX D: COMMITTEE ATTENDANCE BY COUNCILLORS

Council Committee Members	Council			Mayoral Committee			Technical Services Committee			Corporate Services Committee			Financial Services Committee			Community Services Committee			Strategic and Governance Committee			Rules and Ethics Committee		
	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent
Ald ZI Dumzela (ANC)	12	10	2	12	12	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr TZ Notyke (ANC)	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ald LM Tokwe (ANC)	12	11	1	12	11	1	N/A	N/A	N/A	10	8	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr DD Mvumvu (ANC)	9	9	3	12	7	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11	9	2	N/A	N/A	N/A	N/A	N/A	N/A
Cllr S Mei (ANC)	12	7	5	12	8	4	10	8	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	2	5	N/A	N/A	N/A
Cllr EM Lakabane (ANC)	12	10	2	12	7	5	N/A	N/A	N/A	N/A	N/A	N/A	12	11	1	N/A	N/A	N/A				N/A	N/A	N/A
Cllr NU Hlathuka	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7	0	N/A	N/A	N/A
Cllr M Yiliwe	12	8	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12	10	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr M A van Zyl (DA)	12	11	1	N/A	N/A	N/A	10	10	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr N Ngendane (EFF)	12	6	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11	9	2	N/A	N/A	N/A	N/A	N/A	N/A
Cllr B Msuthwana (ANC)	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr Telile (ANC)	12	9	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12	10	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr L Pili (DA)	12	9	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	9	0
Cllr M Marubelela (ANC)	12	7	5	N/A	N/A	N/A	N/A	N/A	N/A	10	8	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr B Khweyiya (ANC)	5	1	4*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	1	5	N/A	N/A	N/A	N/A	N/A	N/A
Cllr DV Davids (ANC)	7	3	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	3	2	N/A	N/A	N/A	N/A	N/A	N/A
Cllr L Booka (ANC)	12	10	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr N Ntaopana	12	9	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Council Committee Members	Council			Mayoral Committee			Technical Services Committee			Corporate Services Committee			Financial Services Committee			Community Services Committee			Strategic and Governance Committee			Rules and Ethics Committee		
	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent
(Independent)																								
Cllr M Phuza (ANC)	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	10	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7	0	N/A	N/A	N/A
Cllr NP Mposelwa (ANC)	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11	6	5	N/A	N/A	N/A	9	3	6
Cllr V V Stokhwe (ANC)	12	9	3	N/A	N/A	N/A	10	9	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	6	1	9	8	1
Cllr XG Magcai (DA)	12	12	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Cllr NM Phama (SCA)	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9	9	0
Cllr AP Kwinana (ANC)	12	12	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr Df Hartkopt (DA)	12	9	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr KS Lange (ANC)	5	3	2 *	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr L Nkunzi (ANC)	7	5	2							N/A	N/A	N/A	5	4		N/A	N/A	N/A				N/A	N/A	N/A
Cllr B Msuthwana (ANC)				N/A	N/A	N/A	10	8	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr ZA Williams	12	9	3	12	5	7				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ms F Sephton	12	8	4	12	9	3				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr R Furtuin	12	9	3	12	6	6	10	8	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ms S du Toit	12	3	9	12	5	7				N/A	N/A	N/A	12	11	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr M Nonjola	12	6	6	12	6	6 ***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	1	0	N/A	N/A	N/A
Adv H Jantjie	12	9	3	12	7	5				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A	N/A	N/A
Ms N Mshumi	12	10	2	12	6	6				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	4	3	N/A	N/A	N/A
Mr D Lusawana	12	7	5	12	6	6	10	8	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A	N/A	N/A

Council Committee Members	Council			Mayoral Committee			Technical Services Committee			Corporate Services Committee			Financial Services Committee			Community Services Committee			Strategic and Governance Committee			Rules and Ethics Committee		
	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent	No of meetings	Attendance	Absent
Mr A Gqoboka	12	9	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	2	5	N/A	N/A	N/A

## APPENDIX E: THIRD TIER MANAGEMENT STRUCTURE

Third Tier Structure	
Directorate	Manager
Office Of The Municipal Manager	Manager Socio Economic Development: Vacant
	Manager Mainstreaming: Mr MP Dyantyi
	Manager Strategy Compliance Governance & Internal Audit: Mr N. Wobiya
	Manager: IDP Monitoring Evaluation & Compliance: Mr T Phintshane
Institutional Support And Development	Manager Communications Marketing, Media & Public Relations: Mr G Gceya
	IT/ Infrastructure Support Manager: Mr. L Gush
	International & Inter-Governmental Relations Coordinator: Vacant
Community Services	Municipal Health Services: Mr M Saule
	Manager Water Services Authority: Mr S Pongoma
	Manager: Disaster Risk Management, Fire And Rescue Services: Mr Moko
	Manager Natural Resource Management (Agency Function): Rob Scholtz
Water Services Provision	Manager WSP: Mr D Lusawana
Technical Services	Manager: Roads & Transport Engineering: Mr L Labuschagnie
	PMU: Manager: Mr L Wana
Corporate Services	Manager Auxiliary Services & Council Support: M L Matyesini
	Manager Human Resources & Labour Relations: Mr S Botha
	Manager Skills /Equity / Training & Career Development: Ms N Nelani
	Manager Legal Services: Ms N Libazi
	Manager It: Mr L Gush
Finance	Manager Budget & Compliance: Mr C Samuels
	Manager Expenditure: Ms T Nqgongqwana
	Manager Supply Chain Management: Ms M Mlotywa
	Technical Expert: Vacant
	Manager: Revenue: Vacant

## APPENDIX F: MUNICIPAL FUNCTIONS

The District shares the responsibility on tourism, planning, and fire fighting with its local municipalities. Additional powers and functions are allocated to the District municipality through service level agreements such as the roads function in which there is an active agreement between the Department of Roads and Transport with the District Municipality whereby the District maintains gravel roads in the Former Gariep and Former Maletswai areas.

FUNCTION	Joe Gqabi	Elundini	Walter Sisulu	Senqu
Air pollution	No	Yes	Yes	Yes
Building regulations	No	Yes	Yes	Yes
Child Care facilities	No	Yes	Yes	Yes
Electricity reticulation	No	LM/ESKOM	LM/ESKOM	LM/ESKOM
Fire Fighting	Yes	Yes	Yes	Yes
Local Tourism	Yes	Yes	Yes	Yes
Municipal airports	No	Yes	Yes	Yes
Municipal Planning	Yes	Yes	Yes	Yes
Municipal Health Services	Yes	No	No	No
Municipal Public Transport	Regulation	Yes	Yes	Yes
Pontoons and Ferries	No	No	No	No
Storm water	No	Yes	Yes	Yes
Trading regulations	No	Yes	Yes	Yes
Water (potable)	Yes	N/A	N/A	N/A
Sanitation	Yes	N/A	N/A	N/A
<b>Schedule 5 part b</b>				
Beaches and amusement facilities	N/A	NO	NO	NO
Billboards and the display of adverts in public places	N/A	Yes	Yes	Yes

FUNCTION	Joe Gqabi	Elundini	Walter Sisulu	Senqu
Cemeteries, Crematoria and funeral parlours	N/A	Yes	Yes	Yes
Cleansing	N/A	Yes	Yes	Yes
Control of public nuisances	N/A	Yes	Yes	Yes
Control of undertakings that sell liquor to the public	N/A	Yes	Yes	Yes
Facilities for the accommodation, care and burial of animals	N/A	Yes	Yes	Yes
Fencing and fences	N/A	Yes	Yes	Yes
Licensing of dogs	N/A	Yes	Yes	Yes
Licensing and control of undertakings that sell food to the public	N/A	Yes	Yes	Yes
Local amenities	N/A	Yes	Yes	Yes
Local sport facilities	N/A	Yes	Yes	Yes
Markets	N/A	Yes	Yes	Yes
Municipal abattoirs	N/A	Yes	Yes	Yes
Municipal parks and recreation	N/A	Yes	Yes	Yes
Municipal roads	Yes	Yes	Yes	Yes
Noise pollution	N/A	Yes	Yes	Yes
Pounds	N/A	Yes	Yes	Yes
Public places	N/A	Yes	Yes	
Refuse removal, refuse dumps and solid waste disposal	N/A	Yes	Yes	Yes
Street trading	N/A	Yes	Yes	Yes
Street lighting	N/A	Yes	Yes	Yes
Traffic and parking	N/A	Yes	Yes	yes

FUNCTION	Joe Gqabi	Elundini	Walter Sisulu	Senqu
Licensing of vehicles		Yes	Yes	Yes
Primary Health Care	No	No	No	No
Road maintenance	Yes (Agency function )	N/A	N/A	N/A
Libraries	N/A	Yes	Yes	Yes

## ANNEXURE G: BASIC SERVICE PROVISION

Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	74,1%	89,7%	N/A	N/A	N/A
Households without minimum service delivery	25,9%	10,3%	N/A	N/A	
Total Households*	97 107	97 107	N/A	N/A	



## APPENDIX H.1-2

### Non-Infrastructure Projects

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
07/2011	Provision of Banking services	ABSA Bank	60 Months	01/10/2011	30/09/2016 Extended to 31/12/2018	Rate base	R683 829 955.34 (13-09-2011 to 30-06-2018)	N/A	Contract still running satisfactorily
22/2011	Provision of Municipal Insurance	Lateral Unison Insurance Brokers (Pty) Ltd	36 Months	01/09/2012	30/06/2016 Extended to 31/12/2018	R86 640.00	R15 573 934.28 (Yearly premium) (25-09-2012 to 30-06-2018)	Yes (Premium Adjustment etc)	Contract still running satisfactorily. The end-user has included some items and thus increased premium.
Single Source	Loading of Franking Machine (Postage stamps)	Fin Tech Creditor Postage	24 Months	01/08/2000	Ongoing	Rate based	R43 384.28 Initially (10/09/2012 to 20/05/2013), but now on a month to month basis.	N/A	Contract still running satisfactorily
JGDM2014 /15-004	Supply and Delivery of Tyres, Tubes and Flaps	Celeba cc t/a Hi-Q Aliwal North	36 Months	11/12/2014	11/12/2017 Extended to 30/09/2018	Rates base	R2 723 791.31 (13/01/2015 to 30-06-2018)	N/A	Contract still running satisfactorily
JGDM2013 /14-002	Appointment of a service provider to offer Financial Service support to JGDM	Price Waterhouse Coopers	36 Months	17/11/2014	17/11/2017 Extended to 31/12/2018	Rates base	R2 849 729.86 (01/05/2014 to 30/06/2018)	N/A	Contract still running satisfactorily
Single Source	Implementation and continuation of the billing function	Sebata Municipal Solutions	36 Months	09/06/2014	31/05/2017 Extended to 31/12/2018	Rates basis	R58 056 225.01 (06/08/2015 to 31/0/2018)	N/A	Contract running satisfactory

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2014 /15-018	Appointment of a service provider to supply, delivery and offloading of Coagulants, Ga, Liquid, Granular Chlorine Soda Ash and Lime	Metsi Water Solutions (Pty) Ltd	36 Months	04/04/2016	03/04/2019	Rates base	R6 416 079.82 (20/06/2016 to 30/06/2018)	N/A	Contract still running satisfactorily
JGDM2014 /15-020	Provision of Security Services - Senqu	Imbokotho Mkhomto Security Services	36 Months	01/10/2015	30/09/2018	Rates based	R4 156 445.13 (01/10/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014 /15-020	Provision of Security Services - Elundini	Imbokotho Mkhomto Security Services	36 Months	01/10/2015	30/09/2018	Rates based	R2 786 927.43 (01/10/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014 /15-020	Provision of Security Services - Maletswai	Yolihle Security Services	36 Months	01/10/2015	30/09/2018	Rates based	R1 303 588.30 (01/10/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014 /15-021	Appointment of a Service Provider to offer Legal Service Support to JGDM	Clark Laing Inc Attorneys	36 Months	01/10/2015	31/09/2018	Rates Based	R2 509 341.53 (03/11/2015 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2014 /15-Q035	Supply and Delivery of barriers	Hi - Q Aliwal North	36 Months	01/06/2015	30/05/2018 Extended to 30/09/2018	Rates base	R235 297.04	N/A	Contract running satisfactorily
SINGLE SOURCE	Laboratory services	East London Industrial Development zone	36 Months	01/01/2015	31/12/2018	Rates basis	R6 556 442.71 ( 07/04/2015 to 30/06/2018)	N/A	Contract running satisfactory
133/2015-HR	Appointment of a service provider for provision of support in Human Resources management	Charmaine van Schalkwyk Consulting	36 Months	17/12/2015	17/12/2018	Rates basis	R1 683 537.69 (18/12/2015 to 30/06/2018)	N/A	Contract running satisfactory
	Provision of Travel Agency Services	LithabaBasadi Investments t/a Lithaba Travels	36 Months	01/03/2016	28/02/2019	Rates basis	R16 349 844.49 (01/03/2016 to 30/06/2018)	N/A	Contract running satisfactory

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
LETS/Tel/01	Appointment of a service provider to supply and install a monitored system	Singa Tel (Pty) Ltd t/a NET 15	36 Months	01/07/2016	30/06/2019	Rates Basis	R3 079 939.42 (01/02/2017 to 30/06/2018)	N/A	Contract running satisfactory
RT-25 2016	Procurement of an integrated Financial Management and Internal control system as it relate to the utilization of transversal tender	Sebata Municipal Solutions (Pty) Ltd	36 Months	01/12/2016	30/11/2019	Rates based	R4 745 125.60	N/A	Contract running satisfactory
JGDM2015 /16-023	Appointment for Supply and Delivery of Fencing Material	Songo- Qholo (Pty) Ltd	36 Months	01/02/2017	31/01/2020	Rates based	0.00	N/A	Order not yet placed
JGDM2015 /16-030	Appointment of a service provider to perform duties of a company secretary and provider Legal services for JOGEDA	Clark Laing Inc	36 Months	01/10/2016	30/09/2019	Rates basis	R713 991.84	N/A	Contract running satisfactory
JGDM2015 /16-022	Appointment of a service provider to Supply and Deliver all-purpose cement	S and J Dynamic Trading	36 Months	01/10/2016	30/09/2019	Rates basis	R472 777.50 (18/10/2016 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2016 /17-Q006	External Audit Services	Morar Incorporated	36 Months	01/09/2016	31/08/2019	R84 672 per annum	R337 726.22	N/A	Contract running satisfactory
JGDM2016 /17-005	Appointment of an Events Agent to manage and facilitate event management and catering for Joe Gqabi District Municipality Events	Igqabi Solutions	36 Months	17/05/2017	17/05/2020	15% for every event management	R2 345 016.39	N/A	Contract running satisfactory
JGDM2016 /17-010	Supply and Delivery of Lubricants	Barkly East Motors	36 Months	01/07/2017	30/06/2020	Rates based	R458 519.92	N/A	Contract running satisfactory

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2016 /17-Q015	Supply and Delivery of Steel Reinforcement Mesh	S and J Dynamic Trading	36 Months	01/07/2017	30/06/2020	Rates based	0.00	N/A	Order not yet placed
JGDM2016 /17-018	Supply and Delivery of Computers and Other IT Equipment.	SMS ICT CHOICE (PTY) LTD	36 Months	01/08/2017	31/07/2020	Rates based	R46 910.20	N/A	Contract running satisfactory
JGDM2016 /17-018	Supply and Delivery of Computers and Other IT Equipment.	Genbiz Trading 1001 (Pty) Ltd t/a Aloe Office and Business Equipment	36 Months	01/08/2017	31/07/2020	Rates based	R52 193.99 (09/08/2019 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2016 /17-019	Supply and Delivery of Sprinklers	Yebo Sales Wildcoast cc	36 Months	01/08/2017	31/07/2020	Rates based	0.00	N/A	Order not yet placed
JGDM2016 /17-004	Supply and Delivery of Corporate gifts	BLB Printing corner (Pty) Ltd	36 Months	01/10/2017	30/09/2020	Rates based	R15 226.00	N/A	Contract running satisfactory.
JGDM2016 /17-006	Supply, Installation, Commissioning and Management of water and wastewater services infrastructure telemetry system inclusive of online water quality monitoring system.	Hybrid Control Corporation	36 Months	05/10/2017	05/10/2020	Rates based	R8 485 226.34	N/A	Contract running satisfactory.
JGDM2016 /17-003	Supply, Delivery, Installation of Branding Material	Bravo Afrika Holdings cc	36 Months	01/12/2017	30/11/2020	Rates Based	0.00	N/A	Order not yet placed
JGDM2016 /17-003	Supply, Delivery, Installation of Branding Material	Amended Recline Trading & Projects	36 Months	01/12/2017	30/11/2020	Rates Based	0.00	N/A	Order not yet placed
JGDM2016 /17-Q008	Supply and Delivery of Consumables and other Cleaning Material	MXT Construction and Services	36 Months	01/11/2017	31/10/2020	Rates Based	R36 242.15	N/A	Contract running satisfactory.

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2016 /17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Inzaliseko Trading Enterprise	36 Months	01/11/2017	31/10/2020	Rates Based	R159 299.25	N/A	Contract running satisfactory.
JGDM2016 /17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Chongwa Investments Holdings	36 Months	01/11/2017	31/10/2020	Rates Based	R17037.42	N/A	Contract running satisfactory.
JGDM2016 /17-Q008	Supply and Delivery of Consumables and other Cleaning Material	Copper Leaf Trading 580 cc	36 Months	01/11/2017	31/10/2020	Rates Based	R42 220.32	N/A	Contract running satisfactory.
JGDM2016 /17-Q014	Supply and Delivery of Agricultural Lime	Magricor (Pty) Ltd	36 Months	01/12/2017	30/11/2020	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-001	Infrastructure Assets Management Support	Aurecon South Africa (PTY) Ltd	36 Months	01/06/2018	31/05/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-002	Provision of Vacuum Tankers Services	Buyanako Projects (Pty) Ltd	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-002	Provision of Vacuum Tankers Services	Monguni Investment cc	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-003	Provision of Training Agent	Academy of Training Agent Services	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-003	Provision of Training Agent	LizwaNtlabati Trading cc	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-008	Supply and Delivery of Personal Protective Clothing and Equipment	Heed SA (Pty) Ltd	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-010	Supply, Delivery, Installation and Servicing of Fire Equipment	Magnum Fire	36 Months	01/06/2018	31/05/2021	Rates Based	0.00	N/A	Order not yet placed

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
JGDM2017 /18-010	Supply, Delivery, Installation and Servicing of Fire Equipment	Technofire Services	36 Months	01/06/2018	31/05/2021	Rates Based	0.00	N/A	Order not yet placed
JGDM2017 /18-015	Annual Medical Surveillance	Liqhayiya Investment t/a Liqhayiya Occupational Health and Safety Consultants	36 Months	01/05/2018	30/04/2021	Rates Based	0.00	N/A	Order not yet placed

### INFRASTRUCTURE RELATED PROJECTS

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR / SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
21/2011	Vacuum Tanking Services @ Maclear	Escay Catering & Other Services cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R9 570 984.95 (05/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Mount Fletcher	Umngcunube Trade & Invest cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R4 716 897.38 (05/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Sterkspruit	Eagle Ukhozi Transport cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R959 393.23 (05/10/2012 to 30/06/2018)	Yes	Contract terminated due to poor performance.
21/2011	Vacuum Tanking Services @ Jamestown	Amadwala Trading 363 cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R1 600.00 daily rates. Rate reviewed to R3 000/day.	R11 863 739.71 (21/09/2012 to 30/06/2018)	Yes	Contract still running satisfactorily

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR / SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION / VARIATION	COMMENTS
21/2011	Vacuum Tanking Services @ Burgersdorp	Algoa Plant Hire cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 100.00 daily rates. Rate reviewed to R3 000/day.	R6 258 647.64 (27/09/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Venterstad	Non SoSo Construction cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 050.00 daily rates. Rate reviewed to R3 000/day.	R9 330 700.53 (05/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily
21/2011	Vacuum Tanking Services @ Steynsburg	Ramalo Construction cc	36 Months	01/09/2012	30/06/2016 Extended 30/09/2018	R2 028.00 daily rates. Rate reviewed to R3 000/day.	R5 803 163.27 (04/10/2012 to 30/06/2018)	Yes	Contract still running satisfactorily.
Single Source	Implementation of the Rural Water and Sanitation Programme (RWSP)	The Mvula Trust	60 Months	01/08/2016	31/07/2021	12% of the total cost of the programme	R167 508 405.71 (19/08/2016 to 30/06/2018)	N/A	Contract renewed. Contract still running satisfactorily.
JGDM2015 /16-020	Appointment of a service provider to undertake the water conservation and demand management implementing agent duties	MFS Chartered Accountants	36 Months	01/10/2016	30/09/2019	Rates basis	R24 978 460.67 (20/01/2017 to 30/06/2018)	N/A	Contract running satisfactory
JGDM2016 /17-001PT	New Reservoirs and Ground water suppliers	RadeeCivils	18 Months	18/04/2018	18/10/2018	R35 815 345 .59	R11 501 023.87	N/A	Contract running satisfactorily
JGDM2016 /17-003PT	Burgersdorp Water Treatment works – 6ML storage reservoir	DDX/ Mvezo Plant Hire	32 weeks	09/11/2017	11/11/2018	R26 667 014 .80	R7 644 350.05	N/A	Contract running satisfactorily

## LEASES AND MAINTENANCE CONTRACTS

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION /VARIATION	COMMENTS
83/2009	Financial System Support Agreement	Bytes Systems Integration (Pty) Ltd	14 Months	01/09/2014	26/07/2017 Extended to 31/12/2018 (Maintenance contract – ongoing)	R281 880.00	R1 858 583.19 (21/04/2015 to 30/06/2018)	N/A	Contract still running satisfactorily.
42/2010	Supply, Delivery & Maintenance of Printers	NRG Office Solution t/a Gestetner	36 Months	01/07/2010	Month basis	R845 665.00	R3 433 347.57 (08/09/2010 to 30/06/2018)	N/A	Contract still running satisfactorily.
Single Source	Escalator Maintenance	Otis	60 Months	01/06/2011	31/05/2016 Extended to 31/05/2021	R2 043.29 with escalations every year	R285 167.51 (08/08/2011 to 30/06/2018)	Renewed for a 5 year period.	Satisfactory maintenance regularly performed.
Single Source	Alarm System	Guardian Security	12 Months	01/07/2013	Ongoing	R289.99 per building	R114 555.70 (3/12/2010 to 30/06/2018)	Yes (01/11/2012 – 28/02/2013) (01/03/2013 – 30/06/2013) (01/07/2013 – 30/06/2015) – 30/06/2016) – 31/12/2016 – Ongoing	Contract still running satisfactorily.
Single Source	Lease of offices and a strong room @ MPCC Building in Sterkspruit	Senqu Municipality	12 Months	01/04/2011	31/03/2014 Extended to 31/03/2016 to 31/03/2019	R3 003.00 with escalations yearly	R52 723.00 (29/06/2011 to 30/06/2018)	Yes Renewed (01/04/2012 to 31/03/2014) extended to 31/03/2019	Contract has been extended to end on 31/03/2019
Single Source	Office Accommodation	Christian Life Centre	24 Months	01/04/2012	31/03/2014 Extended to 31/03/2020	Rate based plus L & W (Inc yearly escalations)	R3 737 067.94 (01/04/2012 to 30/06/2018)	Yes	Agreement has been <b>extended</b> for a period of two years and still running satisfactory.



BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION /VARIATION	COMMENTS
Q35/2011	Office Accommodation (Office in Ugie)	Francis Kotze	36 Months	01/04/2012	31/03/2014 Extended to 31/03/2019	R8 500.00	R622 098.16 (01/07/2012 to 30/06/2018)	Yes	Agreement still running satisfactorily
Single Source	Rental of photo copy machine for working for water.	Nashua East London	60 Months	01/05/2013	Month basis	R750.00/month	R177 204.65 (28/09/2010 to 30/06/2018)	Renewed	Contract has been renewed for five (5) years from 01/05/2013 to 31/04/2018 and still running satisfactory.
Single Source	Supply, Installation and Monitoring of the Altech Netstar tracking unit on Mayor's official vehicle	Altech Netstar Fleet Solution (Pty) Ltd	36 Months	01/07/2013	Ongoing	R17 408.94	R433 326.75	N/A	Unit already supplied and installed into the vehicle. Performance is satisfactory. Additional Units were provided for additional vehicles purchased.
Single Source	Lease of Office for the Billing office in Maclear	Salabora Enterprise Projects	36 Months	01/11/2015	31/10/2018	R5 700.00pm	R186 226.95 (03/11/2015-30/06/2018)	N/A	Contract running satisfactory
Single Source	Lease office for Cashiers in Maletswai Local Municipality	Maletswai Local Municipality	36 Months	01/04/2016	31/03/2019	R300.00pm	0	N/A	Order not placed yet

BID NO	DESCRIPTION OF SERVICE	CONTRACTOR/ SERVICE PROVIDER	DURATION	START DATE	EXPIRY DATE	CONTRACT AMOUNT	PAYMENTS MADE TO DATE	EXTENSION /VARIATION	COMMENTS
Single Source	Lease officer Cashiers office in Senqu Municipality	Senqu Local Municipality	36 Months	01/04/2016	31/03/2019	R3 700.00pm	R57 817.00 (16/11/2016 to 30/06/2018)	N/A	Contract running satisfactory
Single Source	Lease Office for Cashiers office Gariep Local Municipality	Gariep Local Municipality	36 Months	01/04/2016	31/03/2019	R3 500.00pm	0	N/A	Order not placed yet






Annual Performance Period 01 July 2018 To 30 June 2019





👍 = Target achieved    👎 = Target not achieved

## APPENDIX I: MUNICIPAL ENTITY PERFORMANCE SCHEDULE

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
1.1.1	Aliwal SPA Resort	Report on Facilitation of appointment of the investor operator	Business plan and Council resolution through a notarial lease.	NIL	Report on facilitation of appointment of the investor operator	NIL	Maletswai Local Municipality	Report on facilitation of appointment of the investor operator	👍	None	None	Chief Executive Officer
1.1.2		Establishment of community Social Enterprise		NIL	Community Social Enterprise Established		Maletswai Local Municipality	Company registration for the enterprise	👎	PPP agreement has not yet been finalised whereby terms of the contract which includes the component of the community enterprise will be agreed upon	Conclude the PPP agreement with the investor before end of the first quarter of 2019/20 financial year and engage the municipality and PSC to establish the enterprise before second quarter of 2019/20 FY ends.	Business Analyst/ Project Managers

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
1.1.3	Elundini Middle Income Housing	Establishment of project steering committee.	Alternative land suitable for the development of middle income housing secured.	NIL	Project steering committee established	R 250 000,00	Senqu Local Municipality	Minutes, signed TOR for committee		Project steering committee could not be finalised due to no response from the technical members of the local municipality around the terms of reference and allocating members to form part of the committee	Management will further engaging the new technical members in Elundini local municipality and the process will be concluded before end of the 1st quarter 2019/20.	Business Analyst/ Project Managers







KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
1.1.4		Appoint Property developer.		NIL	Property developer appointed			Agreement, appointment letter		The market was not responsive. This was a major set-back for the project. Out of the 26 bidders who attended the briefing Only one bidder submitted and the evaluation and adjudication results were that the submission was non-responsive.	The implementation plan is developed and the strategy is now focused on appointing a consortium to as project champions. Upon finalising the revision of PSP procurement will commence in the first quarter of 2019/20 FY.	
1.1.5	Senqu Small Town Regeneration Project	Establishment of project steering committee	Alternative Land obtained which is suitable for commercial development.	NIL	Project steering committee established	NIL	Joe Gqabi District Municipality	Minutes, signed TOR for committee		None	None	Business Analyst/ Project Managers

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
1.1.6		Conduct Social Facilitation.		NIL	Social Facilitation Conducted			Social facilitation attendance register		The social facilitation could not be implemented due to issue of land ownership. It was not clear as whom the land ownership rests with either Local Municipality or ECDC. This therefore complicates the process going forward in engaging the tenants on site.	Management has been engaging with the local municipality on the strategy to undertake the social facilitation process and this KPI will be completed before end of quarter 2 2019/20 FY.	
1.1.7		Appoint property developer.		NIL	Property developer appointed	R 250 000,00	Joe Gqabi District Municipality	Appointment letter		None	None	
1.1.8	Water and Sanitation programme	Water and Sanitation Transfer Plan	New Indicator	NIL	Water and Sanitation Transfer Plan developed	NIL	Joe Gqabi District Municipality	Water and Sanitation Transfer Plan		None	None	Analyst/ Project Managers
1.1.9		Number of Project Steering Committee		NIL	3 Project Steering Committee monitoring		Joe Gqabi District Municipality	PSC Monitoring reports		None	None	

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
		monitoring reports			reports							
1.1.10		Establish PMU		R 938 650,00	PMU Established		Joe Gqabi District Municipality	Appointment letters	👍	None	None	
1.1.11	Maize Meat Hub	Establish community social enterprise	Social facilitation report and operational model	NIL	Community Social enterprise established	R 150 000,00	Internal	Community Social enterprise established, agreement, TOR	👍	None	None	Analyst/ Project Managers
1.1.12		Appoint community social enterprise to operate the feedlot		NIL	Community social enterprise appointed to operate the feedlot	R 150 000,00	Internal	Community social enterprise appointed to operate the feedlot	👎	The social facilitation process and registration of the entity took longer than initially anticipated and further delays due to legal vetting as there are a lot of legal issues to be taken into consideration to ensure to legally compliant.	Finalisation of the lease agreement with Legal and signing off with the community enterprise and this process will be completed before the end of quarter 1 of 2019/20 FY.	

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
1.1.13		Number of Signed strategic partnership agreement with agricultural departments		NIL	Strategic partnership agreement signed	NIL		Agreement, SLA, MOU, MOA	👍	The KPI will only be achieved once KPI 1,1,12 is concluded. Letter to request of take agreement is completed and engagements are in process with the departments private and public.	Engage the market further and develop and sign partnership agreements before the end of the quarter 1 2019/20 FY.	
1.1.14	Agri Park and Agri-business support	Sign Implementation on protocol with RAFI	New Indicator	NIL	Implementation on protocol with RAFI signed	Implementation on protocol with RAFI signed	Implementation on protocol with RAFI signed	MOU/SLA	👍	None	None	Business Analyst/Project Manager
1.1.15		Conduct social facilitation.		NIL	Social facilitation conducted	R 200 000,00		Social Facilitation Report, Attendance register	👍	None	None	
1.1.16		Establish RAFI Technical Committee		NIL	RAFI Technical Committee Established	NIL		Attendance registers, Minutes or monitoring and evaluation report	👍	None	None	




KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
1.1.17	Senqu Industrial Park	Report on Conducting Environmental Impact Assessment for Senqu Industrial Park.	Secured land for the development of Senqu industrial park.	R 400 000,00	Report on Conducting Environmental Impact Assessment for Senqu Industrial Park.	R 350 000,00	Gariep Local Municipality	Report on EIA		None	None	Business Analyst / Project Manager
1.1.18	SMME Development	Number of SMME trained.	32	R 780 000,00	40 SMME Trained	R 458 730,00		Entrepreneur development and training programme		None	None	Business Analyst/Project Manager
1.1.19		Number of entrepreneurial information sharing workshops conducted.	4	R 20 000,00	4 Information workshop Conducted			Entrepreneur Workshop Attendance Register		None	None	
1.1.20	Aliwal North Private Hospital	Report on Securing project funding for the Aliwal North Hospital	Project Information memorandum	R 50 000,00	Report on Securing project funding for the Aliwal North Hospital	R 500 000,00	Senqu Local Municipality	Report on Securing project funding for the Aliwal North Hospital, funding commitment		None	None	Business Analyst/ Project Manager
1.1.21		Sign development facilitation agreement		NIL	Development facilitation agreement Signed			Agreement		None	None	
1.1.22	Senqu Marketing Board	Facilitate development of Marketing Board	New Indicator	R 200 000,00	Report to Facilitate development of Marketing Board			1. Report on facilitation of the marketing board		None	None	Business Analyst/ Project Manager

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
2.1.1	Annually	Approved (Reviewed) organisational structure aligned to the mandate of JoGEDA	Organisational Structure 2017/18	R 6 194 779,00	Approved (Reviewed) Organisational Structure	R 3 957 010,03	Maletswai Local Municipality	Approved Organogram	👍	None	None	Chief Executive Officer/Finance Manager
2.1.2	Annually	Number of filled funded positions in the approved organogram	Organisational Structure 2017/18		Funded positions to be filled in the approved organogram		Maletswai Local Municipality	Approved Organogram	👍	None	None	
2.2.1	Annually	Report on Board (and Board Committees) effectiveness assessment.	Board Assessment report 2017/18		Board Assessment Report		Maletswai Local Municipality	Board Assessment Report	👍	None	None	
2.2.2	Annually	Performance agreements signed annually	Performance Management Policy		Performance agreement Meeting		Maletswai Local Municipality	Performance Contracts	👍	None	None	
2.2.3	Quarterly	Number of performance evaluation performed quarterly	Performance Management Policy		4 Performance Management Evaluation		Maletswai Local Municipality	PMS Quarterly Review	👍	None	None	
2.2.4	Quarterly	Compliance register compiled and updated quarterly	Compliance Register 2017/18		Compliance register compiled and updated quarterly		Maletswai Local Municipality	Compliance	👍	None	None	

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
3.1.1	Quarterly	Number of performance Management reports compiled and submitted	2017/18 Performance Reports		4 Quarterly Performance management Reports	R 362 496,96	Maletswai Local Municipality	Quarterly Performance Management	👍	None	None	Chief Executive Officer/Company Secretary
3.1.2	Quarterly	Number of board and committees meeting convened	2017/18 Minutes of Board meetings	R 621 599,00	4 board and committee meetings convened		Maletswai Local Municipality	Company Secretary Report	👍	None	None	
3.1.3	Annually	Annual Performance Plan Developed	New Indicator		Annual Performance Plan Developed		Maletswai Local Municipality	Annual Performance Plan	👍	None	None	
3.1.4	Annually	Organisational policies reviewed annually	Organisational Policies reviewed		Organisational policies Reviewed		Maletswai Local Municipality	Extract of the Board Meeting Minutes.	👍	None	None	Chief Executive Officer / Finance Manager
3.1.5	Annually	Annual General Meetings Held	Minutes of previous AGM		Annual General Meeting		Maletswai Local Municipality	Minutes of the AGM	👍	None	None	
3.1.6	Annually	Risk Management Plan implemented	2017/18 Risk Register		Updated risk assessment report developed		Maletswai Local Municipality	Risk Register	👍	None	None	
3.1.7	Annually	Auditor General Unqualified Audit Opinion.	2017/18 Auditor General report		Auditor General report		Maletswai Local Municipality	Auditor General's Report 2017/18	👍	None	None	

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
3.1.8	Annually	Implementation of audit recommendation	2017/18 Auditor General report		Audit Action Plan Developed		Maletswai Local Municipality	Audit Action Plan	👍	None	None	
3.1.9	Annually	Conduct Fraud Awareness	New Indicator		Fraud Awareness Conducted		Maletswai Local Municipality	Fraud Awareness Attendance Register	👍	None	None	
3.2.1	Annually	Number of Annual budget approved and submitted to JGDM	2017/18 annual budget	NIL	Annual budget Submitted	-	Maletswai Local Municipality	Proof of submissions, e-mails or confirmation correspondence	👍	None	None	Chief Executive Officer / Finance Manager
3.2.2	Annually	Annual Financial Statements submitted to Treasury and Auditor General	2017/18 Annual Financial statement	NIL	Annual Financial Statement submitted to Treasury and Auditor General	Annual Financial Statement submitted to Treasury and Auditor General	Annual Financial Statement submitted to Treasury and Auditor General	Proof of submissions, e-mails	👍	None	None	
3.2.3	Quarterly	Number of monthly budget statements completed and submitted to JGDM	2017/18 Monthly budget statements	NIL	12 monthly budget statements submitted		Maletswai Local Municipality	Monthly Budget, proof of submission, e-mails.	👍	None	None	

KPI (No.)	Project Name	Specific Deliverable (KPI) Performance Indicators	Baseline	Budget 2018/19	Annual Targets 2018/19	Budget 2017/18	Location	Audit Evidence	Snap shot	Reasons for Variance/ Comment	Mitigation Measures	Responsible Person
3.2.4	Quarterly	Number of Quarterly Financial Statements prepared and submitted	2017/18 Financial statements	NIL	4 Quarterly financial Statements Submitted		Maletswai Local Municipality	4 Quarterly financial Statements Submitted, E-mail to JGDM		None	None	

## APPENDIX J: DECLARATIONS OF FINANCIAL INTEREST

Position	Name	Description of Financial interests* (Nil / Or details)
Executive Mayor	Ald. ZI Dumzela	Nil
Member of MayCo	Ald. LM Tokwe	Nil
	Cllr EM Lakabane	Nil
	Cllr S Mei	Nil
	Cllr DD Mvumvu	Nil
Councillor	B. Msuthwana	Nil
	L. Booka	Achridan Constructor 2006/029542/23
	V. Davids	Nil
	D.F. Hartkopf	Nil
	N. Hokwana	Nil
	B. Khweyiya	Nil
	A.P. Kwinana	Nil
	K. Lange	Nil
	X. Magcai	Nil
	M. Marubelela	OGU Trading CC 2007/091248/23
	N.P. Mposelwa	Nil
	N. Ngendane	Nil
	L. Nkunzi	Nil
	T. Notyeke	Nil
	N. Ntaopane	Nil
	N.M. Phama	Nil

Position	Name	Description of Financial interests* (Nil / Or details)
	M. Phuza	1)Ekhephini Community Radio 2012/202603/08 2) Ilanga Libalele Communications 2010/151401/23
	L. Pili	Nil
	V.V. Stokhwe	Nil
	M. Telile	Nil
	A.M. Van Zyl	Nil
	M. Yiliwe	Nil
Municipal Manager	Z.A. Williams	1) Amaqadi Trust IT00123/2018(B), 2) Zanempilo Nutrition Farms, 3) The Morning Sun Ranch
Chief Financial Officer	S. Du Toit	Nil
Deputy MM and (Executive) Directors		
Other S57 Officials	N. Mshumi	Nil
	Adv. H.Z. Jantjie	Nil
	R. Fortuin	Nil
	M. Nonjola	Nil
	F.J. Sephton	1) Jointly own a house with Janet Viedge 2) Shares with STX40 3) Shares with ASHT40

## APPENDIX K: CAPITAL PROGRAMME BY PROJECT

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
Maclear Water Treatment and Distribution Upgrade (Phase 1)	The project constitute the Following activities for this financial year: (3) The construction of pipeline linking the reservoirs, (4) Installation of fittings for the link pipeline	Total Budget R95 995 638 2018/19 R10 000 000	MIG	ELM	29/10/2015 29/03/2019	Total Exp. Prev. FYs = R17 207 351.31 2018/19 R 0	<b>Phase 1</b> Progress: Construction<=80%, (On hold until the appointment of a new service provider)	<b>Phase 1</b> The services of the PSP that was appointed on this project were terminated due to under performance. The item to MAYCO has been prepared for the appointment of the PSP that was appointed for Phase 2 of the project to complete what was not completed on Phase 1. That process is still under way
Maclear Water Treatment and Distribution Upgrade (Phase 2 – Construction of <b>Water Treatment Works</b> )	2) The project activities for 2018/19 FY: • Procurement of Construction Services Provider (CSP) • Construction of WTW	Total Budget R96 837 705  2018/19 R 10 000 000	MIG	ELM	11/03/2016 30/05/2021	Total Exp: 2018/19 FY R 4 478 419.60	<b>Phase 2:</b> Progress: Project is at Tender stage,	<b>Phase 2 – Construction of WTW</b> 25% Complete – Tender adverts were published on the 15 February 2019 and they closed on the 25 March 2019, they are being evaluated
Maclear Water Treatment and Distribution Upgrade (Phase 2 – Maclear Town <b>Pipe Replacement</b> )	2) The project activities for 2018/19 FY: • Procurement of Construction Services Provider (CSP) • Replacement of AC Pipe in Maclear town	Total Budget R20 000 000 2018/19 R 10 000 000	MIG	ELM	11/03/2016 30/05/2021	Total Exp: 2018/19 FY R 4 478 419.60	<b>Phase 2:</b> Progress: Project is at Tender stage,	<b>Phase 2 – AC Pipe Replacement in Maclear</b> 25% Complete – Tender adverts were published on the 15 February 2019 and they closed on the 25 March 2019, they are being evaluated



Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
Mt Fletcher Bulk Water Supply Scheme Phase 2 (Upper and Lower Tokwana Villages Project)	<b>Project activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Releasing the final account to the contractor</li> </ul>	Total Budget: R152 000 000 2018/19 R 8 600 000	MIG	ELM	26/01/2015 Complete	Total Exp. Prev. FYs =R 101 151 201 2018/19 Exp. = R 8 281 579.58	<b>Progress:100% complete, (retention)</b>	<b>Update on 2018/19 progress</b> Final Accounts have been settled and the project is complete
Mt Fletcher Bulk Water Supply Scheme Phase 2 (Upper and Lower Tsolobeng and Mpharane Project)	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Monitoring of Dampness on the Reservoir wall and signing off of the final certificate</li> </ul>	Total Budget: R152 000 000 2018/19 R5 000 000	MIG	ELM	16/09/2013 30/06/2018	Total Exp. Prev. FYs =R 101 151 201  2018/19 Exp. = R 0	<b>Progress:100% complete</b>	<b>Update on 2018/19 progress</b>  The final accounts have been issued to the SMME contractors and the project is in the process of being handed over officially to WSP.
Bulk Sanitation Infrastructure Upgrade for Maclear : Phase 3B:	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Procurement of Construction Service Provider (CSP)</li> <li>Construction of Phase 3B</li> </ul>	Total Budget: R63,543,600.25  2017/18 R 17 000 000	MIG	ELM	11/03/2015 30/06/2021	Total Exp. Prev. FYs = R0 201/18 Exp. = R 965 486.66	<b>Progress:</b> Progress: Project is at Design and Tender stage (Designs <b>100%</b> , and Tender Development <b>&lt;=100%</b> ,	<b>Update on 2018/19 progress</b>  Tender adverts were published on the 15 February 2019 and they closed on the 25 March 2019, they are being evaluated
Bulk Sanitation Infrastructure Upgrade for Maclear : (Phase 3)	<b>Project Activities for 2018/19 FY</b> <ol style="list-style-type: none"> <li>Completion of Upgrading of WWTW from 0.7 to 1.4 Ml/day</li> <li>Completion of Pump station and rising main</li> </ol>	Total Budget: R49 006 769 2018/19 R17 000 000	MIG	ELM	11/05/2015 01/05/2019	Total Exp. Prev. FYs =R 29 327 016.80 2018/19 Exp. = R 16 440 304.70	<b>Progress:</b> <b>Construction &lt;=90%</b>	<b>Update on 2018/19 progress</b> The new contractor is doing well, the project is at 95% complete, and it is planned to be completed by the end July 2019. The ff have been completed by the sub-contractor: 3) Clarifier 100% complete, testing has been started and now is being

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								monitored for any failures 4) Pump Station is 95% complete – The extension of time that was requested by the new sub-contractor has since been approved and progressing quite well.
<b>Bulk Sanitation Infrastructure Upgrade for Maclear : Phase 4</b>	<b>Project Activities for 2018/19 FY</b> Design development for: <ul style="list-style-type: none"> <li>Sewer Reticulation of the entire Maclear town</li> </ul>	TBA	MIG	ELM	TBA	Total Exp. Prev. FYs = 0 2017/18 Exp. = 0	<b>Progress: Design &amp; Tender</b>	<b>Update on 2018/19 progress</b> The consultant is still busy with the development of the Technical Report to be submitted to the Pre-DAC in the 2d Quarter of 2018/19 FY. The project is planned to be implemented in 2019/20
Ugie Bulk Water Infrastructure <b>Phase B</b>	<b>Project Activities for 2018/19 FY</b>  This is Phase B of the project which still at design and tender documentation for following activities: (4) Construction of Phase 2 of the bulk supply lines for Ugie (5) Provision of a water reticulation system for Ugie town (6) Construction of the Ugie Dam	Total Budget: 143,188,981.93  2018/19 R 2 000 000	MIG	ELM	July 2015 <b>TBA</b>	Total Exp. Prev. FYs = R0  2017/18 Exp. = R0	<b>Progress: Design and Tender</b>	<b>What has been completed up to 2017/18</b> Phase A has been completed which consisted of the following: Upgrading and extension of the Ugie water treatment plant (4) Construction of bulk supply lines (5) Construction of rising mains to the 2 existing reservoirs (6) And basic planning of the proposed Ugie Dam <b>Update on 2018/19 progress</b> A meeting was held with the PSP where they took the municipality into confidence

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								that they will be able to undertake the project. The municipality has given them a chance to continue with the project. And now are busy with Tender Documentation.
Elundini Rural Water Programme (Orio Project)	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Procurement of Sub-consultant</li> <li>Completion of Designs</li> <li>Procurement of Construction Service Provider (CSP)</li> </ul>	<b>Total Budget:</b> R221 252 004,62  <b>2018/19</b> R 3 000 000	MIG <b>ORIO</b>	ELM	TBA	Total Exp. Prev. FYs= R3 749 416.01  2018/19 Exp. = R 404 874,75	Progress: <b>Design &amp; Tender</b>	<b>Update on progress in 2018/19 FY</b> 20% Complete – The project is at Design Stage and Tender stage. The procurement of Sub-Consultants has been completed by JGDM and the reports have been sent to ORIO for verification and approval. The municipality is awaiting approval from ORIO to appoint.
Sterkspruit: Upgrading of WTW and Bulk Lines <b>200mmØ Hershel Pipeline (Under construction)</b>	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Completion of 200mmØ Hershel Pipeline</li> </ul>	<b>Total Budget:</b> R 125,438,317.60  2018/19 R 2 000 000	MIG	SLM	10/2009	Total Exp. Prev. FYs= R 130 498 734.00 2017/18 Exp. = R 511 894 .06	Progress: <b>Construction &lt;=75%</b>	<b>Update on progress in 2018/19 FY</b> The IA is in the process of claiming the guarantee from the Contractor and in the mean time the processes to procure a new contractor for the project are underway.
Jamestown Bucket Eradication and Sanitation - Phase 2 Contract: JGDM 2014/15-009 <b>(Pipelines)</b>	<b>Project Activities for 2018/19 FY</b> <ul style="list-style-type: none"> <li>Procurement of new contractor (This is after the SCA ruling that JGDM should go out to tender again)</li> <li>Restarting the</li> </ul>	<b>Total Budget:</b> R38 550 081  2018/19 R 5 000 000	MIG	WSLM	TBA	Total Exp. Prev. FYs=R4 666 535.06  2018/19 Exp. = R 1 064 186.09	Progress: <b>Constructi on &lt;=50%</b>	<b>Update on 2018/19 progress</b> The sewer line project was challenged when it was at 50% complete and therefore was instructed by a Supreme Court of Appeals to stop. The judgement was received only late in June 2018, where

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
	construction of Pipeline project							the SCA instructed that procurement should start from scratch. Tender adverts were published on 15 February 2019 and they closed on the 25 March 2019. Still being evaluated
Jamestown Bucket Eradication and Sanitation- Phase 2 Contract: JGDM 2014/15-001 (Pump stations)	<b>Project Activities for 2018/19 FY</b> 2. Completion of Two Pump Station in Jamestown	Total Budget: R38 550 081 2018/19 R 5 000 000	MIG	WSLM	TBA	Total Exp. Prev. FYs=R 15 874 653.20 2017/18 Exp. = R 4 144 397.37	Progress: <b>Construction</b> <=100%	<b>Update on 2018/19 progress</b> The project been completed, however cannot be handed over to WSP at this stage as the Pipeline contract has to be completed first.
Senqu Rural Sanitation VIP Toilet Programme	<b>Project Activities for 2018/19</b> • Construction of VIP toilets in Senqu	Total Budget: R102 761 447 2018/19 R 40 450 000	MIG	SLM	TBA	Total Exp. Prev. FYs=R 153 536 582 2018/19 Exp. = R 41 772 905.27	Progress: <b>Construction</b> <=90%	<b>Update on 2018/19 progress</b> The Implementing Agent (IA) that has been responsible for this project has been relieved and the project has been transferred to JOGEDA for implementation, however the staff and the office of the IA have been retained by JOGEDA The contractors have stated working on sites
Elundini Rural Sanitation VIP Toilet Programme	<b>Project Activities for 2018/19</b> • Construction of VIP toilets in Elundini	Total Budget: R182 117 245 2018/19 R40 450 000	MIG	ELM	TBA	Total Exp. Prev FYs R 145 851 179.40 2018/19 R 51 944 825.96	Progress: Construction <=90%	<b>Update on 2018/19 progress</b> The Implementing Agent (IA) that has been responsible for this project has been relieved and the project has been transferred to JOGEDA for implementation, however the

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								staff and the office of the IA have been retained by JOGEDA The Contractors has started working on sites.
Senqu Rural Water Supply: Network Extension	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Water Supply (Quick Wins) to Sterkspruit Villages</li> </ul>	Total Budget: R85 000 000  2018/19 R 3 000 000	MIG	SLM	TBA	Total Exp. Prev. FYs=R 78 538 418.33  2018/19 Exp. = R 4 478 419.60	Progress: <b>Construction</b> <=70%	<b>Update on 2018/19 progress</b> The two PSP; Masilakhe and Lukhozi Consulting Engineers are currently on site. Masilakhe working at Mpoki Village, putting up the pipeline, and emerging the existing pump stations. Lukhozi working at Skisazana Village (Doing pipeline0, Makheteng village (doing pump station) and Macacume village (doing the rising main to the reservoir)
Upscaling and Upgrading of Barkly East Bulk Water Supply	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Secure WULA for small streams</li> <li>Revision of Designs as the scope has been increased on the new funding</li> <li>Construction started</li> </ul>	Total Approved Budget R 42 490 377  2018/19 R 15 000 000	MIG	SLM	01/09/2018 30/06/2020	Total Exp. Prev FYs = R 12 969 199,27 2018/19 = R 15 984 525.17	Progress: <b>Construction</b> <=70%	<b>Update on 2018/19 progress</b> The project has been split into two phases, phase 1 is at 95% complete Phase 2 is at 40%, the project is progressing very well at this stage
<b>Sub-Project 4:</b> Lady Grey: Additional Storage Reservoirs and Groundwater supplies	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Equipping 3 boreholes with complete pump houses propelled</li> </ul>	Total Budget R35.8M  2018/19 R35.8M	ECPT	SLM	22/04/2017 30/04/2019	Total Exp. To date: R 39 535 655.90 (there was a VO in this project)	Progress: Construction <= 95%	<b>Update on 2018/19 progress</b> <ul style="list-style-type: none"> <li>The project is at 95% complete, and the contractor is slightly falling behind schedule,</li> </ul>

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
	<ul style="list-style-type: none"> <li>with electrical power,</li> <li>3 Storage Reservoirs (1ML, 300KL &amp; 100KL),</li> <li>250mm bulk line and (4) 160mm gravity main into the reticulation network</li> </ul>							however the project set to be completed before the end of July 2019.
Burgersdorp Plantation Sump and Boreholes	<b>Project Activities for 2018/19</b> The project entails the construction of Sump next to the Burgersdorp WTW	Total Budget R8,708,192.95 2018/19 R8,708,192.95	ECPT	WSLM	11/05/2017 11/11/2018	Total Exp. To date: R 8 070 553.34	Progress: Construction <=100%	<b>Update on 2018/19 progress</b> <ul style="list-style-type: none"> <li>Project is practically complete</li> </ul>
6ML Storage Reservoir at Burgersdorp WTW	<b>Project Activities for 2018/19</b> <ul style="list-style-type: none"> <li>Construction of 6ML reservoir next to the Burgersdorp WTW</li> </ul>	Total Budget R26,667,014.80  2018/19 R26,667,014.80	ECPT	WSLM	09/11/2017 28/11/2018	Total Exp. To date: R 23 999 306.30	Progress: Construction <=99%	<b>Update on 2018/19 progress</b> <ul style="list-style-type: none"> <li>C4 Base course for the access road is at <b>100%</b> completion</li> <li>Surfacing of the access road with paving blocks is at <b>80%</b> complete</li> <li>Concrete walls at the 6ML reservoir are <b>100%</b> complete.</li> <li>Columns at the 6ML reservoir are <b>100%</b> complete.</li> <li>Beams at the 6ML reservoir are <b>100%</b> complete</li> <li>The concrete roof at the 6ML reservoir is <b>100%</b> complete</li> <li>Piping <b>100%</b> complete</li> </ul>

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
								<b>Testing and cleaning are the outstanding activities</b>
WSIG Drought Relief Intervention	<b>Project Activities for 2018/19</b>  Development of groundwater incl drilling, testing and equipping of boreholes as well as the construction of pump houses	Total Budget R7,673,000  2018/19 R7,673,000	WSIG	ELM	01/03/2019 30/03/2020	Total Exp. To date: R1,997,414	Progress: Design and tender	<b>Update on 2018/19 progress</b> Late start due to conversion of the grant from Schedule 6b to 5b. Notice of conversion received on 14/02/19. Jogeda appointed as IA. Sub-consultants appointed and designs complete Rollover application to be submitted in Aug 2019.
Refurbishment of Burgersdorp WWTW	<b>Project Activities for 2018/19</b> Civil Works: Upgrade of components in the Head of works such as screens, grit and clarifiers. Mechanical Works: Upgrade of the mechanical components such as screening equipment, grit isolation, aeration equipment, clarifiers and chlorination equipment. Refurbishment of the asbestos sewer pumping main (Mzamomhle Sewer Pumpstation to the WWTW).	R 9 992 517	WSIG	WSLM	01/10/2018 30/06/2019	R 9 992 654	Complete	The project is implemented by an Implementing Agent, JoGEDA. Phase 1 of the refurbishment project has been completed. Phase 2 of the project will be implemented in the 2019/20 FY

Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
District Wide Telemetry System	<b>Project Activities for 2018/19</b> Implementation of a telemetry system for reservoirs, pumpstation, water treatment works and pipelines for water quality and quantity as well as infrastructure (pumps) functionality (operation) monitoring.	R 21 173 791	WSIG	WSLM, SLM, ELM	28/09/2017 27/08/2020	R 21 176 286	Complete	All the Water Treatment works and reservoirs in the urban areas have a telemetry system. A TOC is installed in the head office in Barkly East
Refurbishment of WTW	<b>Project Activities for 2018/19</b> Upgrade and refurbish various components of the existing WTW such as chemical storage tanks, sludge ponds, electrical panels & equipment, Sand Filtration and Chlorination system	R 15 833 691	WSIG	WSLM	01/11/2018 30/06/2019	R 15 832 353	Steynsburg WTW, Aliwal North WTW, Jamestown WTW refurbished, completed and Commissioned	None
Argumentation of Clear Water Storage	<b>Project Activities for 2018/19</b> Construction and Commissioning of clear Water Storage	R 9 500 000	WSIG	SLM	01/09/2019	R 9 497 008	Reservoirs were constructed in Lady Grey and Herschel	The project is a multiyear project
Bulk Meters	<b>Project Activities for 2018/19</b> Installation of Smart Bulk Metering system at the	R 2 500 000	WSIG	SLM	01/04/2019 30/06/2022	R 4 499 110	Installation of Bulk Meters in Sterkspruit, and Lady Grey	The project is a multiyear project



Project Name	Description	Budgets('000)	Funding Source	Location	Start Date End Date	Progress on Expenditure ()	Progress: Design & Tender, Contractor appointed, Construction <=25%, <=50%, <=75%, <=99%, completed, retention)	Comments
	Water Treatment Works							

**ANNEXURE L: TREATMENT OF THE THREE LARGEST ASSETS  
ACQUIRED 2018/19 FY**

Asset 1			
Name	Iveco Daily		
Description	Iveco daily		
Asset Type	Fire Engine		
Key Staff Involved	Fire and Disaster Services		
Asset Value	R747 500,00		
Capital Implications	Asset has been capitalised as movable asset		
Future Purpose of Asset	Render services to the communities of JGDM		
Describe Key Issues	None		
Policies in Place to Manage Asset	Yes		
Asset 2			
Name	Extras cabs body		
Description	Extras cabs body		
Asset Type	Fire Engine		
Key Staff Involved	Fire and Disaster Services		
Asset Value	R 556 882,61		
Capital Implications	Asset has been capitals as movable asset		
Future Purpose of Asset	render services to the communities of JGDM		
Describe Key Issues	None		
Policies in Place to Manage Asset	Yes		
Asset 3			
Name	Laptop		
Description	Laptop		
Asset Type	Computer Equipment		
Key Staff Involved	Information Technology		
Asset Value	R24 719,00		
Capital Implications	Asset has been capitals as movable asset		
Future Purpose of Asset	To be used by JGDM employees		
Describe Key Issues	None		
Policies in Place to Manage Asset	Yes		

**APPENDIX M: LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING 2018/19 FY)**

R' 000

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
<b>MXT Construction</b>	Supply and Delivery of Washing Throughs or Basins as and when required	01/07/2018	30/06/2021	Mr J Germishuizen	Rates Based
<b>Ballenden Robb SA (Pty) Ltd</b>	Electrical Certificate of compliance testing (CoC) for Joe Gqabi District Municipality Properties	01/05/2019	30/04/2022	Mr S. Scharnick	Rates Based
<b>Celeba cc t/a TyreMart Aliwal North</b>	Supply and Delivery of Tyres, Tubes and Flaps	01/06/2019	31/05/2022	Mr U. Rozani	Rates Based

## APPENDIX N: COGTA-EC INDICATORS

### Organisational Transformation and Institutional Development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the FY under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	1022	828	78.8%	EEP plan sets to achieve the target over a period of five years due to budget implications.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	8	8	100%	None.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	8	8	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	1	1	100%	None
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	3	3	100%	None
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	100%	100%	100%	None
9	Percentage of councillors who attended a skill development training within the current 5 year term	100%	100%	100%	None
10	Percentage of staff	961	6	0.006	Recruitment

	complement with disability				process encourages people with disabilities to apply
11	Percentage of female employees	961	244	25%	Employment Equity Plan is being implemented.
12	Percentage of employees that are aged 35 or younger	961	209	22%	None

#### Basic Service delivery performance highlights

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	200	15217	0	0	There were no new connections
2	Percentage of indigent households with access to free basic potable water	15 626	0	15 626	15 626	100% (of registered indigents)
4	Percentage of clinics with access to potable water	N/A	N/A	N/A	N/A	N/A
5	Percentage of schools with access to potable water	N/A	N/A	N/A	N/A	N/A
6	Percentage of households using buckets	590	0	590	590	100%

#### Sanitation Service delivery performance highlights

	Indicator name	Total number of household/ customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review	Number of HH/ customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	2000	12364	2000	5493	100%
2	Percentage of indigent households with access to free basic sanitation services	15626	0	15626	15626	100% (of registered indigents)
4	Percentage of clinics with access to sanitation services	N/A	N/A	N/A	N/A	N/A
5	Percentage of schools with access to sanitation services	N/A	N/A	N/A	N/A	N/A

#### LED performance highlights

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	5620000	413173640	73.5%
2	Number of LED stakeholder forum held	8	6	75%
3	Percentage of SMME that have benefited from a SMME support program	40	36	90%
4	Number of job opportunities created through EPWP	2050	920	45%
5	Number of job opportunities created through PPP	N/A	N/A	N/A

#### Financial viability and Management performance highlights

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	241934	17680	7%
2	Salary budget as a percentage of the total operational budget	608824	226046	37%
3	Trade creditors as a percentage of total actual revenue	14424	14717	54.9%
4	Total municipal own revenue as a percentage of the total actual Revenue	26241	14717	56%

5	Rate of municipal consumer debt reduction			-26.67%
6	Percentage of MIG budget appropriately spent	R151 815 279	R153 873 622.15	101%
7	Percentage of MSIG budget appropriately spent	R0	R0	There were no allocation in the year under review
8	Functionality of the Audit Committee	5	5	100%
9	Submission of AFS after the of financial year	31 August 2019	31 August 2019	100%

#### Good Governance and Public Participation performance highlights

No	Indicator name		
1	% of ward committees established	N/A	N/A
2	% of ward committees that are functional	N/A	N/A
3	Existence of an effective system to monitor CDWs	N/A	N/A
4	Existence of an IGR strategy	Adopted	Yes
5	Effective of IGR structural meetings	Yes	Yes
6	Existence of an effective communication strategy	Adopted	Yes
7	Number of mayoral <i>iimbizo</i> conducted	3	100%
8	Existence of a fraud prevention mechanism	Adopted	Yes

## APPENDIX O: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	The District is responsible for provision of water and sanitation services	<ul style="list-style-type: none"> <li>Access to basic level of sanitation services - 89,7%</li> <li>Access to basic level of potable water - 74,1%</li> </ul>
Output: Implementation of the Community Work Programme	The District is implementing various EPWP initiatives which include the implementation of projects, Working for Water and Working for Wetlands programme, Internships, Roads maintenance programme, etc	<p>Under the creation of job opportunities performance standard the District set a target of 2050 and achieved 920.</p> <p>The sanitation provision programme which is main contributor to job creation started in February 2019 after JoGEDA completed all procurement processes and appointed service providers and contractors.</p> <p>Contractors for the sanitation programme have been appointed for multiyear projects and there will be no delays going forward</p>
Output: Deepen democracy through a refined Ward Committee model	The District continues to support local municipalities pertaining to the functionality and effectiveness of public participation at the local level.	The District in partnership with its local municipalities established a District Public Participation Forum which has a primary role of ensuring functionality of ward committees and harmonization of local public participation structures and mechanism through CDWs, Ward Committees, Village representatives, etc.
Output: Administrative and financial capability	<p>With increasing resolve of the District to provide universal access to basic services and ensuring a better life for all residents the organogram has been growing steadily.</p> <p>With the introduction of MSCOA, the District is implementing a SEBATA financial system which is MSCOA compliant. The system is constantly being implemented in a progressive approach</p>	<p>The institution managed to fill all critical posts and vacancy level institutionally stood at 21% of all approved and budgeted posts.</p> <p>The District has been found to be largely substantively compliant with the MSCOA framework. Much progress has been seen during the year under review.</p>





# **2018/19 FY Consolidated Annual Financial Statements**

## **Volume II**



# **CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2019**

(unaudited)

**JOE GQABI DISTRICT MUNICIPALITY**

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## GENERAL INFORMATION

### NATURE OF BUSINESS

Joe Gqabi District Municipality is a district municipality performing the functions as set out in the Constitution. (Act No. 108 of 1996)

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (No. 117 of 1998)

### JURISDICTION

**The Joe Gqabi District Municipality includes the following areas:**

Walter Sisulu Local Municipality (Burgersdorp, Venterstad, Steynsburg, Aliwal North and Jamestown)

Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes, Rossouw, Herschel and Barkly East)

Elundini Local Municipality (Maclear, Ugie and Mount Fletcher)

### MEMBERS OF THE MAYORAL COMMITTEE AS FROM 3RD AUGUST 2016 ELECTIONS

Executive Mayor	Z I Dumzela	
Speaker	T Z Notyeke	
Councillor	E M Lakabane	Portfolio head: Financial Services
Councillor	S Mei	Portfolio head: Technical Services
Councillor	L M Tokwe	Portfolio head: Corporate Services
Councillor	D D Mvumvu	Portfolio head: Community Services

### MUNICIPAL MANAGER

Mr Z A Williams

### CHIEF FINANCIAL OFFICER

Ms S du Toit

### OTHER DIRECTORS AND SENIOR MANAGERS DIRECTLY REPORTING TO THE ACCOUNTING OFFICER

Mr R J Fortuin	- Director: Technical Services
Ms F J Sephton	- Director: Community Services
Mr H Z Jantjie	- Director: Corporate Services
Mr M Nonjola	- Director: Institutional support and advancement
Ms N Mshumi	- Chief Operations Officer
Mr Dlusawana	- Manager Water Service provider

### REGISTERED OFFICE

P/Bag X102	C/o Cole and Graham Street
Barkly East	Barkly East
9786	9786

## AUDITORS

Office of the Auditor General (EC)  
Vincent  
East London

## ATTORNEYS

Clark Laing Inc  
East London  
5241

## PRINCIPAL BANKERS

ABSA  
P O Box 323  
Bloemfontein  
9300

## AUDIT COMMITTEE

J Emslie - Chairperson  
F K P Ntlemenza - Member  
P Ntswana - Member

### New Committee as from April 2019:

G Sparg - Chairperson  
L Smith - Member  
A Jordan - Member  
H Marsberg - Member

## RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Labour Relation Amendment Act (Act 6 of 2014)  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Municipal Budget and Reporting Regulations  
Municipal Regulation on Standard Chart of Accounts (mSCOA)  
Disaster Management Act 57 of 2002  
Fire Brigade Services Act 99 of 1987  
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972  
National Veld and Forest Fire Act 101 of 1998  
National Water Act 36 of 1998  
National Health Act of 1997  
Occupational Health and Safety Act and Regulation 85 of 1993

## MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL

### MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL

#### PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	T Z Notyeke
<u>Councillors: JGDM</u>	EM Lakabane D Mvumvu S Mei L Tokwe NU Hlatuka N Ngendane AM van Zyl M Yiliwe

#### REPRESENTATIVE COUNCILLORS

Senqu Local Municipality	AP Kwinana M Phuza NP Mposelwa VV Stokhwe XG Magcai NM Phama
Elundini Local Municipality	B Msuthwana M Telile M Marubela L Booka L Pili N Ntaopane
Walter Sisulu Local Municipality	B Khweyiya - replaced 24 January 2019 KS Lange - replaced 24 January 2019 DF Hartkopf V Davids - as from 24 January 2019 L Nkunzi - as from 24 January 2019

## JOE GQABI DISTRICT MUNICIPALITY

### APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual consolidated financial statements for the period ended 30 June 2019, which are set out on pages 1 to 106 in terms of Section 126 (1) of the Municipal Finance Management Act (No. 56 of 2003) and which I have signed on behalf of the Entity. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Entity's cash flow forecast for the year to 30 June 2020 and I am satisfied that the Entity can continue in operational existence for the foreseeable future.

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

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

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*Mr Z A Williams*  
**Municipal Manager**

30-Sep-19  

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**Date**



**JOE GQABI DISTRICT MUNICIPALITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

	Note	ECONOMIC ENTITY		MUNICIPALITY	
		2018 R	2017 R	2018 R	2017 R
<b>ASSETS</b>					
<b>Current assets</b>		<b>13 010 010</b>	<b>18 763 745</b>	<b>7 022 616</b>	<b>15 295 278</b>
Inventory	2	2 177 544	2 640 698	2 177 544	2 640 698
Cash and Cash Equivalents	3	10 832 466	16 123 047	4 845 072	12 654 580
<b>Current assets from exchange transactions</b>		<b>211 400 971</b>	<b>163 681 138</b>	<b>213 270 410</b>	<b>163 117 759</b>
Receivables from exchange transactions	4	211 400 971	154 127 217	213 270 410	154 075 734
South African Revenue Services	5	-	9 553 921	-	9 042 025
<b>Current assets from non-exchange transactions</b>		<b>10 611 380</b>	<b>14 395 662</b>	<b>10 611 380</b>	<b>14 395 662</b>
Unpaid conditional government grants and receipts	6	10 611 380	14 395 662	10 611 380	14 395 662
<b>Non-current assets</b>		<b>1 766 193 502</b>	<b>1 688 134 689</b>	<b>1 765 769 799</b>	<b>1 687 526 347</b>
Property, plant and equipment	7	1 760 094 906	1 682 439 002	1 759 693 440	1 681 063 170
Investment property	8	3 493 352	3 556 013	2 393 352	2 438 848
Intangible assets	9	833 791	462 221	17 498	452 821
Non-current investments	10	1 771 453	1 677 453	3 665 508	3 571 508
<b>Total assets</b>		<b>2 001 215 863</b>	<b>1 884 975 234</b>	<b>1 996 674 205</b>	<b>1 880 335 046</b>
<b>Current-liabilities</b>		<b>32 695 361</b>	<b>31 186 552</b>	<b>31 841 049</b>	<b>30 858 606</b>
Current employee benefits	12	32 695 361	31 186 552	31 841 049	30 858 606
Cash and Cash Equivalents	3	-	-	-	-
<b>Current-liabilities from exchange transactions</b>		<b>118 587 734</b>	<b>111 187 206</b>	<b>117 281 385</b>	<b>111 292 741</b>
Consumer deposits	13	975 566	957 847	975 566	957 847
Payables from exchange transactions	14	108 021 258	108 644 484	108 143 168	108 750 019
South African Revenue Services	5	6 965 423	-	5 537 164	-
Current portion of long-term liabilities	15	2 625 487	1 584 875	2 625 487	1 584 875
<b>Current-liabilities from non-exchange transactions</b>		<b>7 760 118</b>	<b>5 438 733</b>	<b>7 760 118</b>	<b>2 776 738</b>
Unspent conditional government grants and receipts	6	7 760 118	5 438 733	7 760 118	2 776 738
<b>Non-current liabilities from Exchange Transactions</b>		<b>3 546 390</b>	<b>7 506 318</b>	<b>3 546 390</b>	<b>7 506 318</b>
Long-term Liabilities	15	3 546 390	7 506 318	3 546 390	7 506 318
<b>Non-current liabilities</b>		<b>35 131 093</b>	<b>34 276 280</b>	<b>35 131 093</b>	<b>34 276 280</b>
Employee benefits	11	35 131 093	34 276 280	35 131 093	34 276 280
<b>Total Liabilities</b>		<b>197 720 696</b>	<b>189 595 089</b>	<b>195 560 035</b>	<b>186 710 683</b>
<b>NET ASSETS</b>		<b>1 803 495 167</b>	<b>1 695 380 144</b>	<b>1 801 114 170</b>	<b>1 693 624 363</b>
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	16	1 803 495 167	1 695 380 144	1 801 114 170	1 693 624 364

**JOE GQABI DISTRICT MUNICIPALITY**  
**STATEMENT OF CONSOLIDATED FINANCIAL POSITION AT 30 JUNE 2019**

		ECONOMIC ENTITY		MUNICIPALITY	
	Note	2019 R	2018 - Restated R	2019 R	2018 - Restated R
REVENUE					
Revenue from non-exchange transactions		541 292 471	545 767 741	538 585 476	544 747 169
Transfer revenue		536 239 198	538 264 130	533 532 203	537 243 558
Government grants and subsidies - capital		237 960 918	132 635 748	237 960 918	132 635 748
Government grants and subsidies - operational		297 588 280	405 488 882	294 926 285	404 607 810
Public contributions and donations		690 000	139 500	645 000	-
Transfer of function		-	-	-	-
Other revenue		5 053 273	7 503 611	5 053 273	7 503 611
Foreign exchange gains		-	-	-	-
Actuarial gains		4 951 029	7 503 611	4 951 029	7 503 611
Inventory adjustments		102 244	-	102 244	-
Reversal of impairments		-	-	-	-
Revenue from exchange transactions		160 102 269	110 771 302	159 778 749	110 650 109
Service charges		124 541 293	77 137 650	124 541 293	77 137 650
Government services		-	5 053 194	-	5 053 194
Interest earned - external investments		3 568 011	4 714 753	3 255 361	4 620 844
Interest earned - outstanding debtors		31 364 362	22 124 400	31 364 362	22 124 400
Other income		628 603	1 741 304	617 733	1 714 020
Total Revenue		701 394 740	656 539 043	698 364 225	655 397 278
EXPENDITURE					
Employee related costs		231 178 264	214 178 285	222 350 946	210 133 486
Remuneration of Councillors		5 979 722	5 953 332	5 979 722	5 953 332
Remuneration of Directors		802 000	622 600	-	-
Debt impairment		71 724 178	32 991 008	71 724 178	32 991 008
Impairments		1 264 541	-	-	-
Foreign exchange loss		-	-	-	-
Depreciation and Amortisation		50 050 918	49 328 315	49 979 739	49 158 584
Repairs and maintenance		12 584 275	7 004 939	12 509 260	6 975 583
Finance charges		5 302 597	5 645 687	5 302 597	5 645 687
Contracted services		16 227 168	14 872 932	16 227 168	14 872 932
Bulk purchases		5 742 801	4 458 788	5 742 801	4 458 788
Grants and subsidies paid		-	-	8 900 000	8 495 130
Inventory adjustments		-	70 785	-	70 785
Operating grant expenditure		69 355 329	124 950 262	76 676 315	124 950 262
Emergency drought relief		-	1 054 614	-	1 054 614
General Expenditure		122 418 329	103 819 015	114 832 938	98 965 059
Loss on disposal of Property, plant and equipment		649 595	1 442 285	648 755	1 442 285
Total Expenditure		593 279 717	566 392 847	590 874 419	565 167 535
SURPLUS/(DEFICIT) FOR THE YEAR		108 115 023	90 146 195	107 489 806	90 229 743

**JOE GQABI DISTRICT MUNICIPALITY**

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

	<b>ECONOMIC ENTITY</b>	<b>MUNICIPALITY</b>
	<b>2018</b> <b>R</b> <b>Accumulated Surplus</b>	<b>2018</b> <b>R</b> <b>Accumulated Surplus</b>
<b>Balance at 1 July 2017</b>	<b>1 605 233 949</b>	<b>1 603 394 598</b>
Correction of error restatement - note	-	-
<b>Restated balance at 1 July 2017</b>	<b>1 605 233 949</b>	<b>1 603 394 598</b>
Net Surplus/(Deficit) for the year	90 146 195	90 229 743
<b>Balance at 30 June 2018</b>	<b>1 695 380 144</b>	<b>1 693 624 341</b>
Net Surplus/(Deficit) for the year	108 115 023	107 489 829
<b>Balance at 30 June 2019</b>	<b>1 803 495 167</b>	<b>1 801 114 170</b>

**JOE GQABI DISTRICT MUNICIPALITY**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	Note	ECONOMIC ENTITY		MUNICIPALITY	
		2019 R	2018 R	2019 R	2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>		<b>607 341 329</b>	<b>582 198 392</b>	<b>613 390 419</b>	<b>578 614 052</b>
Service charges and other		71 791 426	35 795 713	71 735 556	35 754 439
Government grants		535 549 903	546 402 679	541 654 863	542 859 613
<b>Payments</b>		<b>(513 595 423)</b>	<b>(460 322 440)</b>	<b>(523 315 361)</b>	<b>(459 511 136)</b>
Suppliers		(273 617 388)	(232 474 408)	(283 337 326)	(236 287 957)
Employees		(239 978 035)	(227 848 032)	(239 978 035)	(223 223 179)
Cash generated from/(utilised in) operations		93 745 906	121 875 952	90 075 058	119 102 916
Interest received		34 619 723	26 839 153	34 619 723	26 745 244
Interest paid		(824 749)	(1 113 331)	(824 749)	(1 113 330)
<b>Net cash from operating activities</b>	<b>41</b>	<b>127 540 880</b>	<b>147 601 775</b>	<b>123 870 032</b>	<b>144 734 830</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Capital Assets		(129 929 866)	(125 091 318)	(128 777 945)	(125 091 318)
(Increase)/decrease of other assets		-	-	-	-
<b>Net cash from investing activities</b>		<b>(129 929 866)</b>	<b>(125 091 318)</b>	<b>(128 777 945)</b>	<b>(125 091 318)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in consumer deposits		17 719	23 311	17 719	23 311
Proceeds/(repayment) of finance lease liability		(1 338 878)	(2 105 135)	(1 338 878)	(2 105 135)
Proceeds/(repayment) of other long-term liabilities		(1 580 437)	(1 419 326)	(1 580 437)	(1 419 326)
<b>Total Expenditure</b>		<b>(2 901 596)</b>	<b>(3 501 150)</b>	<b>(2 901 596)</b>	<b>(3 501 150)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5 290 582)</b>	<b>19 009 307</b>	<b>(7 809 509)</b>	<b>16 142 362</b>
Cash and cash equivalents at the beginning of the year		16 123 047	(2 886 258)	12 654 580	(3 487 782)
Cash and cash equivalents at the end of the year	<b>3</b>	10 832 466	16 123 047	4 845 072	12 654 580

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

#### 2018/2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)		Explanations for material variances (10% of line-item)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	729 560	23 359 452	(22 629 891)	-97%	Due to unspent grants at year end
Call investment deposits	4 115 512	4 343 174	(227 662)	-5%	Classified under the cash item
Consumer debtors	203 874 313	121 294 493	82 579 820	68%	Anticipated improvement on debtors
Other Receivables	9 396 097	26 275 063	(16 878 966)	-64%	Increase in VAT Receivable
Inventory	2 177 544	2 377 840	(200 296)	-8%	More inventory utilised than anticipated
<b>Total current assets</b>	<b>220 293 026</b>	<b>177 650 022</b>	<b>42 643 004</b>		
<b>Non current assets</b>					
Investments	3 665 509	3 305 081	360 428	11%	Immaterial
Investment property	2 393 352	2 533 755	(140 403)	-6%	Immaterial
Property, plant and equipment	1 759 693 440	1 794 436 114	(34 742 673)	-2%	Immaterial
Intangible Assets	17 499	314 557	(297 058)	-94%	Amortisation was lessor than anticipated
<b>Total non current assets</b>	<b>1 765 769 801</b>	<b>1 800 589 507</b>	<b>(34 819 707)</b>		
<b>TOTAL ASSETS</b>	<b>1 986 062 826</b>	<b>1 978 239 529</b>	<b>7 823 297</b>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	2 625 487	2 147 234	478 254	22%	Effect of fluctuations in interest rate
Consumer deposits	975 566	900 255	75 311	8%	More consumer deposits received than budgeted for
Trade and other payables	113 680 332	102 034 835	11 645 498	11%	Effect of Unspent Grants
Provisions and Employee Benefits	31 841 049	22 922 255	8 918 794	39%	Decrease in Employee Benefits resulting from vacant post
<b>Total current liabilities</b>	<b>149 122 435</b>	<b>128 004 578</b>	<b>21 117 857</b>		
<b>Non current liabilities</b>					
Borrowing	3 546 390	9 562 207	(6 015 817)	-63%	Effect of fluctuations in interest rate
Provisions and Employee Benefits	35 131 093	50 280 900	(15 149 807)	-30%	Effect of Actuarial Gain as per Arch calculations
<b>Total non current liabilities</b>	<b>38 677 483</b>	<b>59 843 107</b>	<b>(21 165 624)</b>		
<b>TOTAL LIABILITIES</b>	<b>187 799 918</b>	<b>187 847 686</b>	<b>(47 768)</b>		
<b>NET ASSETS</b>	<b>1 798 262 908</b>	<b>1 790 391 843</b>	<b>7 871 065</b>		
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	1 801 114 170	1 790 391 858	10 722 312	1%	Appropriation to and from Reserves
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 801 114 170</b>	<b>1 790 391 858</b>	<b>10 722 312</b>		

**JOE GQABI DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

**ADJUSTMENTS TO APPROVED BUDGET**

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	672 650	22 686 802	23 359 452	97%	Effect of the inclusion of 2018 Audited figures as opening balance and changes to operating a
Call investment deposits	4 343 174	-	4 343 174	0%	No Adjustment
Consumer debtors	121 294 493	-	121 294 493	0%	No Adjustment
Other Receivables	26 275 063	-	26 275 063	0%	No Adjustment
Inventory	2 377 840	-	2 377 840	0%	No Adjustment
<b>Total current assets</b>	<b>154 963 220</b>	<b>22 686 802</b>	<b>177 650 022</b>		
<b>Non current assets</b>					
Investments	3 305 081	-	3 305 081	0%	No Adjustment
Investment property	2 533 755	-	2 533 755	0%	No Adjustment
Property, plant and equipment	1 825 019 832	(30 583 718)	1 794 436 114	-2%	Realignment of MIG grants and internally generated funds to operational projects
Intangible Assets	414 557	(100 000)	314 557	-32%	Realignment of internally generated funds to operational projects
<b>Total non current assets</b>	<b>1 831 273 225</b>	<b>(30 683 718)</b>	<b>1 800 589 507</b>		
<b>TOTAL ASSETS</b>	<b>1 986 236 445</b>	<b>(7 996 916)</b>	<b>1 978 239 529</b>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	2 147 234	-	2 147 234	0%	No Adjustment
Consumer deposits	900 255	-	900 255	0%	No Adjustment
Trade and other payables	15 089 710	86 945 125	102 034 835	85%	Effect of the inclusion of 2018 Audited figures as opening balance and changes to operating a
Provisions	22 922 255	-	22 922 255	0%	No Adjustment
<b>Total current liabilities</b>	<b>41 059 453</b>	<b>86 945 125</b>	<b>128 004 578</b>		
<b>Non current liabilities</b>					
Borrowing	9 562 207	-	9 562 207	0%	No Adjustment
Provisions and Employee Benefits	50 280 900	-	50 280 900	0%	No Adjustment
<b>Total non current liabilities</b>	<b>59 843 107</b>	<b>-</b>	<b>59 843 107</b>		
<b>TOTAL LIABILITIES</b>	<b>100 902 561</b>	<b>86 945 125</b>	<b>187 847 686</b>		
<b>NET ASSETS</b>	<b>1 885 333 884</b>	<b>(94 942 041)</b>	<b>1 790 391 843</b>		
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	1 885 333 899	(94 942 041)	1 790 391 858	-5%	No Adjustment
Reserves	-	-	-	0%	No Adjustment
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 885 333 899</b>	<b>(94 942 041)</b>	<b>1 790 391 858</b>		

# JOE GQABI MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

2018/2019

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>REVENUE BY SOURCE</b>					
Service charges	124 541 293	159 854 420	(35 313 127)	-22%	Increased efficiency of electricity reticulation and metering
Rental of facilities and equipment	-	9 003	(9 003)	-100%	New Operating lease contracts signed
Interest earned - external investments	3 255 361	4 030 000	(774 639)	-19%	Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	31 364 363	24 018 140	7 346 223	31%	Increase in Consumer Debtors
Agency services	-	540 000	(540 000)	-100%	Reclassification of line items in budget
Transfers and Subsidies - Operating	294 926 285	382 345 584	(87 419 299)	-23%	Increased PMU activities due to increased number of projects
Other revenue	1 364 977	500 016	864 961	173%	Gains on Fair Value Adjustments of Investment Property
<b>TOTAL OPERATING REVENUE</b>	<b>455 452 279</b>	<b>571 297 163</b>	<b>(115 844 884)</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	222 350 946	203 905 424	18 445 522	9%	Overtime linked to Repairs and Maintenance cost
Remuneration of councillors	5 979 722	6 376 313	(396 591)	-6%	Unknown increase of upper limits by time of budget process
Debt impairment	71 724 178	75 020 013	(3 295 835)	-4%	Increase in Consumer Debtors
Depreciation & asset impairment	49 979 738	49 456 515	523 223	1%	Effect of capital budget not fully spent
Finance charges	5 302 597	3 448 002	1 854 595	54%	Unforeseen result of Actuarial reports
Bulk purchases	5 742 801	9 150 000	(3 407 199)	-37%	Management of the monthly billing from water affairs
Contracted services	114 312 741	145 061 286	(30 748 545)	-21%	Classification between contracted services and other expenditure
Other expenditure	114 832 943	107 733 586	7 099 357	7%	Classification between contracted services and other expenditure
<b>TOTAL OPERATING EXPENDITURE</b>	<b>590 225 665</b>	<b>600 151 139</b>	<b>(9 925 474)</b>	98%	
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>					
	<b>(134 773 386)</b>	<b>(28 853 976)</b>	<b>(105 919 410)</b>		
Transfers and Subsidies - Capital	237 960 918	174 458 000	63 502 918	-15%	
<b>NET SURPLUS FOR THE YEAR</b>	<b>103 187 532</b>	<b>145 604 024</b>	<b>(42 416 492)</b>		

# JOE GQABI MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

#### ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)		Explanations for material variances (10% of line-item)
<b>REVENUE BY SOURCE</b>					
Service charges	159 854 420	-	159 854 420	0%	No adjustment
Rental of facilities and equipment	690 721	(681 718)	9 003	-7572%	Reduction of income from the Department of Environmental Affairs
Interest earned - external investments	4 030 000	-	4 030 000	0%	No adjustment
Interest earned - outstanding debtors	24 018 140	-	24 018 140	0%	No adjustment
Agency services	1 635 750	(1 095 750)	540 000	-203%	Reduction of income from the Department of Roads and Public Works and Department of Enviro
Government Grants and Subsidies - Operating	366 100 922	16 244 662	382 345 584	4%	Realignment of grants
Other revenue	500 016	-	500 016	0%	No adjustment
<b>TOTAL OPERATING REVENUE</b>	<b>556 829 969</b>	<b>14 467 194</b>	<b>571 297 163</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	202 556 723	1 348 701	203 905 424	1%	Increased to a more realistic amount based on the actuals for the first six months
Remuneration of councillors	6 256 313	120 000	6 376 313	2%	Decreased to a more realistic amount based on the actuals for the first six months
Debt impairment	75 020 013	-	75 020 013	0%	No adjustment
Depreciation & asset impairment	49 456 515	-	49 456 515	0%	No adjustment
Finance charges	3 378 002	70 000	3 448 002	2%	Increased to a more realistic amount based on the actuals for the first six months
Bulk purchases	10 000 000	(850 000)	9 150 000	-9%	Decreased to a more realistic amount based on the actuals for the first six months
Contracted services	100 683 944	44 377 342	145 061 286	31%	Increased to a more realistic amount based on the actuals for the first six months
Other expenditure	121 472 999	(13 739 413)	107 733 586	-13%	Realignment of expenditure to mSCOA revised classifications
<b>TOTAL OPERATING EXPENDITURE</b>	<b>568 824 509</b>	<b>31 326 630</b>	<b>600 151 139</b>		
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(11 994 540)</b>	<b>(16 859 436)</b>	<b>(28 853 976)</b>		
Government Grants and Subsidies - Capital	211 685 000	(37 227 000)	174 458 000	-15%	Reversal of the Provincial Public Works Roads Infrastructure Grant
<b>NET SURPLUS FOR THE YEAR</b>	<b>199 690 460</b>	<b>(54 086 436)</b>	<b>145 604 024</b>		



**JOE GQABI DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019**

2018/2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)		Explanations for material variances (10% of line-item)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Service charges and other	71 735 556	63 941 768	7 793 788	12%	More cash received than anticipated
Government - operating	541 654 863	578 478 584	(36 823 721)	-6%	Increased PMU activities due to increased number of projects
Interest	34 619 724	13 637 255	20 982 469	154%	Improved budgetary control and investment of excess fund
<b>Payments</b>					
Suppliers and Employees	(523 315 362)	(430 550 515)	(92 764 847)	22%	Late appointments for vacant posts, Increase efficiency of electricity reticulation and metering
Finance charges	(824 749)	(3 096 500)	2 271 751	-73%	Non cash items not included
Transfers and Grants	-	-	-	0%	Immaterial
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>123 870 033</b>	<b>222 410 593</b>	<b>(98 540 560)</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE		-	-		
<b>Payments</b>					
Capital assets	(128 777 945)	(194 838 416)	66 060 471	-34%	Under-expenditure of Capital Budget
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(128 777 945)</b>	<b>(194 838 416)</b>	<b>66 060 471</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Increase in consumer deposits	17 719	-	17 719	0%	Increase in Consumers
<b>Payments</b>					
Repayment of borrowing	(2 919 315)	(5 904 892)	2 985 577	-51%	Effect of fluctuations in interest rate
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2 901 596)</b>	<b>(5 904 892)</b>	<b>3 003 296</b>		
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(7 809 508)</b>	<b>21 667 284</b>	<b>(29 476 792)</b>		
Cash and Cash Equivalents at the beginning of the year	12 654 580	3 208 623	9 445 957	0%	
Cash and Cash Equivalents at the end of the year	4 845 072	27 702 374	(22 857 302)	21%	Result of Increased revenue, improved control and part under-expenditure

**JOE GQABI DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019**

**ADJUSTMENTS TO APPROVED BUDGET**

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Service charges	63 941 768	-	63 941 768	0%	No adjustment
Government grants	577 785 922	692 662	578 478 584	0%	Immaterial
Other revenue	2 826 467		2 826 467	0%	No adjustment
Interest	13 637 255	-	13 637 255	0%	No adjustment
<b>Payments</b>					
Suppliers and Employees	(421 860 686)	(8 689 829)	(430 550 515)	2%	Increased to a more realistic amount based on the actuals for the first six months
Finance charges	(3 096 500)	-	(3 096 500)	0%	No adjustment
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>233 234 227</b>	<b>(7 997 167)</b>	<b>225 237 060</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	-	-	-	0%	
<b>Payments</b>					
Capital assets	(225 522 134)	30 683 718	(194 838 416)	-16%	Realignment of MIG grants and internally generated funds to operational projects
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(225 522 134)</b>	<b>30 683 718</b>	<b>(194 838 416)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Increase in consumer deposits	-	-	-		
<b>Payments</b>					
Repayment of borrowing	(5 904 892)	-	(5 904 892)	0%	No Adjustment
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5 904 892)</b>	<b>-</b>	<b>(5 904 892)</b>		
<b>NET DECREASE IN CASH HELD</b>	<b>1 807 200</b>	<b>22 686 551</b>	<b>24 493 751</b>		
Cash and Cash Equivalents at the beginning of the year	3 208 623	-	3 208 623	0%	No adjustment
Cash and Cash Equivalents at the end of the year	5 015 823	22 686 551	27 702 374	82%	No adjustment

# JOE GQABI DISTRICT MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL POSITION</b>					
Total current assets	1 309 000	-	1 309 000	32 051 900	30 742 900
Total non-current assets	3 038 000	-	3 038 000	2 317 755	(720 245)
Total current liabilities	1 664 000	1 420 000	3 084 000	29 999 596	26 915 596
Total non-current liabilities	-	-	-	-	-
<b>TOTAL NET ASSETS</b>	<b>2 683 000</b>	<b>(1 420 000)</b>	<b>1 263 000</b>	<b>4 370 059</b>	<b>3 107 059</b>

## STATEMENT OF FINANCIAL PERFORMANCE

### Revenue

Government grants and subsidies - capital	-	-	-	-	-
Government grants and subsidies - operating	8 900 000	-	8 900 000	11 561 995	2 661 995
Interest earned - external investments	11 000	189 000	200 000	312 650	112 650
Other Revenue	2 450 000	211 995	2 661 995	55 870	(2 606 125)
Project implementation fees	2 190 000	3 483 913	5 673 913	7 320 986	1 647 073
<b>Total Revenue</b>	<b>13 551 000</b>	<b>3 884 908</b>	<b>17 435 908</b>	<b>19 251 500</b>	<b>1 815 593</b>

### Expenditure

Employee related costs	6 194 778,90	-	6 194 779	8 827 316	2 632 538
Remuneration of directors	621 599	183 189	804 788	802 000	(2 788)
Depreciation and amortisation	-	-	-	71 179	71 179
Impairments	-	-	-	1 264 542	1 264 542
Loss on derecognition of assets	-	-	-	840	840
Repairs and maintenance	189 540	-	189 540	75 015	(114 525)
General expenses	6 185 511	2 095 269	8 280 780	7 585 386	(695 394)
<b>Total Expenditure</b>	<b>13 191 429</b>	<b>2 278 458</b>	<b>15 469 887</b>	<b>18 626 279</b>	<b>3 156 392</b>

<b>Net surplus/(deficit) for the year</b>	<b>359 571</b>	<b>1 606 450</b>	<b>1 966 021</b>	<b>625 222</b>	<b>(1 340 799)</b>
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## CASH FLOW STATEMENT

Net cash flows from operating activities	5 000	1 632 908	1 637 908	3 670 848	2 032 940
Net cash flows from investing activities	(82 170)	(1 609 830)	(1 692 000)	(1 151 921)	540 079
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(77 170)</b>	<b>23 078</b>	<b>(54 092)</b>	<b>2 518 927</b>	<b>2 573 019</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

#### 1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2017) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

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

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

#### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

#### 1.3. GOING CONCERN ASSUMPTION

These 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.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.4. COMPARATIVE INFORMATION

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

### 1.5. AMENDED DISCLOSURE POLICY

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

### 1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.7. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.8.

### STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 18	<b>Segment Reporting</b> The objective of this standards is to establish principles for reporting financial information by segments.	1 July 2020
	Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	
GRAP 20	<b>Related Parties</b> The objective of this standard is to identify disclosures necessary for the users of the financial statements to consider the impact that transactions and outstanding balances with related parties have on the municipality's surplus or deficit and financial position.	1 July 2020
	Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	
GRAP 32	<b>Service Concession Arrangements: Grantor</b> Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	1 July 2019
GRAP 108	<b>Statutory Receivables</b> The objective of this standard is to prescribes the accounting requirements for the recognition measurement, presentation and disclosure of receivables that arise from legislation, supporting regulation for similar means and require settlement by another entity in cash or another financial asset.	1 July 2019
	Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	
GRAP109	<b>Accounting by Principals and Agents</b> The objective of this standard outlines principles to be used in assessing whether the municipality is a party to a principle-agent arrangement and whether it is a principal or and agent in undertaking transactions in terms of such arrangements.	1 July 2019
	Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	
	<b>Living and Non-Living Resources</b>	

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

GRAP 110	Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	1 July 2019
iGRAP 17	<b>Service Concession Arrangements where a grantor controls a significant residual interest in an asset</b> Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.	1 July 2019

### 1.9. LEASES

#### 1.9.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are

#### 1.9.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

- \* Unspent conditional grants are recognised as a liability when the grant is received.
- \* When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- \* The cash which backs up the creditor is invested as individual investment or part of the general
- \* Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the

### 1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.12. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - \* the business or part of a business concerned;
  - \* the principal locations affected;
  - \* the location, function and approximate number of employees who will be
  - \* the expenditures that will be undertaken; and
  - \* when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

### 1.13. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

#### 1.13.1 Post Retirement Medical Obligations

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.13.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

### 1.13.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

### 1.13.4 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

### 1.13.5 Staff Bonuses Accrued

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

### 1.13.6 Provision for Performance Bonuses

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

### 1.13.7 Pension and retirement fund obligations

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

### 1.13.8 Other Short-term Employee Benefits

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

- \* as a liability (accrued expense), after deducting any amount already paid. If the amount already paid

- \* as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.14. PROPERTY, PLANT AND EQUIPMENT

#### 1.14.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.14.2 Subsequent Measurement – Cost Model

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

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

### 1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	<i>Years</i>
<b><u>Infrastructure</u></b>	
Water	7 – 118
Sewerage	8 – 101
<b><u>Land and Buildings</u></b>	
Buildings	20 – 30
<b><u>Other</u></b>	
Special Vehicles	10 – 16
Motor vehicles	5 – 17
Office Equipment	7 – 15
Furniture and Fittings	7 – 16
Tool and Equipment	5 – 15
Computer Equipment	3 – 17
Fire Engines	5 – 12

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

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

### 1.14.4 De-recognition

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

### 1.15. INTANGIBLE ASSETS

#### 1.15.1 Initial Recognition

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

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

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

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research

expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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

Intangible assets are initially recognised at cost.

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

#### 1.15.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 1.15.3 Amortisation and Impairment

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

Intangible Assets	<u>Years</u>
Computer	3 -10
Software	



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.15.4 De-recognition

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

### 1.16. INVESTMENT PROPERTY

#### 1.16.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- \* it is probable that the future economic benefits or service potential that are associated with the
- \* the cost or fair value of the investment property can be measured reliably.

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

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.16.2 Subsequent Measurement – Cost Model

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

### 1.16.3 Depreciation and Impairment – Cost Model

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

<u>Investment Property</u>	<u>Years</u>
Buildings	20 - 30

### 1.16.4 De-recognition

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

## 1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

### 1.17.1 Cash-generating assets

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

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

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

#### (a) External sources of information

\* During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

\* Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

(b) Internal sources of information

\* Evidence is available of obsolescence or physical damage of an asset.

\* Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

\* Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

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

### 1.17.2 Non-cash-generating assets

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

# **JOE GQABI DISTRICT MUNICIPALITY**

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

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### (a) External sources of information

\* Cessation, or near cessation, of the demand or need for services provided by the asset.

\* Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

### (b) Internal sources of information

\* Evidence is available of physical damage of an asset.

\* Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

\* A decision to halt the construction of the asset before it is complete or in a usable condition.

\* Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

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

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

### 1.18. INVENTORIES

#### 1.18.1 Initial Recognition

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

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

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

#### 1.18.2 Subsequent Measurement

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

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

The basis of allocating cost to inventory items is the weighted average method.

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

### 1.19. FINANCIAL INSTRUMENTS

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

#### 1.19.1 Initial Recognition

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.19.2 Subsequent Measurement

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

#### 1.19.2.1 Receivables

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

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

#### 1.19.2.2 Payables and Annuity Loans

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

#### 1.19.2.3 Cash and Cash Equivalents



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

### 1.19.2.4 Non-Current Investments

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

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

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

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

### 1.19.3 De-recognition of Financial Instruments

#### 1.19.3.1 Financial Assets

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

- \* the rights to receive cash flows from the asset have expired? or
- \* the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.19.3.2 Financial Liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### 1.19.4 Offsetting of Financial Instruments

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

## 1.20. REVENUE

### 1.20.1 Revenue from Non-Exchange Transactions

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

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

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

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

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

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

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

### 1.20.2 Revenue from Exchange Transactions

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

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

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

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

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

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

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

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the

\* The prevailing rate for a similar instrument of an issuer with a similar credit rating;

\* A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

### 1,21 TRANSFER OF FUNCTION (Municipality as the acquirer)

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

An asset is identifiable if it either:

- \* is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred,

licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- \* arises from contractual rights (including rights arising from binding arrangements) or other legal rights

(excluding rights granted by statute), regardless of whether those rights are transferable or separable from

the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the

acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);

- (b) determining the acquisition date;

- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-

controlling interest in the acquiree; and

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

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

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

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

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.22. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

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

- \* the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- \* one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- \* both entities are joint ventures of the same third party.
- \* one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- \* the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- \* the entity is controlled or jointly controlled by a person identified in (a).
- \* a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### 1.23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.24. 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

### 1.27. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.27.1 Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.27.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.27.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- \* The useful life of movable assets was determined using the age of similar assets available for sale in the

active market. Discussions with people within the specific industry were also held to determine useful lives.

- \* Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

- \* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

### 1.27.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.27.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- \* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- \* The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

### 1.27.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities.

Provisions are discounted where the time value effect is material.

### 1.27.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from

Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 1.27.8 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

### 1.27.9 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

### 1.28. SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### 1.29. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.30. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- \* those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- \* those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1,31 BORROWING COSTS

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

### 1,32 OFFSETTING

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle a net basis, or to realise the asset and settle the liability simultaneously.

# **JOE GQABI DISTRICT MUNICIPALITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019**

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# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		ECONOMIC ENTITY		MUNICIPALITY	
		2019 R	2018 R	2019 R	2018 R
<b>2</b>	<b>INVENTORY</b>				
	Fuel and oil – at cost	481 078	653 066	481 078	653 066
	Stationery and materials - at cost	270 049	538 805	270 049	538 805
	Spare parts - at cost	897 183	1 021 837	897 183	1 021 837
	Water stock - net realisable value	529 234	426 990	529 234	426 990
	<b>Total Inventory</b>	<b>2 177 544</b>	<b>2 640 698</b>	<b>2 177 544</b>	<b>2 640 698</b>
	Consumable stores materials (gains)/losses identified during stock counts	-	-	-	-
	Inventory recognised as an expense during the year	565 398	753 294	565 398	753 294
	No inventory was pledged as security.				
	Inventory Adjustments made for the year (surplus)/loss	(102 244)	70 785	(102 244)	70 785
	Fuel were purchased on a needs basis as from March 2017 resulting in the decrease on the inventory recognised as an expense during the year.				
	Council took a decision to replace the conventional water meters with pre paid water meters. Below are the detail of the meters procured and balance in store at year end. The cost of the meters were expensed during the year.				
	Number of pre paid meters procured for the period:	3500	2000	0	3500
	Number of pre paid meters in stores at year end:	3916	1812	2818	3916
<b>3</b>	<b>CASH AND CASH EQUIVALENTS</b>				
	Primary Bank Account	702 822	656 457	693 960	651 107
	Call and short-term investments deposits	10 094 044	15 430 990	4 115 512	11 967 873
	Cash floats	300	300	300	300
	Petty cash	35 300	35 300	35 300	35 300
	<b>Total</b>	<b>10 832 466</b>	<b>16 123 047</b>	<b>4 845 072</b>	<b>12 654 580</b>
	Due to the short term nature of cash deposits, all balances included above are in line with their fair value.				
	Cash and Cash Equivalents are disclosed as follow:				
	<b>Current assets</b>	10 832 466	16 123 047	4 845 072	12 654 580
	<b>Current liability</b>	-	-	-	-
		<b>10 832 466</b>	<b>16 123 047</b>	<b>4 845 072</b>	<b>12 654 580</b>
	<b>Primary Bank Account:</b>				
	ABSA Bank - Barkly East Branch - 23 800 000 19				
	Bank statement balance - Opening balance	651 107	1 158 163	651 107	1 158 163
	Bank statement balance - Closing balance	693 962	651 107	693 962	651 107
	Cashbook balance - Opening balance	651 107	(5 672 687)	651 107	(5 672 687)
	Cashbook balance - Closing balance	693 960	651 107	693 960	651 107
	ABSA Bank - 40 7880 3628 (Entity main account)				
	Bank statement balance - Opening balance	5 350	2 291		
	Bank statement balance - Closing balance	8 862	5 350		
	Cashbook balance - Opening balance	5 350	2 291		
	Cashbook balance - Closing balance	8 862	5 350		

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>Call Deposits</b>				
ABSA - Acc no 9084169245	4 055 724	9 003 253	4 055 724	9 003 253
ABSA - Acc no 9185426744	1 390	319 752	1 390	319 752
ABSA - Acc no 9072226158	1 386	38 380	1 386	38 380
ABSA - Acc no 9122637071	2 670	268 139	2 670	268 139
ABSA - Acc no 9270029895	1 706	255 287	1 706	255 287
ABSA - Acc no 9276836949	52 636	2 083 061	52 636	2 083 061
ABSA - Acc no 9275708888	15 788	14 112		
ABSA - Acc no 9317246681	5 962 744	3 448 187		
<b>Total</b>	<b>10 094 044</b>	<b>15 430 172</b>	<b>4 115 512</b>	<b>11 967 873</b>
<b>RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>				
Cash and Cash Equivalents as per the disclosure above	10 832 466	16 123 047	4 845 072	12 654 580
Less:				
Unspent Committed Conditional Grants - note 6	7 760 118	2 776 738	7 760 118	2 776 738
Plus:				
Unspent Committed Conditional Grants - note 6	10 611 380	14 395 662	10 611 380	14 395 662
<b>Net cash resources available for internal distribution</b>	<b>13 683 728</b>	<b>27 741 971</b>	<b>7 696 334</b>	<b>24 273 504</b>
The unspent committed conditional grants are subject to approval by National Treasury. The values disclosed are excluding the Unpaid grants (Monies due to the District) to the value of:	10 611 380	14 395 662	10 611 380	14 395 662

The Economic Entity experienced cashflow challenges towards the end of the financial year due to the high outstanding unpaid grants. An amount of R10 611 380 is due to the Economic Entity (2018: R14 395 662) as at year end (disclosed in note 6 and was received subsequent to year end.

### 4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Water	332 301 618	220 927 747	332 301 618	220 927 747
Sewerage	121 213 038	95 982 014	121 213 038	95 982 014
Local Municipalities	17 056 184	17 056 184	17 056 184	17 056 184
Walter Sisulu Local Economic Entity	17 056 184	17 056 184	17 056 184	17 056 184
Other Receivables	7 925 035	7 149 249	9 794 474	7 097 766
Working for Wetlands	2 050 218	2 050 218	2 050 218	2 050 218
Deposits	164 528	157 421	144 961	144 961
Staff and Other Debtors	5 710 290	4 941 611	5 709 648	4 902 588
Joe Gqabi Economic Development Agency	-	-	1 889 648	
	478 495 876	341 115 195	480 365 315	341 063 712
Less: Allowance for Doubtful Debts	(267 094 905)	(186 987 978)	(267 094 905)	(186 987 978)
<b>Total Net Receivables from Exchange Transactions</b>	<b>211 400 971</b>	<b>154 127 217</b>	<b>213 270 410</b>	<b>154 075 734</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate +2% is charged on overdue accounts.

Walter Sisulu Local Economic Entity (Previously known as Gariep Local Economic Entity and Maletswai Local Economic Entity) owe the Economic Entity for revenue received for water and sanitation as per the billing agreement. The amount disclosed is not the same as in the records of Walter Sisulu Local Economic Entity. The transactions processed by the said entity is under dispute and is therefore also resulting in no movement in the balance.



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>Reconciliation of the Total Doubtful Debt Provision</b>				
Balance at beginning of the year	186 987 978	142 799 608	186 987 978	142 799 608
Contributions to provision	80 106 927	36 200 765	80 106 927	36 200 765
Doubtful debts written off against provision	-	7 987 605	-	7 987 605
<b>Balance at end of year</b>	<b>267 094 905</b>	<b>186 987 978</b>	<b>267 094 905</b>	<b>186 987 978</b>
Water	182 058 986	116 573 645	182 058 986	116 573 645
Sewerage	67 581 356	52 959 771	67 581 356	52 959 771
Local Municipalities	15 409 620	15 409 620	15 409 620	15 409 620
Other Receivables	2 044 942	2 046 348	2 044 942	2 044 942

The allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large consumer base over which the outstanding receivable balance is spread. Pre paid meters are also being installed throughout the district, which management believe will decrease non-payment risk and also ensure collection of arrear amounts.

### Municipality

	Gross Balance	Allowance for impairment	Net Receivable
<b>2019</b>			
Water	332 301 618	(182 058 986)	150 242 632
Sewerage	121 213 038	(67 581 356)	53 631 682
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	9 794 474	(2 044 942)	7 749 532
<b>Total</b>	<b>480 365 315</b>	<b>(267 094 905)</b>	<b>213 270 410</b>

### Economic Entity

	Gross Balance	Allowance for impairment	Net Receivable
<b>2019</b>			
Water	332 301 618	(182 058 986)	150 242 632
Sewerage	121 213 038	(67 581 356)	53 631 682
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	7 925 035	(2 044 942)	5 880 093
<b>Total</b>	<b>478 495 876</b>	<b>(267 094 905)</b>	<b>211 400 971</b>

### Municipality

	Gross Balance	Allowance for impairment	Net Receivable
<b>2019</b>			
Water	220 927 747	(116 573 645)	104 354 102
Sewerage	95 982 014	(52 959 771)	43 022 243
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	7 097 766	(2 044 942)	5 052 824
<b>Total</b>	<b>341 063 712</b>	<b>(186 987 978)</b>	<b>154 075 734</b>

### Municipality

	Gross Balance	Allowance for impairment	Net Receivable
<b>2018</b>			
Water	220 927 747	(116 573 645)	104 354 102
Sewerage	95 982 014	(52 959 771)	43 022 243
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	7 149 249	(2 044 942)	5 104 307
<b>Total</b>	<b>341 115 195</b>	<b>(186 987 978)</b>	<b>154 127 217</b>

### Ageing of Receivables from Exchange Transactions

#### Water:

Current (0 - 30 days)	12 677 214	8 536 177	12 677 214	8 536 177
Past Due (31 - 60 Days)	12 253 774	7 985 659	12 253 774	7 985 659
Past Due (61 - 90 Days)	13 620 821	7 802 080	13 620 821	7 802 080
Past Due (90 Days +)	293 749 809	196 603 831	293 749 809	196 603 831
<b>Total</b>	<b>332 301 618</b>	<b>220 927 747</b>	<b>332 301 618</b>	<b>220 927 747</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b><u>Sewerage:</u></b>				
Current (0 - 30 days)	3 888 681	4 461 295	3 888 681	4 461 295
Past Due (31 - 60 Days)	3 605 626	3 438 643	3 605 626	3 438 643
Past Due (61 - 90 Days)	3 442 736	3 336 908	3 442 736	3 336 908
Past Due (90 Days +)	110 275 994	84 745 168	110 275 994	84 745 168
<b>Total</b>	<b>121 213 037</b>	<b>95 982 014</b>	<b>121 213 037</b>	<b>95 982 014</b>
<b><u>Other Receivables: Ageing</u></b>				
Current (0 - 30 days)	-	-	-	-
Past Due (31 - 60 Days)	-	-	-	-
Past Due (61 - 90 Days)	-	-	-	-
Past Due (90 Days +)	24 981 220	24 205 434	26 850 659	24 153 951
<b>Total</b>	<b>24 981 220</b>	<b>24 205 434</b>	<b>26 850 659</b>	<b>24 153 951</b>
<b>5 SOUTH AFRICAN REVENUE SERVICES</b>				
VAT Receivable	26 124 436	25 760 780	26 124 436	25 760 780
VAT Payable	(56 821 012)	(33 495 418)	(56 821 012)	(33 495 418)
VAT output on Grants and Subsidies paid	(1 428 259)	511 896		
Less: VAT on Provision for Debt Impairment	25 159 412	16 776 662	25 159 412	16 776 662
<b>Total South African Revenue Services</b>	<b>(6 965 423)</b>	<b>9 553 921</b>	<b>(5 537 164)</b>	<b>9 042 025</b>
VAT is accounted for on the cash basis				
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies				
<b><u>Disclosed as follow:</u></b>				
Current Liabilities from Exchange Transactions	6 965 423	-	5 537 164	-
Current Assets from Exchange Transactions	-	9 553 921	-	9 042 025
<b><u>Reconciliation of VAT on Provision for Debt Impairment</u></b>				
Opening balance	16 776 662	12 584 579	16 776 662	12 584 579
VAT on Provision for bad debts - Note 29	8 382 749	4 192 083	8 382 749	4 192 083
<b>Closing balance</b>	<b>25 159 411</b>	<b>16 776 662</b>	<b>25 159 411</b>	<b>16 776 662</b>
<b>6 UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>				
National Government Grants	5 679 585	874 277	5 679 585	874 277
Provincial Government Grants	2 080 533	4 272 096	2 080 533	1 610 101
Other Grant Providers	-	292 360	-	292 360
<b>Unspent Grants</b>	<b>7 760 118</b>	<b>5 438 733</b>	<b>7 760 118</b>	<b>2 776 738</b>
National Government Grants	7 980 234	12 267 810	7 980 234	12 267 810
Provincial Government Grants	2 631 147	2 127 853	2 631 147	2 127 853
Other Grant Providers	-	-	-	-
<b>Less: Unpaid Grants</b>	<b>10 611 380</b>	<b>14 395 662</b>	<b>10 611 380</b>	<b>14 395 662</b>
<b>Total Conditional Grants and Receipts unpaid</b>	<b>2 851 262</b>	<b>8 956 929</b>	<b>2 851 262</b>	<b>11 618 924</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 7 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2019

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation						Carrying Value	
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets/Operations	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Impairment	Disposals		Closing Balance
	R	R		R	R	R	R		R		R		R
Land and Buildings	17 787 494	-	-		-	17 787 494	6 528 191	-	587 753		-	7 115 944	10 671 550
Land	2 043 000	-	-		-	2 043 000	-	-	-		-	-	2 043 000
Buildings	15 744 494	-	-		-	15 744 494	6 528 191	-	587 753		-	7 115 944	8 628 550
Infrastructure	2 050 634 743	126 851 318	-	(1 223 363)		2 176 262 699	396 718 623	-	47 391 078		(748 122)	443 361 579	1 732 901 120
Sewerage network	351 687 230	-		(319 727)	19 690 718	371 058 220	92 509 097	-	10 866 937		(224 624)	103 151 409	267 906 811
Water network	1 225 777 735	1 968 657		(903 636)	30 224 275	1 257 067 031	304 209 526	-	36 524 142		(523 498)	340 210 170	916 856 861
Work in Progress	473 169 778	124 882 661		-	(49 914 992)	548 137 447	-	-	-		-	-	548 137 447
Other Assets	41 261 995	1 926 626	-	(302 712)		42 885 910	25 374 248	-	1 520 130	-	(129 239)	26 765 139	16 120 770
Office Equipment	2 656 350			(43 134)		2 613 217	1 863 543		97 517		(42 609)	1 918 451	694 766
Furniture & Fittings	3 825 005	3 662				3 828 667	2 792 180		86 667			2 878 847	949 821
Motor Vehicles	14 362 676			(65 000)		14 297 676	8 397 814		453 499		(58 496)	8 792 817	5 504 860
Fire Engines	8 924 094	1 304 383				10 228 477	7 528 926		94 331			7 623 257	2 605 219
Computer Equipment	4 115 338	567 242		(175 256)		4 507 323	1 467 798		342 075		(9 582)	1 800 291	2 707 032
Special Vehicles	4 101 916					4 101 916	1 578 929		311 026			1 889 954	2 211 961
Tools and Equipment	3 276 616	51 340		(19 322)		3 308 633	1 745 058		135 015		(18 551)	1 861 522	1 447 112
	2 109 684 233	128 777 945	-	(1 526 075)	-	2 236 936 103	428 621 062	-	49 498 961	-	(877 361)	477 242 662	1 759 693 440

30 JUNE 2018

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation						Carrying Value	
	Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets/Operations	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Impairment	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R		R
Land and Buildings	17 787 494	-	-	-	-	17 787 494	5 940 439	-	587 753	-	-	6 528 191	11 259 303
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	-	2 043 000
Buildings	15 744 494	-	-	-	-	15 744 494	5 940 439	-	587 753	-	-	6 528 191	9 216 303
Infrastructure	1 929 921 444	123 300 985	-	(2 587 687)	-	2 050 634 743	352 600 994	-	45 817 261	-	(1 699 632)	396 718 623	1 653 916 120
Sewerage network	332 347 379	-	-	(87 284)	19 427 135	351 687 230	82 347 547	-	10 251 632	-	(90 082)	92 509 097	259 178 133
Water network	1 169 485 250	-	-	(2 500 402)	58 792 887	1 225 777 735	270 253 447	-	35 565 629	-	(1 609 550)	304 209 526	921 568 209
Work in Progress	428 088 815	123 300 985	-	-	(78 220 022)	473 169 778	-	-	-	-	-	-	473 169 778
Other Assets	42 819 429	1 790 333	-	(3 347 766)	-	41 261 995	25 442 363	-	2 259 873	-	(2 327 988)	25 374 248	15 887 747
Office Equipment	2 337 765	325 719	-	(7 134)	-	2 656 350	1 772 313	-	97 462	-	(6 232)	1 863 543	792 808
Furniture & Fittings	3 590 055	235 470	-	(519)	-	3 825 005	2 694 508	-	98 183	-	(511)	2 792 180	1 032 826
Motor Vehicles	17 467 552	-	-	(3 104 876)	-	14 362 676	9 778 975	-	737 194	-	(2 118 354)	8 397 814	5 964 862
Fire Engines	8 924 094	-	-	-	-	8 924 094	6 860 566	-	668 360	-	-	7 528 926	1 395 168
Computer Equipment	3 051 471	1 171 335	-	(107 468)	-	4 115 338	1 352 284	-	203 533	-	(88 020)	1 467 798	2 647 540
Special Vehicles	4 229 685	-	-	(127 769)	-	4 101 916	1 374 624	-	319 176	-	(114 872)	1 578 929	2 522 987
Tools and Equipment	3 218 806	57 810	-	-	-	3 276 616	1 609 093	-	135 966	-	-	1 745 058	1 531 557
	1 990 528 367	125 091 318	-	(5 935 453)	-	2 109 684 233	383 983 796	-	48 664 887	-	(4 027 620)	428 621 062	1 681 063 170

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There has been an impairment identified for Property, Plant and Equipment to the value of R290 493. No Property, Plant and Equipment are pledged as security for liabilities.

There has been no change in the method of depreciation and it is consistent with the prior year.

Refer to note 31 for the disclosure of repairs and maintenance per asset class as required by GRAP 17

There are 27 assets included in the Infrastructure fixed asset register with a Zero carrying value. The initial capital cost of these assets were cumulatively below R300 000

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# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

7 PROPERTY, PLANT AND EQUIPMENT  
30 JUNE 2018  
ECONOMIC ENTITY  
Reconciliation of Carrying Value

Cost						Accumulated Depreciation						Carrying Value
Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets/Operations	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Impairment	Disposals/Impairments	Closing Balance	
R	R		R	R	R	R		R		R	R	
17 787 494	220 191	-		-	18 007 685	6 528 191	-	587 753		-	7 115 944	10 891 741
2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	-	2 043 000
15 744 494	220 191	-	-	-	15 964 685	6 528 191	-	587 753	-	-	7 115 944	8 848 741
2 050 634 743	126 851 318	-	(1 223 363)	-	2 176 262 698	396 718 623	-	47 391 078		(748 122)	443 361 579	1 732 901 120
351 687 230	-	-	(319 727)	19 690 718	371 058 220	92 509 097	-	10 866 937	-	(224 624)	103 151 409	267 906 811
1 225 777 735	1 968 657	-	(903 636)	30 224 275	1 257 067 031	304 209 526	-	36 524 142	-	(523 498)	340 210 170	916 856 861
473 169 778	124 882 661	-	-	(49 914 992)	548 137 447	-	-	-	-	-	-	548 137 447
43 527 705	2 048 196	-	(302 932)	-	45 272 970	26 264 126	-	1 588 041	-	1 118 757	28 970 924	16 302 045
2 724 181	5 800	-	(35 734)	-	2 694 248	1 914 029	-	106 594	-	(41 286)	1 979 337	714 911
4 016 117	3 662	-	(7 620)	-	4 012 159	2 910 259	-	106 686	-	(8 534)	3 008 411	1 003 749
14 362 676	-	-	(65 000)	-	14 297 676	8 397 814	-	453 499	-	(50 664)	8 800 649	5 497 028
8 924 094	1 304 383	-	-	-	10 228 477	7 528 926	-	94 331	-	-	7 623 257	2 605 219
4 205 700	683 012	-	(175 256)	-	4 713 455	1 541 964	-	359 334	-	(9 582)	1 891 716	2 821 739
4 101 916	-	-	-	-	4 101 916	1 578 929	-	311 026	-	-	1 889 954	2 211 961
5 193 021	51 340	-	(19 322)	-	5 225 038	2 392 205	-	156 571	-	1 228 824	3 777 600	1 447 439
2 111 949 942	129 119 706	-	(1 526 295)	-	2 239 543 353	429 510 940	-	49 566 872	-	370 635	479 448 447	1 760 094 906

30 JUNE 2018  
ECONOMIC ENTITY  
Reconciliation of Carrying Value

Cost						Accumulated Depreciation						Carrying Value
Opening Balance	Additions	Transfers and non-exchange additions	Disposals	Transfer to Capital Assets/Operations	Closing Balance	Opening Balance	Transfers and non-exchange additions	Depreciation Charge	Impairment	Disposals	Closing Balance	
R	R		R	R	R	R		R		R	R	
17 787 494	-	-	-	-	17 787 494	5 940 439	-	587 753	-	-	6 528 191	11 259 303
2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	-	2 043 000
15 744 494	-	-	-	-	15 744 494	5 940 439	-	587 753	-	-	6 528 191	9 216 303
1 929 921 444	123 300 985	-	(2 587 687)	-	2 050 634 743	352 600 994	-	45 817 261	-	(1 699 632)	396 718 623	1 653 916 120
332 347 379	-	-	(87 284)	19 427 135	351 687 230	82 347 547	-	10 251 632	-	(90 082)	92 509 097	259 178 133
1 169 485 250	-	-	(2 500 402)	58 792 887	1 225 777 735	270 253 447	-	35 565 629	-	(1 609 550)	304 209 526	921 568 209
428 088 815	123 300 985	-	-	(78 220 022)	473 169 778	-	-	-	-	-	-	473 169 778
45 085 139	1 790 333	-	(3 347 766)	-	43 527 705	26 168 403	-	2 423 711	-	(2 327 988)	26 264 126	17 263 579
2 405 596	325 719	-	(7 134)	-	2 724 181	1 815 603	-	104 658	-	(6 232)	1 914 029	810 153
3 781 167	235 470	-	(519)	-	4 016 117	2 793 038	-	117 732	-	(511)	2 910 259	1 105 859
17 467 552	-	-	(3 104 876)	-	14 362 676	9 778 975	-	737 194	-	(2 118 354)	8 397 814	5 964 862
8 924 094	-	-	-	-	8 924 094	6 860 566	-	668 360	-	-	7 528 926	1 395 168
3 141 833	1 171 335	-	(107 468)	-	4 205 700	1 418 694	-	211 289	-	(88 020)	1 541 964	2 663 736
4 229 685	-	-	(127 769)	-	4 101 916	1 374 624	-	319 176	-	(114 872)	1 578 929	2 522 987
5 135 211	57 810	-	-	-	5 193 021	2 126 903	-	265 303	-	-	2 392 205	2 800 815
1 992 794 077	125 091 318	-	(5 935 453)	-	2 111 949 942	384 709 836	-	48 828 725	-	(4 027 620)	429 510 940	1 682 439 002

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There has been an impairment identified for Property, Plant and Equipment to the value of R290 493. No Property, Plant and Equipment are pledged as security for liabilities.

There has been no change in the method of depreciation and it is consistent with the prior year.

Refer to note 32 for the disclosure of repairs and maintenance per asset class as required by GRAP 17

There are 27 assets included in the Infrastructure fixed asset register with a Zero carrying value. The initial capital cost of these assets were cumulatively below R300 000

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### JGDM Project list 2018/19 - WIP

Project Name	WIP CLOSING 2018	Spend Jul2018 - Jun2019 (Inc VAT)	Spend Jul2018 - Jun2019 (Exc VAT)	Capitalised 2019	Expense	WIP CLOSING 2019	2018 /2019 FY				Project started	Number of years project is on WIP	Comment
							Civil	Electrical	Mechanical	Other			
TELEMETRY SYSTEM	13 363 978	22 191 022	19 296 541	29 877 766		2 782 753		2 782 753			2017/18	1	No delays
WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM	18 534 609	9 987 976	8 685 197	16 845 737		10 374 068	6 130 687	1 168 781	2 170 603	903 997	2016/17	2	No delays
PT - Rehab mech plant WWTW and Phola Park PS, Aliwal North	2 736 338	319 242	277 602	2 844 980		168 960	15 027	23 087	130 846	-	2015/16	3	No delays.
PT - Lady Grey - Sub project 4 Additional Storage & Boreholes	17 375 310	15 108 279	13 137 634			30 512 944	27 315 164	400 491	2 797 288	-	2016/17	2	No delays
MT FLETCHER BULK WATER SUPPLY-PHASE 2	25 498 634	8 281 598	7 201 389			32 700 023	30 299 908	1 437 632	962 483	-	2010/11	8	be completed 2018/19.
PT - Burgersdorp - Plantation sump and boreholes	4 044 430	4 551 236	3 957 597			8 002 027	8 002 027	-	-	-	2016/17	2	No delays
PT - Gariep Drought Relief Consultancy Services	10 059 173	2 780 914	2 418 186			12 477 359	10 081 338	-	149 287	2 246 735	2015/16	3	No delays. Consultants. R10,705 mill capitalised to date
PT - Lady Grey Drought Relief Consultancy Services	5 304 137	2 188 445	1 902 995			7 207 132	6 451 819	94 596	660 717	-	2015/16	3	No delays. Consultants. R6,671 mill capitalised 2017/18
UPGRADING STERKSPRUIT WATER TREATMENT WORKS	151 381 486	587 039	510 469			151 891 956	132 958 833	1 944 515	16 988 608	-	2010/11	8	delayed after contractor was terminated in 2017/18.
WSOS STERKSPRUIT WTW REFURBISHMENT	27 224 326					27 224 326	15 881 237		11 343 089		2012/13	6	main contractor being terminated in 2017/18.
WSIG - EMPILISWENI HOSPITAL EMERGENCY SEWER WORKS	4 492 727					4 492 727	4 492 727				2016/17	2	No delays
WSIG - BURGERSDORP EMERGENCY SEWER PROJECT (Pipelines)	4 233 802					4 233 802	4 233 802				2017/18	1	No delays
LADY GREY BULK WATER SUPPLY	30 411 698	7 000 000	6 086 957			36 498 654	18 623 497	984 474	10 803 726	6 086 957	2010/11	8	completed in 2018/19.
PT - Geohydrological Investigation Burgersdorp	931 010					931 010	931 010				2015/16	3	No delays.
PT - Maletswai Drought Relief Consultancy Services	48 567					48 567	4 371	6 799	37 396		2015/16	3	No delays. R7,249 mill capitalised to date
ORIO & MIG ELUNDINI RURAL WATER PROGRAMME	12 147 174	404 875	352 065			12 499 239	12 499 239				2012/13	6	cumbersome compliance processes by ORIO at tender stage.
Bulk meters		2 429 038	2 112 207	346 508		1 765 698			1 765 698		2017/18	1	No delays
JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2	20 767 430	4 144 397	3 603 824			24 371 254	20 144 924	586 766	3 639 564	-	2010/11	8	2014/15. Current WIP is Phase 2 to be completed in 2019.
MACLEAR BULK WATER INFRASTRUCTURE UPGRADE	9 165 729	4 214 095	3 664 431			12 830 160	12 060 350	128 302	641 508	-	2013/14	5	emergency work.
SENQU RURAL WATER SUPPLY	31 544 480	4 478 420	3 894 278			35 438 758	31 540 495	-	3 898 263	-	2013/14	5	years.
PT - Burgersdorp 6MI Reservoir	6 312 780	13 951 991	12 132 166			18 444 946	14 755 957	-	3 688 989	-	2017/18	1	No delays
DOH - Barkly East WTP Upgrade for 298 housing development	7 547 623	15 984 525	13 899 587			21 447 210	16 299 880	-	5 147 330	-	2014/15	4	funding secured from MIG. R4,504 mill capitalised 2014/15.
MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE	25 187 943	17 405 791	15 135 471			40 323 413	28 226 389	2 016 171	10 080 853	-	2012/13	6	started 2015. Delays due to non-performance of contractor.
Refurbish WTWs		19 237 998	16 728 694			16 728 694	3 847 600	2 509 304	10 037 216	334 574	2017/18	1	No delays
RBIG - LADY GREY BULK WATER	12 467 703					12 467 703	11 532 626	311 693	623 385		2015/16	3	No undue delays. Project is in Implementation Ready Phase
RBIG - Sterkspruit Bulk Sanitation - started 2015	7 462 110					7 462 110				7 462 110	2014/15	4	final design and tender.
STERKSPRUIT SEWERAGE AND EXPENDITURE CAPITALISE	5 415 547					5 415 547	5 415 547				2018/19	1	No delays
MIG PLANNING STUDIES	930 587					930 587				930 587	2012/13	6	No undue delays. Project funds feasibility studies only.
WSOS - Refurbishment of Oviston WTW Phase 1	7 441 422					7 441 422	6 598 874		701 961	140 587	2015/16	3	No delays. Construction period is 3 years.
WSIG - Oviston WTW Refurbishment Phase 2	2 769 328					2 769 328	2 769 328				2016/17	2	No delays
Ugie Bulk Water Infrastructure Phase B	779 473					779 473				779 473	2014/15	4	dam subjected to extensive DWS processes.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### JGDM Project list 2017/18 - WIP

Project Name	WIP CLOSING 2017	Spend Jul2017 - Jun2018 (Exc VAT)	Capitalised 2018	Expense	WIP CLOSING 2018	Status 2017/18	WIP Split				Project started	Number of years project is on WIP	Comment
							Civil	Electrical	Mechanical	Other			
Ugie Bulk Water Infrastructure Phase B	779 473,09	-			779 473,09	WIP				779 473,09	2014/15	3	No undue delays. Project is in study and design phase. Design and approval of new dam subjected to extensive DWS processes.
LADY GREY BULK WATER SUPPLY	26 493 069,55	3 918 628,20			30 411 697,75	WIP	18 623 497,20	984 474,15	10 803 726,40		2010/11	7	No undue delays. Project implemented in phases over the years. Final phase to be completed in 2018/19.
RBIG - LADY GREY BULK WATER	9 303 529,14	3 164 174,18			12 467 703,32	WIP	11 532 625,57	311 692,58	623 385,17		2015/16	2	No undue delays. Project is in Implementation Ready Phase
MT FLETCHER BULK WATER SUPPLY-PHASE 2	23 338 475,51	2 160 158,00			25 498 633,51	WIP	23 627 086,00	1 121 028,00	750 519,51		2010/11	7	Project implemented in phases. R207,659 mill capitalised since 2011/12. Final phase to be completed 2018/19.
UPGRADING STERKSPRUIT WATER TREATMENT WORKS	147 093 012,35	4 288 474,08			151 381 486,43	WIP	132 511 992,87	1 937 980,08	16 931 513,48		2010/11	7	Project implemented in phases. R11,478 mill capitalised since 2013/14. Final phase delayed after contractor was terminated in 2017/18.
WSOS STERKSPRUIT WTW REFURBISHMENT	27 224 326,35				27 224 326,35	WIP	15 881 237,35		11 343 089,00		2012/13	5	Project is a phase of the Sterkspruit Bulk Water Scheme. Unbundling delayed due to main contractor being terminated in 2017/18.
JAMESTOWN BUCKET ERADICATION & SANITATION - PHASE 2	15 908 707,45	4 858 723,00			20 767 430,45	WIP	17 166 055,45	500 000,00	3 101 375,00		2010/11	7	No undue delays. Project implemented in phases. Phase 1 - R13,495 mill capitalised in 2014/15. Current WIP is Phase 2 to be completed in 2019.
MACLEAR BULK SANITATION INFRASTRUCTURE UPGRADE	17 209 275,71	7 978 667,00			25 187 942,71	WIP	17 631 559,90	1 259 397,14	6 296 985,68		2012/13	5	Project implemented in phases. Design & tender took 3 years. Construction phase 1 started 2015. Delays due to non-performance of contractor.
ORIO & MIG ELUNDINI RURAL WATER PROGRAMME	10 229 932,98	1 917 241,23			12 147 174,21	WIP	12 147 174,21				2012/13	5	Partnership with ORIO in Netherlands. Project in design stage. Delays due to cumbersome compliance processes by ORIO at tender stage.
SENQU RURAL WATER SUPPLY	26 065 270,54	15 383 949,97	9 904 740,23		31 544 480,28	Complete /WIP	28 074 587,45		3 469 892,83		2013/14	4	No undue delays. Project implemented in phases. R30,629 mill capitalised over last 3 years.
MACLEAR BULK WATER INFRASTRUCTURE UPGRADE	7 611 380,99	1 554 347,77			9 165 728,76	WIP	8 615 785,03	91 657,29	458 286,44		2013/14	4	No undue delays. Project at tender stage. R8,537 mill capitalised 2015/16 for emergency work.
MIG PLANNING STUDIES	930 587,09				930 587,09	WIP				930 587,09	2012/13	5	No undue delays. Project funds feasibility studies only.
<b>RBIG - Sterkspruit Bulk Sanitation - started 2015</b>	5 389 830,13	2 072 279,70			7 462 109,83	WIP				7 462 109,83	2014/15	3	No undue delays. Feasibility and Implementation Ready Study took 3 years. Project at final design and tender.
DOH - Barkly East WTP Upgrade for 298 housing development	4 971 459,99	2 576 163,00			7 547 622,99	WIP	5 736 193,47		1 811 429,52		2014/15	3	Delays due to funder (Human Settlements) not honouring funding agreement. Alt funding secured from MIG. R4,504 mill capitalised 2014/15.
PT - Geohydrological Investigation Burgersdorp	931 009,71				931 009,71	WIP	931 009,71				2015/16	2	No delays.
PT - Gariep Drought Relief Consultancy Services	9 706 762,49	5 949 511,38	5 597 100,51		10 059 173,36	Complete /WIP	8 127 515,02		120 354,00	1 811 304,34	2015/16	2	No delays. Consultants. R10,705 mill capitalised to date
PT - Maletswai Drought Relief Consultancy Services	3 786 597,26	580 279,21	4 318 309,73		48 566,74	Complete /WIP	4 371,01	6 799,34	37 396,39		2015/16	2	No delays. R7,249 mill capitalised to date
PT - Rehab mech plant WWTW and Phola Park PS, Aliwal North	1 664 214,91	1 072 123,33			2 736 338,24	WIP	243 361,61	373 898,04	2 119 078,59		2015/16	2	No delays.
PT - Lady Grey Drought Relief Consultancy Services	6 696 704,02	5 279 043,86	6 671 610,77		5 304 137,11	WIP	4 748 259,54	69 618,36	486 259,22		2015/16	2	No delays. Consultants. R6,671 mill capitalised 2017/18
WSOS - Refurbishment of Oviston WTW Phase 1	4 385 960,41	3 055 461,50			7 441 421,91	WIP	6 598 874,34		701 960,57	140 587,00	2015/16	2	No delays. Construction period is 3 years.
PT - Lady Grey - Sub project 4 Additional Storage & Boreholes	2 002 897,59	15 372 412,28			17 375 309,87	WIP	15 554 364,29	228 056,04	1 592 889,54		2016/17	1	No delays
PT - Burgersdorp - Plantation sump and boreholes	579 976,18	3 464 453,67			4 044 429,85	WIP	4 044 429,85				2016/17	1	No delays
WSIG - Oviston WTW Refurbishment Phase 2	2 769 327,88				2 769 327,88	WIP	2 769 327,88				2016/17	1	No delays
WSIG - EMPILISWENI HOSPITAL EMERGENCY SEWER WORKS	4 492 726,57				4 492 726,57	WIP	4 492 726,57				2016/17	1	No delays
WSIG - REFURBISH BURGERSDORP SEWAGE MANAGEMENT SYSTEM	18 534 608,55				18 534 608,55	WIP	10 953 261,25	2 088 178,50	3 878 062,50	1 615 106,30	2016/17	1	No delays
PT - Burgersdorp GMI Reservoir	-	6 312 779,90			6 312 779,90	WIP	6 312 779,90				2017/18	0	No delays
WSIG - BURGERSDORP EMERGENCY SEWER PROJECT	-	4 233 801,61			4 233 801,61	WIP	4 233 801,61				2017/18	0	No delays
TELEMETRY SYSTEM	-	13 363 978,00			13 363 978,00	WIP			13 363 978,00		2017/18	0	No delays
REFURBISHMENT OF ALI WAL NORTH WTW	-	4 931 907,74		4 031 907,74	900 000,00	WIP / O&M			900 000,00		2017/18	0	No delays
<b>Totals</b>	<b>493 145 378,95</b>	<b>146 755 079,06</b>	<b>78 220 022,55</b>	<b>94 918 071,66</b>	<b>466 762 363,80</b>	<b>WIP</b>	<b>365 977 424,11</b>	<b>8 972 779,51</b>	<b>78 790 181,83</b>	<b>13 021 978,36</b>			



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>8 INVESTMENT PROPERTY</b>				
Net Carrying amount at 1 July	3 556 013	3 602 893	2 438 848	2 484 344
Cost	5 149 891	5 149 891	2 883 357	2 883 357
Accumulated Depreciation	(481 350)	(434 470)	(444 509)	(399 013)
Accumulated Impairment	(1 112 528)	(1 112 528)		
Additions	-	-	-	-
Depreciation for the year	(45 496)	(46 880)	(45 496)	(45 496)
Impairment for the year	(17 165)			
<b>Net Carrying amount at 30 June</b>	<b>3 493 352</b>	<b>3 556 013</b>	<b>2 393 352</b>	<b>2 438 848</b>
Cost	5 149 891	5 149 891	2 883 357	2 883 357
Accumulated Depreciation	(526 845)	(481 350)	(490 004)	(444 509)
Accumulated Impairment	(1 129 693)	(1 112 528)		

Revenue derived from the rental of investment property.

- - - -

No operating expenditure was incurred on investment property during the 2017/2018 and 2018/2019 financial years.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.

An impairment assessment was performed and the buildings on the investment property under the agency are fully impaired in the year under review.

<b>9 INTANGIBLE ASSETS</b>				
<b>Computer Software</b>				
<b>Net Carrying amount at 1 July</b>	<b>462 221</b>	<b>914 930</b>	<b>452 821</b>	<b>901 022</b>
Cost	4 418 015	4 418 015	4 395 577	4 395 577
Accumulated Amortisation	(3 955 794)	(3 503 085)	(3 942 756)	(3 494 555)
Additions and transfers from work in progress	810 160	-		-
Disposal of assets at Cost	(3 181 557)	-	(3 181 557)	-
Disposal of assets - Accumulated depreciation	3 181 516	-	3 181 516	-
Amortisation	(438 549)	(452 709)	(435 282)	(448 201)
<b>Net Carrying amount at 30 June</b>	<b>833 791</b>	<b>462 221</b>	<b>17 498</b>	<b>452 821</b>
Cost	2 046 618	4 418 015	1 214 020	4 395 577
Accumulated Amortisation	(1 212 827)	(3 955 794)	(1 196 522)	(3 942 756)

No intangible assets were assessed as having an indefinite useful life. There are no internally generated intangible assets at the reporting date. There are no intangible assets whose title is restricted and no intangible assets are pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets. The financial system previously bought had reach the end of the useful life as at 30 June 2019

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
10	<b>NON-CURRENT INVESTMENTS</b>				
	<b>Financial Instruments</b>				
	Fixed Deposits	1 771 453	1 677 453	1 771 453	1 677 453
	<b>Unlisted</b>				
	Municipal Entity - Joe Gqabi Economic Development Agency (Soc) L	-	-	1 894 055	1 894 055
	Cost	-	-	6 886 141	6 886 141
	Provision for Impairment	-	-	(4 992 086)	(4 992 086)
	<b>Total Non-Current Investments</b>	<b>1 771 453</b>	<b>1 677 453</b>	<b>3 665 508</b>	<b>3 571 508</b>

Fixed Deposits are investments with a maturity period of more than 12 months and an average interest rate of 9.13% per annum. (2018 - 9.13%). Interest rates are considered to be market related. The carrying amount of these fixed deposits approximates their fair value.

Investments are made in terms of the Municipality's Cash Management and Investment Policy, as required by Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

**Fixed deposit consist of the following accounts:**

ABSA	- Acc no 66000I - Building - DBSA Loan	1 771 453	1 677 453	1 771 453	1 677 453
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The fixed deposit serve as collateral security for the DBSA Building loan as per note 15

**JOE GQABI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017**

**JOE GQABI DISTRICT MUNICIPALITY**  
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		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
11	<b>EMPLOYEE BENEFITS</b>				
	Post Retirement Medical Obligations - refer to note 11,1	27 331 229	27 880 278	27 331 229	27 880 278
	Ex Gratia Gratuities - refer to note 11,2	40 820	122 678	40 820	122 678
	Long Service Awards - refer to note 11,3	7 759 045	6 273 325	7 759 045	6 273 325
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>35 131 093</b>	<b>34 276 280</b>	<b>35 131 093</b>	<b>34 276 280</b>
	<u><b>Post Retirement Medical Obligations</b></u>				
	Balance 1 July	29 401 001	31 233 978	29 401 001	31 233 978
	Contribution for the year	6 131 332	6 595 233	6 131 332	6 595 233
	Expenditure for the year	(539 351)	(1 091 280)	(539 351)	(1 091 280)
	Actuarial (Gain)	(5 909 952)	(7 336 930)	(5 909 952)	(7 336 930)
	<b>Total post retirement medical obligation 30 June</b>	<b>29 083 030</b>	<b>29 401 001</b>	<b>29 083 030</b>	<b>29 401 001</b>
	<b>Less:</b> Transfer of current portion to Current Employee Benefits - note 12	(1 751 801)	(1 520 723)	(1 751 801)	(1 520 723)
	<b>Balance 30 June</b>	<b>27 331 229</b>	<b>27 880 278</b>	<b>27 331 229</b>	<b>27 880 278</b>
	<u><b>Ex Gratia Gratuities</b></u>				
	Balance 1 July	334 654	375 652	334 654	375 652
	Contribution for the year	(44 222)	60 756	(44 222)	60 756
	Expenditure for the year	(162 217)	(37 996)	(162 217)	(37 996)
	Actuarial Gain	(30 778)	(63 758)	(30 778)	(63 758)
	<b>Total ex gratia provision 30 June</b>	<b>97 437</b>	<b>334 654</b>	<b>97 437</b>	<b>334 654</b>
	<b>Less:</b> Transfer of current portion to Current Employee Benefits - note 12	(56 617)	(211 976)	(56 617)	(211 976)
	<b>Balance 30 June</b>	<b>40 820</b>	<b>122 678</b>	<b>40 820</b>	<b>122 678</b>
	<u><b>Long Service Awards</b></u>				
	Balance 1 July	7 481 008	5 509 979	7 481 008	5 509 979
	Contribution for the year	1 497 758	2 465 916	1 497 758	2 465 916

**JOE GQABI DISTRICT MUNICIPALITY**  
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	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
Expenditure for the year	(162 217)	(391 964)	(162 217)	(391 964)
Actuarial (Gain)/Loss	989 701	(102 923)	989 701	(102 923)
<b>Total long service 30 June</b>	<b>9 806 250</b>	<b>7 481 008</b>	<b>9 806 250</b>	<b>7 481 008</b>
<b>Less:</b> Transfer of current portion to Current Employee Benefits - note 12	(2 047 205)	(1 207 683)	(2 047 205)	(1 207 683)
<b>Balance 30 June</b>	<b>7 759 045</b>	<b>6 273 325</b>	<b>7 759 045</b>	<b>6 273 325</b>
<b><u>TOTAL EMPLOYEE BENEFITS</u></b>				
Balance 1 July	37 395 267	37 298 214	37 395 267	37 298 214
Contribution for the year	7 584 868	9 121 905	7 584 868	9 121 905
Expenditure for the year	(863 785)	(1 521 241)	(863 785)	(1 521 241)
Actuarial (Gain)	(4 951 029)	(7 503 611)	(4 951 029)	(7 503 611)
<b>Total employee benefits 30 June</b>	<b>39 165 321</b>	<b>37 395 267</b>	<b>39 165 321</b>	<b>37 395 267</b>
<b>Less:</b> Transfer of current portion to Current Employee Benefits - note 12	(3 855 623)	(2 940 382)	(3 855 623)	(2 940 382)
<b>Balance 30 June</b>	<b>35 309 698</b>	<b>34 454 885</b>	<b>35 309 698</b>	<b>34 454 885</b>

**JOE GQABI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017**

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	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R Employees	2018 R Employees	2019 R Employees	2018 R Employees
<b>11,1 Post Retirement Medical Obligations</b>				
The Post Retirement Medical Obligation is a defined benefit plan, of which the members are made up as follows:				
In-service (employee) members	213	156	213	156
Continuation members (e.g. Retirees, widows, orphans)	41	37	41	37
<b>Total Members</b>	<b>254</b>	<b>193</b>	<b>254</b>	<b>193</b>
The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
Bonitas				
LA Health				
Hosmed				
SAMWU Medical Aid				
Key actuarial assumptions used:	%	%	%	%
<b>i) Rate of interest</b>				
Discount rate	9,22	9,58	9,22	9,58
Health Care Cost Inflation Rate	6,73	7,37	6,73	7,37
Net Effective Discount Rate	2,33	2,06	2,33	2,06
The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".				

**JOE GQABI DISTRICT MUNICIPALITY**  
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		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
ii)	<b>Mortality rates</b>				
	The PA 90 ultimate table, rated down by 1 year of age.				
iii)	<b>Normal retirement age</b>				
	The normal retirement age for employees of the Municipality is:				
	Male : 63 years				
	Female: 58 years				
		In-Service	Continuation	Present value of	
		Members	Members	fund obligations	
		R	R	R	
<b>The liability in respect of past service recognised in the Statement of Financial Position is as follows:</b>					
30 June 2018		18 506 000	10 895 000	<b>29 401 000</b>	
30 June 2017		19 375 151	10 463 000	<b>29 838 151</b>	
30 June 2016		21 320 577	10 845 443	<b>32 166 020</b>	
30 June 2015		19 080 662	9 631 382	<b>28 712 044</b>	

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

**JOE GQABI DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017**

**JOE GQABI DISTRICT MUNICIPALITY**  
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	ECONOMIC ENTITY		MUNICIPALITY	
	2019	2018	2019	2018
	R	R	R	R
	Liabilities	Assets	Liabilities	Assets
	(Gain) / Loss	Gain / (Loss)	(Gain) / Loss	Gain / (Loss)
	R	R	R	R
<b>Experience adjustments were calculated as follows:</b>				
30 June 2018	(3 420 000)	-	(3 420 000)	-
30 June 2017	(1 544 000)	-	(1 544 000)	-
30 June 2016	293 000	-	293 000	-
30 June 2015	(875 000)	-	(875 000)	-
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	29 401 000	31 233 978	29 401 000	31 233 978
Total contributions	5 591 981	5 503 953	5 591 981	5 503 953
Current service cost	2 250 601	2 507 439	2 250 601	2 507 439
Interest Cost	3 880 731	4 087 794	3 880 731	4 087 794
Benefits Paid	(539 351)	(1 091 280)	(539 351)	(1 091 280)
Actuarial (Gain)/Loss	(5 909 952)	(7 336 930)	(5 909 952)	(7 336 930)
Present value of fund obligation at the end of the year	29 083 029	29 401 000	29 083 029	29 401 000
<b>Less:</b> Transfer of current portion to Current Employee Benefits - note 4	(1 751 801)	(1 520 723)	(1 751 801)	(1 520 723)
<b>Balance 30 June</b>	<b>27 331 228</b>	<b>27 880 277</b>	<b>27 331 228</b>	<b>27 880 277</b>

**JOE GQABI DISTRICT MUNICIPALITY**  
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		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
<b>Sensitivity Analysis on the Current-service and Interest Costs:</b>					
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		2 250 600	3 880 800	6 131 400	
Health care inflation	+1%	2 805 500	4 537 100	7 342 600	20%
Health care inflation	-1%	1 820 700	3 351 600	5 172 300	-16%
Discount rate	+1%	1 848 500	3 716 500	5 565 000	-9%
Discount rate	-1%	2 772 900	4 056 400	6 829 300	11%
Post-retirement mortality	-1 year	2 319 000	4 022 100	6 341 100	3%
Average retirement age	-1 year	2 413 400	4 141 100	6 554 500	7%
			-		-
		%	%	%	%

**11,2 Ex Gratia Gratuities**

The Ex Gratia Gratuities plans are defined benefit plans. As at year end 12 employees (2018- 101) were eligible for Ex Gratia Gratuities.

Key actuarial assumptions used:

**i) Rate of interest**

Discount rate	7,28	9,45	7,28	9,45
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The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".



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**JOE GQABI DISTRICT MUNICIPALITY**  
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	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R Present value of fund obligations	2019 R	2018 R Present value of fund obligations
The liability in respect of past service recognised in the Statement of Financial Position is as follows:				
30 June 2018		334 655		334 655
30 June 2017		375 653		375 653
30 June 2016		416 515		416 515
30 June 2015		389 945		389 945

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:				
30 June 2018	(63 908)		(63 908)	
30 June 2017	9 436		9 436	
30 June 2016	69 127	-	69 127	-
30 June 2015	112 184	-	112 184	-

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	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	334 654	375 652	334 654	375 652
Total contributions	(206 439)	22 760	(206 439)	22 760
Current and past service cost	(66 055)	33 885	(66 055)	33 885
Interest Cost	21 833	26 871	21 833	26 871
Benefits Paid	(162 217)	(37 996)	(162 217)	(37 996)
Actuarial (Gain)/Loss	(30 778)	(63 758)	(30 778)	(63 758)
Present value of fund obligation at the end of the year	97 437	334 654	97 437	334 654
<b>Less:</b> Transfer of current portion to Current Employee Benefits - note 4	(56 617)	(211 976)	(56 617)	(211 976)
Present value of fund obligation at the end of the year	<b>40 820</b>	<b>122 678</b>	<b>40 820</b>	<b>122 678</b>
The liability is unfunded.				

**Sensitivity Analysis on the Current-service and Interest Costs:**

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		37 347	21 833	59 180	
Discount Rate	+1%	36 713	23 532	60 245	2%
Discount Rate	-1%	38 073	20 056	58 129	-2%
Average retirement age	-1 year	41 772	24 231	66 003	12%

**JOE GQABI DISTRICT MUNICIPALITY**  
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		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
11,3	Long Service Awards				
The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 512 employees (2017 - 537), but they are not all eligible for payment in the same year.					
Key actuarial assumptions used:					
i)	Rate of interest				
	Discount rate	8,03	8,35	8,03	8,35
	General Salary Inflation (long-term)	5,50	6,00	5,50	6,00
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	2,40	2,22	2,40	2,22
The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".					
		Present value of fund obligations		Present value of fund obligations	
		R		R	
The liability in respect of past service recognised in the Statement of Financial Position is as follows:					
30 June 2018			7 481 008	7 481 008	
30 June 2017			5 509 980	5 509 980	
30 June 2016			4 715 680	4 715 680	
30 June 2015			4 830 341	4 830 341	

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The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

**Experience adjustments were calculated as follows:**

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	373 555		373 555	
30 June 2017	160 071		160 071	
30 June 2016	(740 579)		(740 579)	
30 June 2015	577 526	-	577 526	-

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	7 481 008	5 509 979	7 481 008	5 509 979
Total contributions	1 335 541	2 073 952	1 335 541	2 073 952
Current service cost (And past)	922 504	2 048 224	922 504	2 048 224
Interest Cost	575 254	417 692	575 254	417 692
Benefits Paid	(162 217)	(391 964)	(162 217)	(391 964)
Actuarial Loss/(Gain)	989 701	(102 923)	989 701	(102 923)
Present value of fund obligation at the end of the year	9 806 250	7 481 008	9 806 250	7 481 008
<u>Less:</u> Transfer of current portion to Current Employee Benefits - note 4	(2 047 205)	(1 207 683)	(2 047 205)	(1 207 683)
<b>Balance 30 June</b>	<b>7 759 045</b>	<b>6 273 325</b>	<b>7 759 045</b>	<b>6 273 325</b>

The liability is unfunded.

**Sensitivity Analysis on the Current-service and Interest Costs:**

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		922 500	575 300	1 497 800	
General salary inflation	+1%	978 400	606 300	1 584 700	6%
General salary inflation	-1%	871 700	546 800	1 418 500	-5%

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		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
Discount rate	+1%	876 900	610 400	1 487 300	-1%
Discount rate	-1%	973 500	535 800	1 509 300	1%
Average retirement age	-2 years	857 500	517 400	1 374 900	-8%
Average retirement age	+2 years	989 400	636 000	1 625 400	9%
Withdrawal Rate	-50%	1 167 800	578 300	1 746 100	23%

**11,4 Retirement Funds**

The Cape Retirement Fund is a multi-employer plan. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, a multi-employer plan is defined as defined benefit plans. GRAP 25 also states that when insufficient information is available to use defined benefit accounting for a multi-employer plan, a Municipality will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Fund's assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

**JOE GQABI DISTRICT MUNICIPALITY**  
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As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data is confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Retirement Fund is defined as a defined benefit plan, it will be accounted for as a defined contribution plan.

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund was in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).

Contributions paid recognised in the Statement of Financial Performance

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance	11 273 495	10 803 116	11 273 495	10 803 116

**DEFINED CONTRIBUTION FUNDS**

Council contributes to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund, SAMWU National Provident Fund and SALA Pension fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	678 643	639 659	678 643	639 659
Municipal Councillors Pension Fund	443 041	440 712	443 041	440 712
IMATU Retirement Fund	2 440 287	1 935 323	2 440 287	1 935 323
SAMWU National Provident Fund	2 593 580	2 716 957	2 593 580	2 716 957
SALA Pension Fund	1 568 446	1 489 983	1 568 446	1 489 983
	<b>7 723 997</b>	<b>7 222 634</b>	<b>7 723 997</b>	<b>7 222 634</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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### CURRENT EMPLOYEE BENEFITS

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
Staff Bonuses Accrued	5 555 338	5 818 430	5 217 757	5 720 246
Provision for Staff Leave	16 076 669	16 030 590	15 559 938	15 800 828
Provision for Performance Bonuses	6 625 390	5 814 809	6 625 390	5 814 809
Other Provisions	582 342	582 342	582 342	582 342
Current Portion of Non-Current Employee Benefits	3 855 623	2 940 382	3 855 623	2 940 382
Current Portion of Post Retirement Benefits - note 11	1 751 801	1 520 723	1 751 801	1 520 723
Current Portion of Ex Gratia Gratuities - note 11	56 617	211 976	56 617	211 976
Current Portion of Long-Service Awards - note 11	2 047 205	1 207 683	2 047 205	1 207 683
<b>Total Current Employee Benefits</b>	<b>32 695 361</b>	<b>31 186 552</b>	<b>31 841 049</b>	<b>30 858 606</b>

The movement in current employee benefits is reconciled as follows:

#### Staff Bonuses Accrued

Balance at beginning of year	5 818 429	5 109 999	5 720 245	5 020 657
Contribution to current portion	11 434 395	10 723 604	10 697 276	10 625 420
Expenditure incurred	(11 697 487)	(10 015 174)	(11 199 765)	(9 925 832)
<b>Balance at end of year</b>	<b>5 555 338</b>	<b>5 818 429</b>	<b>5 217 756</b>	<b>5 720 245</b>

Bonuses are being paid to all employees of the entity and municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out in December 2019 or pro-rata when employment is terminated.

#### Provision for Staff Leave

Balance at beginning of year	16 030 588	13 576 904	15 800 828	13 464 815
Contribution to current portion	2 711 926	3 921 951	2 138 627	3 804 280
Expenditure incurred	(2 665 845)	(1 468 268)	(2 379 517)	(1 468 268)
<b>Balance at end of year</b>	<b>16 076 669</b>	<b>16 030 588</b>	<b>15 559 938</b>	<b>15 800 828</b>

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### Provision for Performance Bonuses

Balance at beginning of year	5 814 809	3 371 716	5 814 809	3 371 716
Contribution to current portion	3 260 529	5 057 942	3 260 529	5 057 942
Expenditure incurred	(2 449 948)	2 614 849	(2 449 948)	(2 614 849)
<b>Balance at end of year</b>	<b>6 625 390</b>	<b>5 814 809</b>	<b>6 625 390</b>	<b>5 814 809</b>

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council.

#### Other Provisions

Balance at beginning of year	582 342	582 342	582 342	582 342
Finance charges	0	-	-	-
<b>Balance at year end</b>	<b>582 342</b>	<b>582 342</b>	<b>582 342</b>	<b>582 342</b>

Other provisions are non-recurring provisions which consists out of the following at year end:

- Shortfall in annual earnings of Cape Joint Pension Fund

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

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### CONSUMER DEPOSITS

Water	975 566	957 847	975 566	957 847
<b>Total Consumer Deposits</b>	<b>975 566</b>	<b>957 847</b>	<b>975 566</b>	<b>957 847</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits were transferred from the local Municipalities and not all accounts had consumer deposits. All new accounts however are being charged a consumer deposit when consumers do open the account themselves, in cases where the Economic Entity opened an account to ensure completeness of billing, deposits might not have been paid.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

14		ECONOMIC ENTITY		MUNICIPALITY	
		2019 R	2018 R	2019 R	2018 R
	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>				
	Trade Payables	94 358 652	94 375 793	94 480 562	94 375 793
	Retention - On Capital projects	6 689 324	7 334 384	6 689 324	7 334 384
	Interest Accrued	155 721	200 547	155 721	200 547
	Unallocated Receipts	121 749	121 749	121 749	121 749
	Payments received in advance	2 380 964	1 635 621	2 380 964	1 635 621
	Joe Gqabi Economic Development Agency (SoC) Ltd	-	-	-	105 535
	Local Municipalities	4 314 847	4 976 389	4 314 847	4 976 389
	Elundini Local Municipality	-	456 572	-	456 572
	Senqu Local Municipality	4 314 847	4 519 817	4 314 847	4 519 817
	<b>Total Payables from Exchange Transactions</b>	<b>108 021 258</b>	<b>108 644 484</b>	<b>108 143 168</b>	<b>108 750 019</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

Deposits amounting to R144 961 (2018 - R144 961) serve as security for Payables. The remainder of Payables are unsecured.

15	<b>LONG-TERM LIABILITIES</b>				
	Annuity Loans - At amortised cost	6 171 877	9 091 193	6 171 877	9 091 193
	Less: Current Portion transferred to Current Liabilities	(2 625 487)	(1 584 875)	(2 625 487)	(1 584 875)
	<b>Total - At amortised cost using the effective interest rate method</b>	<b>3 546 390</b>	<b>7 506 318</b>	<b>3 546 390</b>	<b>7 506 318</b>

Annuity loans at amortised cost are calculated at 10.00% - 11.52% interest rate, with the first maturity date of 30 June 2016 and the last maturity date of 31 December 2024. No new loans were taken up during the year under review

Included in Non-current Investments as per note is an amount of R1 771 453 (2018 - R1 677 453) held as guarantee by the DBSA.

### The obligations under annuity loans are scheduled below:

#### Amounts payable under annuity loans:

Payable within one year	2 260 214	2 218 809	2 260 214	2 218 809
Payable within two to five years	3 875 401	5 200 717	3 875 401	5 200 717
Payable after five years	484 425	1 453 275	484 425	1 453 275
	6 620 040	8 872 801	6 620 040	8 872 801
Less: Future finance obligations	(1 532 167)	(2 204 492)	(1 532 167)	(2 204 492)
Present value of annuity obligations	5 087 873	6 668 309	5 087 873	6 668 309

### The obligations under finance leases are scheduled below:

#### Amounts payable under annuity loans:

Payable within one year	1 108 218	1 488 941	1 108 218	1 488 941
Payable within two to five years	-	1 108 218	-	1 108 218
Payable after five years	-	-	-	-
	1 108 218	2 597 159	1 108 218	2 597 159
Less: Future finance obligations	(24 213)	(174 276)	(24 213)	(174 276)
Present value of annuity obligations	1 084 005	2 422 883	1 084 005	2 422 883



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES</b>				
<b>Unconditional Grants</b>	258 575 360	239 266 500	258 575 360	239 266 500
Equitable Share	258 283 000	239 160 000	258 283 000	239 160 000
LG Seta	292 360	106 500	292 360	106 500
<b>Conditional Grants</b>	276 973 838	298 858 130	274 311 843	297 977 058
EPWP Programme	2 224 002	2 227 000	2 224 002	2 227 000
Finance Management Grant (FMG)	1 319 918	1 249 958	1 319 918	1 249 958
Industrial Development Corporation (IDC)	2 661 995	338 005	-	-
Elundini Municipality	-	-	-	-
Eastern Cape Development Corporation (ECD)	-	543 067	-	-
Municipal Infrastructure Grant (MIG)	153 873 622	149 693 219	153 873 622	149 693 219
Water Services Infrastructure Grant (WSIG)	60 997 414	63 613 576	60 997 414	63 613 576
Regional Bulk Infrastructure Grant	-	6 000 000	-	6 000 000
Provincial Treasury drought relief programme	30 411 762	48 724 944	30 411 762	48 724 944
Public Works - Special Programme	25 096 025	23 226 495	25 096 025	23 226 495
Rural Roads Asset Management Grant	-	2 284 464	-	2 284 464
Department of Human Settlement	-	-	-	-
EC Cogta Amalgamation support grant	-	-	-	-
MIS Asset Management	389 100	957 400	389 100	957 400
<b>Total Government Grants and Subsidies</b>	<b>535 549 198</b>	<b>538 124 630</b>	<b>532 887 203</b>	<b>537 243 558</b>
Government Grants and Subsidies - Capital	237 960 918	132 635 748	237 960 918	132 635 748
Government Grants and Subsidies - Operating	297 588 280	405 488 882	294 926 285	404 607 810

The Economic Entity does not expect any significant changes to the level of grants.

### 17,01 Equitable share

Opening balance	-	-	-	-
Grants received	255 674 000	232 532 000	255 674 000	232 532 000
Conditions met - Operating	(255 674 000)	(232 532 000)	(255 674 000)	(232 532 000)
Conditions still to be met/(Grant expenditure to be recovered)	-	-	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act No. 108 of 1996) to the Economic Entity by the National Treasury.

### 17,02 Finance Management Grant (FMG)

Opening balance	(82)	(123)	(82)	(123)
Grants received	1 320 000	1 250 000	1 320 000	1 250 000
Conditions met - Operating	(1 319 918)	(1 249 958)	(1 319 918)	(1 249 958)
Conditions still to be met	0	(82)	0	(82)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act, No 56 of 2003 (MFMA). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

### 17,03 Regional Bulk Infrastructure Grant (RBIG)

Opening balance	(621 105)	2 608 690	(621 105)	2 608 690
Grants received	-	6 000 000	-	6 000 000
Conditions met - Operating	-	-	-	-
Conditions met - Capital	-	(6 000 000)	-	(6 000 000)
Monies returned to National Treasury	-	(3 229 794)	-	(3 229 794)
Conditions still to be met	(621 105)	621 105	(621 105)	(621 105)

The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry out mandated functions effectively.

### 17,04 Municipal Infrastructure Grant (MIG)

Opening balance	(2 504 826)	72	(2 504 826)	72
Grants received	153 554 000	159 725 000	153 554 000	159 725 000
Conditions met - Operating	(7 321 880)	(103 212 536)	(7 321 880)	(103 212 536)
Conditions met - Capital	(146 551 742)	(46 480 683)	(146 551 742)	(46 480 683)
Human settlement project now funded by MIG	-	(10 031 781)	-	(10 031 781)
Monies returned to National Treasury	(1 738 721)	(2 504 898)	(1 738 721)	(2 504 898)
Conditions still to be met	(4 563 169)	(2 504 826)	(4 563 169)	(2 504 826)

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Economic Entity's programmes covers both Sanitation and Water projects.

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	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>17,05 Public Works - Special Programme</b>				
Opening balance	(9 026 426)	(5 088 757)	(9 026 426)	(5 088 757)
Grants received	31 411 863	19 288 826	31 411 863	19 288 826
Conditions met - Operating	(25 096 025)	(23 226 495)	(25 096 025)	(23 226 495)
Grant expenditure to be recovered	(2 710 588)	(9 026 426)	(2 710 588)	(9 026 426)

This grant is used for the maintenance of gravel roads in the Gariep and Maletswai parts of the district. At times special projects are also allocated to the Economic Entity by the Department of Roads and Public Works in other parts of the district.

### 17,06 Water Services Operating Subsidy

Opening balance	558	558	558	558
Conditions still to be met	558	558	558	558

This grant is used for the refurbishment of water infrastructure.

### 17,07 Department of Human Settlement

Opening balance	(0)	(10 031 781)	(0)	(10 031 781)
Human settlement project now funded by MIG	-	10 031 781	-	10 031 781
Conditions still to be met/(Grant expenditure to be recovered)	(0)	(0)	(0)	(0)

This grant is used to facilitate the planning, acceleration and implementation of various projects that will insure water supply to communities identified as not receiving a basic water supply service.

### 17,08 Water Services Infrastructure grant

Opening balance	886 725	302	886 725	302
Grants received	66 673 000	64 500 000	66 673 000	64 500 000
Conditions met - Operating	-	(32 183 456)	-	(32 183 456)
Conditions met - Capital	(60 997 414)	(31 430 121)	(60 997 414)	(31 430 121)
Monies returned to National Treasury	(886 725)	-	(886 725)	-
Conditions still to be met	5 675 586	886 725	5 675 586	886 725

This grant is used to provide specific capital funding for the water service infrastructure. This grant replace the previous know Water Services Operating grant and Municipal Water infrastructure grant.

### 17,09 PT Drought programme

Opening balance	1 221 001	(4 887 126)	1 221 001	(4 887 126)
Grants received	28 583 000	54 833 072	28 583 000	54 833 072
Conditions met - Capital	(30 411 762)	(48 724 944)	(30 411 762)	(48 724 944)
Grant expenditure to be recovered	(607 761)	1 221 001	(607 761)	1 221 001

This grant is used to provide for the upgrade of critical Water and Sanitation infrastructure.

### 17,10 Other Grants

Opening balance	1 980 534	163 189	(681 461)	163 189
Grants received	4 439 000	7 392 710	4 439 000	4 730 715
Conditions met - Operating	(3 343 455)	(3 348 364)	(681 460)	(3 348 364)
Conditions met - Capital	-	(2 227 000)	-	(2 227 000)
Grant expenditure to be recovered	3 076 079	1 980 534	3 076 079	(681 461)

**Other Grants consist of the following and is utilised as follows:**

#### EPWP Programme

Incentive grant for creating jobs, whereby unemployed persons get employed on projects to create employment.

#### Rural Roads Asset Management Grant (Public Transport)

This grant is to determine the extent of the municipal road network, the condition and maintenance requirements.

#### LG Seta

This grant is used to assist with the training needs of the Economic Entity.

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		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
<u>Disclosed as follows as per note 6</u>					
	Unspent Conditional Government Grants and Receipts	7 760 118	5 438 733	7 760 118	2 776 738
	Unpaid Conditional Government Grants and Receipts	10 611 380	14 395 662	10 611 380	14 395 662
<b>18</b>	<b>PUBLIC CONTRIBUTIONS AND DONATIONS</b>				
	Other	690 000	139 500	645 000	-
		<b>690 000</b>	<b>139 500</b>	<b>645 000</b>	<b>-</b>
<b>19</b>	<b>ACTUARIAL (GAINS)/LOSS</b>				
	Post Retirement Medical Obligations - Refer to note 11,1	(5 909 952)	(7 336 930)	(5 909 952)	(7 336 930)
	Ex Gratia Gratuities - Refer to note 11,2	(30 778)	(63 758)	(30 778)	(63 758)
	Long Service Awards - Refer to note 11,3	989 701	(102 923)	989 701	(102 923)
	<b>Total Actuarial (Gains)/Losses</b>	<b>(4 951 029)</b>	<b>(7 503 611)</b>	<b>(4 951 029)</b>	<b>(7 503 611)</b>
Actuarial gains or losses are calculated at year-end when the actuarial valuation is performed.					
<b>20</b>	<b>REVERSAL OF IMPAIRMENTS</b>				
	Reversal				
	<b>Total Reversal of Impairments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
There were no reversals of any impairment during the year under review.					
<b>21</b>	<b>SERVICE CHARGES</b>				
	Water	157 753 104	67 978 514	157 753 104	67 978 514
	Sewerage and Sanitation Charges	35 016 745	31 592 954	35 016 745	31 592 954
		192 769 849	99 571 468	192 769 849	99 571 468
	Less: Rebates (including free basic services for indigents)	(68 228 556)	(22 433 818)	(68 228 556)	(22 433 818)
	<b>Total Service Charges</b>	<b>124 541 293</b>	<b>77 137 650</b>	<b>124 541 293</b>	<b>77 137 650</b>
Rebates can be defined as any income that the Economic Entity is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.					
<b>22</b>	<b>GOVERNMENT SERVICES</b>				
	Working for Water	-	-	-	-
	Working for Wetlands	-	5 053 194	-	5 053 194
	<b>Total Government Services</b>	<b>-</b>	<b>5 053 194</b>	<b>-</b>	<b>5 053 194</b>
The tender from Department of Environmental affairs was awarded during the year, however signing of the agreement was only finalised during June 2019 and therefore no expenditure was incurred for the year, nor any revenue generated from the agreement					
<b>23</b>	<b>INTEREST EARNED - EXTERNAL INVESTMENTS</b>				
	Call Investment Deposits	3 259 967	3 785 393	2 947 317	3 691 484
	Primary Bank Account	308 044	929 361	308 044	929 361
	Fixed Deposits	-	-	-	-
	<b>Total Interest Earned - External Investments</b>	<b>3 568 011</b>	<b>4 714 753</b>	<b>3 255 361</b>	<b>4 620 844</b>
<b>24</b>	<b>INTEREST EARNED - OUTSTANDING DEBTORS</b>				
	Water Debtors	22 278 385	15 727 853	22 278 385	15 727 853
	Sewerage Debtors	9 085 977	6 396 547	9 085 977	6 396 547
	<b>Total Interest Earned - Outstanding Debtors</b>	<b>31 364 362</b>	<b>22 124 400</b>	<b>31 364 362</b>	<b>22 124 400</b>
<b>25</b>	<b>OTHER INCOME</b>				
	Sundry Income	133 574	974 242	122 704	948 857
	Administration fee	11 851	395 304	11 851	395 304
	Rental of Facilities and Equipment	-	9 252	-	9 252
	Ticket sales	315 493	-	315 493	-
	Insurance claims	167 685	362 507	167 685	360 608
	<b>Total Other Income</b>	<b>628 603</b>	<b>1 741 304</b>	<b>617 733</b>	<b>1 714 020</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>26 EMPLOYEE RELATED COSTS</b>				
Bonuses	11 195 208	10 800 863	10 697 486	10 625 420
Contribution to current employee benefits - Staff Leave - Note 12	2 424 955	3 921 951	2 138 627	3 804 280
Contribution to non-current employee benefits - Long Service Awards - Note 12	2 250 572	2 048 224	2 250 572	2 048 224
Contribution to non-current employee benefits - Post Retirement Medical - Note 12	922 504	2 507 439	922 504	2 507 439
Contribution to non-current employee benefits - Ex Gratia Gratuities - Note 12	- 66 055	33 885	- 66 055	33 885
Contributions for UIF, Pensions and Medical Aids	27 561 998	29 220 192	27 328 223	29 109 270
Salaries and Wages	151 545 572	132 103 730	144 150 581	128 723 044
Housing Benefits and Allowances	1 912 763	1 310 253	1 912 763	1 310 253
Overtime Payments	20 652 196	13 041 442	20 652 196	13 041 442
Performance Bonuses	3 260 529	5 057 942	3 260 529	5 057 942
Travel, Motor Car, Telephone, Subsistence and Other Allowances	9 518 022	14 132 364	9 103 520	13 872 287
<b>Total Employee Related Costs</b>	<b>231 178 264</b>	<b>214 178 285</b>	<b>222 350 946</b>	<b>210 133 486</b>

### REMUNERATION OF MANAGEMENT PERSONNEL

The Municipal Manager and all Section 57 Managers as well as those directly reporting to the Municipal are appointed on a 5-year fixed contract.

#### Municipal Manager - Z A Williams

Salary and other allowances	1 490 813	1 634 728	1 490 813	1 634 728
Performance Bonuses	342 123	322 757	342 123	322 757
Travel Allowance	372 866	64 200	372 866	64 200
Telephone allowance	3 540	34 200	3 540	34 200
Contributions to UIF, Medical and Pension Funds	220 984	241 089	220 984	241 089
<b>Total</b>	<b>2 430 326</b>	<b>2 296 974</b>	<b>2 430 326</b>	<b>2 296 974</b>

#### Chief Executive Officer - A Gqoboka

Salary and other allowances	1 386 713	1 194 927	-	-
Travel Allowance	132 000	132 000	-	-
Telephone allowance	24 000	24 000	-	-
Contributions to UIF, Medical and Pension Funds	19 674	15 030	-	-
<b>Total</b>	<b>1 562 387</b>	<b>1 365 957</b>	<b>-</b>	<b>-</b>

#### Director Technical Services - R J Fortuin

Salary and other allowances	1 313 878	1 326 234	1 313 878	1 326 234
Performance Bonus	290 804	274 344	290 804	274 344
Travel Allowance	360 000	233 480	360 000	233 480
Telephone allowance	21 600	20 400	21 600	20 400
Contributions to UIF, Medical and Pension Funds	85 480	85 366	85 480	85 366
<b>Total</b>	<b>2 071 762</b>	<b>1 939 824</b>	<b>2 071 762</b>	<b>1 939 824</b>

#### Director Corporate Services - H Z Jantjie

Salary and other allowances	1 262 083	1 506 784	1 357 570	1 262 083
Performance Bonus	274 344	-	229 582	274 344
Travel Allowance	84 000	84 000	84 000	84 000
Telephone allowance	20 400	19 200	21 600	20 400
Contributions to UIF, Medical and Pension Funds	305 583	93 840	304 606	298 998
<b>Total</b>	<b>1 946 409</b>	<b>1 703 824</b>	<b>1 997 358</b>	<b>1 939 825</b>

An Acting Chief Financial Officer has been appointed effective 15 April 2015 until the position was filled.

#### Acting Director Financial Services - S du Toit - Effective 15 April 2015

Salary and other allowances	1 450 077	1 308 614	1 450 077	1 308 614
Performance Bonus	195 650	233 795	195 650	233 795
Acting allowance	-	142 223	-	142 223
Travel Allowance	40 000	40 000	40 000	40 000
Telephone allowance	2 160	20 400	2 160	20 400
Contributions to UIF, Medical and Pension Funds	47 736	43 982	47 736	43 982
<b>Total</b>	<b>1 735 623</b>	<b>1 789 014</b>	<b>1 735 623</b>	<b>1 789 014</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019	2018	2019	2018
	R	R	R	R
Chief financial officer - JoGEDA				
Salary and other allowances	790 567	-	-	-
Travel Allowance	80 000	-	-	-
Telephone allowance	8 000	-	-	-
Contributions to UIF, Medical and Pension Funds	59 547	-	-	-
<b>Total</b>	<b>938 114</b>	<b>-</b>	<b>-</b>	<b>-</b>
Director Community Services - F J Sephton				
Salary and other allowances	1 602 220	1 487 197	1 602 220	1 487 197
Performance Bonus	290 804	274 244	290 804	274 244
Travel Allowance	156 000	156 000	156 000	156 000
Telephone allowance	21 600	20 400	21 600	20 400
Contributions to UIF, Medical and Pension Funds	1 890	1 884	1 890	1 884
<b>Total</b>	<b>2 072 514</b>	<b>1 939 725</b>	<b>2 072 514</b>	<b>1 939 725</b>
Chief Operations Officer - N Mshumi				
Salary and other allowances	1 151 994	1 084 433	1 151 994	1 084 433
Performance Bonus	195 398	233 495	195 398	233 495
Travel Allowance	60 000	60 000	60 000	60 000
Contributions to UIF, Medical and Pension Funds	269 519	243 863	269 519	243 863
<b>Total</b>	<b>1 676 911</b>	<b>1 621 791</b>	<b>1 676 911</b>	<b>1 621 791</b>
Manager Water Service provision Manager - D Lusawana				
Salary and other allowances	1 013 482	946 994	1 013 482	946 994
Performance Bonus	163 325	193 344	163 325	193 344
Contributions to UIF, Medical and Pension Funds	235 578	220 909	235 578	220 909
<b>Total</b>	<b>1 412 385</b>	<b>1 361 247</b>	<b>1 412 385</b>	<b>1 361 247</b>
ISD Director - NP Nonjola				
Salary and other allowances	1 375 103	-	1 375 103	-
Performance Bonus	59 070	-	59 070	-
Travel allowance	204 000	-	204 000	-
Telephone allowance	36 000	-	36 000	-
Contributions to UIF, Medical and Pension Funds	1 890	-	1 890	-
<b>Total</b>	<b>1 676 063</b>	<b>-</b>	<b>1 676 063</b>	<b>-</b>
<b>27 REMUNERATION OF COUNCILLORS</b>				
Councillors	5 225 689	5 164 846	5 225 689	5 164 846
Councillors' Pension and Medical Aid Contributions	754 033	788 486	754 033	788 486
<b>Total Remuneration of Councillors</b>	<b>5 979 722</b>	<b>5 953 332</b>	<b>5 979 722</b>	<b>5 953 332</b>

### In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Economic Entity. The Executive Mayor and the Speaker may utilise official Council transportation when engaged in official duties.

2019	Remuneration	Contributions	Total
Members of the Mayoral Committee	3 734 268	657 749	4 392 017
ZI Dumzela - Executive Mayor	747 268	156 603	903 871
TZ Notyke - Speaker	644 591	87 384	731 975
EM Lakabane - Portfolio Head: Financial Services	559 937	129 066	689 003
D Mvumvu - Portfolio Head: Community Services	612 136	76 867	689 003
S Mei - Portfolio Head: Technical Services	590 873	98 289	689 162
L Tokwe - Portfolio Head: Corporate Services	579 463	109 540	689 003
Proportional elected Councillors	1 399 478	96 284	1 495 762
NU Hokwana	484 875	61 717	546 592
N Ngendane	281 823	34 567	316 390
AM van Zyl	316 390	-	316 390
M Yiliwe	316 390	-	316 390
Representative Councillors	91 943	-	91 943
<b>Total Councillors Remuneration</b>	<b>5 225 689</b>	<b>754 033</b>	<b>5 979 722</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>2018</b>		<b>Remuneration</b>	<b>Contributions</b>	<b>Total</b>
Members of the Mayoral Committee		3 587 598	666 052	4 253 651
ZI Dumzela - Executive Mayor		715 524	161 929	877 453
TZ Notyke - Speaker		621 690	89 110	710 800
EM Lakabane - Portfolio Head: Financial Services		537 626	128 082	665 709
D Mvumvu - Portfolio Head: Community Services		588 355	78 853	667 209
S Mei - Portfolio Head: Technical Services		567 476	99 143	666 619
L Tokwe - Portfolio Head: Corporate Services		556 926	108 934	665 861
Proportional elected Councillors		1 492 188	121 553	1 613 741
NU Hokwana		583 366	80 557	663 923
N Ngendane		271 816	35 199	307 016
AM van Zyl		316 956	2 729	319 685
M Yiliwe		320 050	3 068	323 117
Representative Councillors		85 059	881	85 940
<b>Total Councillors Remuneration</b>		<b>5 164 846</b>	<b>788 486</b>	<b>5 953 332</b>
<b>28 REMUNERATION OF DIRECTORS</b>				
Sitting allowances	802 000	622 600	-	-
<b>Total Debt Impairment</b>	<b>802 000</b>	<b>622 600</b>	<b>-</b>	<b>-</b>
The members of the board of directors are all non-executive directors.				
Sitting allowances per director were as follows:				
V Zitumane	-	12 000	-	-
N Skweyiya	-	21 000	-	-
M Manjezi	169 200	105 600	-	-
M Sigabi	101 600	79 800	-	-
B Mhlaba	108 600	155 800	-	-
NY Mtyali	144 600	118 800	-	-
GB Qotywa	188 800	40 000	-	-
NS Mathetha	-	64 800	-	-
B Salman	81 800	24 800	-	-
Other	7400	-	-	-
	<b>802 000</b>	<b>622 600</b>	<b>-</b>	<b>-</b>
The following directors are Municipal Managers of the Local Municipalities within the Joe Gqabi District whose remuneration is paid by the respective Local Municipalities:				
K Gashi	-	-	-	-
M Yawa	-	-	-	-
F Nlemeza	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>29 DEBT IMPAIRMENT</b>				
Contributions to provision - note 4	80 106 927	36 200 765	80 106 927	36 200 765
Less: Portion relating to VAT - note 5	(8 382 749)	(3 209 757)	(8 382 749)	(3 209 757)
<b>Total Debt Impairment</b>	<b>71 724 178</b>	<b>32 991 008</b>	<b>71 724 178</b>	<b>32 991 008</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		ECONOMIC ENTITY		MUNICIPALITY	
		2019 R	2018 R	2019 R	2018 R
<b>30</b>	<b>IMPAIRMENTS</b>				
	Investment in Municipality Entity - note 10	-	-	-	-
	Property Plant and Equipment - note 7	1 247 375	-	-	-
	Investment Property - note 8	17 166	-	-	-
	Intangible assets - note 9	-	-	-	-
	<b>Total Impairments</b>	<b>1 264 541</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31</b>	<b>DEPRECIATION AND AMORTISATION</b>				
	Property Plant and Equipment - Note 7	49 566 873	48 828 725	49 498 961	48 664 887
	Investment Property - Note 8	45 496	46 880	45 496	45 496
	Intangible Assets - Note 9	438 549	452 710	435 282	448 201
	<b>Total Depreciation and Amortisation</b>	<b>50 050 918</b>	<b>49 328 315</b>	<b>49 979 739</b>	<b>49 158 584</b>
<b>32</b>	<b>REPAIRS AND MAINTENANCE</b>				
	<u>GRAP 17 require disclosure of repairs and maintenance per asset class:</u>				
	Infrastructure	5 387 992	4 308 986	5 387 992	4 308 986
	Land and Buildings	1 877 610	583 302	1 802 595	553 946
	Other Assets	5 318 673	2 112 651	5 318 673	2 112 651
	<b>Total Repairs and Maintenance</b>	<b>12 584 275</b>	<b>7 004 939</b>	<b>12 509 260</b>	<b>6 975 583</b>
	It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Operating Grant expenditure votes as well as Employee related cost due to the fact that bulk of the repairs and maintenance are done internally				
<b>33</b>	<b>FINANCE CHARGES</b>				
	Long-term Liabilities	822 329	1 111 358	822 329	1 111 358
	Non-current Employee Benefits	4 477 848	4 532 357	4 477 848	4 532 357
	Other	2 420	1 972	2 420	1 972
	<b>Total Finance Charges</b>	<b>5 302 597</b>	<b>5 645 687</b>	<b>5 302 597</b>	<b>5 645 687</b>
<b>34</b>	<b>CONTRACTED SERVICES</b>				
	Water Services	2 505 557	-	2 505 557	-
	Other Contractors	2 505 557	-	2 505 557	-
	Sanitation Services	13 721 611	14 872 932	13 721 611	14 872 932
	Local Municipalities	-	-	-	-
	Other Contractors	13 721 611	14 872 932	13 721 611	14 872 932
	<b>Total Contracted Services</b>	<b>16 227 168</b>	<b>14 872 932</b>	<b>16 227 168</b>	<b>14 872 932</b>
	The other contractors relate to Honey Sucking that has been done by outside contractors throughout the district for the year under review. Water carting was done on a needs basis in the drought stricken areas during the year.				
<b>35</b>	<b>BULK PURCHASES</b>				
	Water	5 742 801	4 458 788	5 742 801	4 458 788
	<b>Total Bulk Purchases</b>	<b>5 742 801</b>	<b>4 458 788</b>	<b>5 742 801</b>	<b>4 458 788</b>
<b>36</b>	<b>GRANTS AND SUBSIDIES PAID</b>				
	Joe Gqabi Economic Development Agency (SoC) Ltd			8 900 000	8 495 130
	<b>Total Grants and Subsidies Paid</b>	<b>-</b>	<b>-</b>	<b>8 900 000</b>	<b>8 495 130</b>

The Economic Entity has been in the process of taking over water service provision from local municipalities.

The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
<b>37</b>	<b>OPERATING GRANT EXPENDITURE</b>				
	Management Services	-	839 825	-	839 825
	Financial Services	352 641	1 904 450	352 641	1 904 450
	Corporate Services	-	102 202	-	102 202
	Technical Services	69 002 688	118 417 333	76 323 674	118 417 333
	Community Services	-	3 686 453	-	3 686 453
	<b>Total Operating Grant Expenditure</b>	<b>69 355 329</b>	<b>124 950 262</b>	<b>76 676 315</b>	<b>124 950 262</b>
<b>38</b>	<b>EMERGENCY DROUGHT RELIEF</b>				
	Water carting	-	1 054 614	-	1 054 614
	<b>Total Operating Grant Expenditure</b>	<b>-</b>	<b>1 054 614</b>	<b>-</b>	<b>1 054 614</b>
<b>39</b>	<b>GENERAL EXPENSES</b>				
	Advertising Fees	655 391	783 437	592 751	742 275
	Audit Fees	3 651 060	6 163 694	3 047 099	5 342 136
	Bank Charges	452 193	381 877	444 944	378 101
	Chemicals	8 841 357	6 915 006	8 841 357	6 915 006
	Company secretary fees	621 865	550 314	-	-
	Consulting Fees	16 972 098	14 962 618	16 946 098	14 703 292
	Cultivating and Capacitation	-	-	-	-
	Entertainment	-	145 095	-	76 189
	Fire Extinguishers	-	-	-	-
	Fuel and oil	9 971 062	9 001 667	9 971 062	9 001 667
	Insurance	5 071 624	4 111 982	4 988 090	4 070 422
	IT Cost	574 943	931 320	510 193	930 790
	Legal Fees	1 362 739	1 658 826	1 362 739	1 658 826
	Marketing	335 328	409 627	335 328	409 627
	Material and protective clothing	4 423 984	433 935	4 423 984	433 935
	Membership Fees	2 153 056	2 052 939	2 138 519	2 046 096
	Occupational Health	582 280	610 392	582 280	610 392
	Other	4 154 553	2 398 430	4 127 408	2 379 988
	Postage	1 965	14 799	1 965	14 799
	Printing and Stationary	1 489 893	2 576 639	1 455 301	2 509 353
	RAFI - Project	2 782 609	-	2 782 609	-
	Project cost	4 115 467	2 124 182	-	-
	Rentals	1 438 891	1 568 735	1 219 017	1 497 966
	Revitalising Urban	-	323 187	-	323 187
	Security	4 495 871	3 960 078	4 488 984	3 953 837
	Services	-	1 903	-	1 903
	Shared Fire Services	612 085	998 741	612 085	998 741
	Special Programmes	4 361 147	3 926 363	4 361 147	3 926 363
	SPLUMA	-	30 850	-	30 850
	Telephone	3 013 147	2 687 025	3 013 147	2 687 025
	Tourism	58 385	26 329	58 385	26 329
	Training	2 882 840	806 483	2 794 116	802 485
	Travel and Subsistence	21 412 034	17 982 440	19 803 872	17 213 382
	Vehicle Rental	3 604 668	1 833 511	3 604 668	1 833 511
	Water and Electricity	9 028 481	11 944 369	9 028 481	11 944 369
	Water Testing & Quality Monitoring	3 127 748	1 502 220	3 127 748	1 502 220
	Wi-Fi Project	169 565	-	169 565	-
	<b>Total General Expenses</b>	<b>122 418 329</b>	<b>103 819 010</b>	<b>114 832 942</b>	<b>98 965 059</b>



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>40</b>	<b>LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>			
Carrying value of Property, Plant and Equipment disposed or written off	649 595	1 907 832	648 755	1 907 832
Value recovered from insurance	-	465 548	-	465 548
<b>Total Loss on Disposal of Property, Plant and Equipment</b>	<b>649 595</b>	<b>1 442 285</b>	<b>648 755</b>	<b>1 442 285</b>

The loss on disposal of assets to the amount of R649 595 (R1 442 285- 2018) relates to assets that were written off.

<b>41</b>	<b>RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS</b>			
Net Surplus/(Deficit) for the year	108 115 023	90 146 195	107 489 806	90 229 743
Adjusted for:				
Non-Cash Expenditure and Revenue	121 951 510	80 790 354	121 879 491	80 620 623
Actuarial Gains	(4 951 029)	(7 503 611)	(4 951 029)	(7 503 611)
Gain on disposal of PPE				
Debt impairment	71 724 178	32 991 008	71 724 178	32 991 008
Deprecation and amortisation	50 050 918	49 328 315	49 979 739	49 158 584
Impairments				
Actuarial losses				
Finance charges	4 477 848	4 532 357	4 477 848	4 532 357
Fair Value Adjustments				
Loss on disposal of PPE	649 595	1 442 285	648 755	1 442 285
Contributions - Provisions and Employee Benefits	26 528 755	27 439 920	23 681 300	28 609 547
Post Retirement Medical Benefits	6 595 233	6 600 291	6 131 332	6 595 233
Long Service Awards	2 465 916	1 076 166	1 497 758	2 465 916
Ex-Gratia	60 756	59 966	(44 222)	60 756
Performance bonuses	3 260 529	5 057 942	3 260 529	5 057 942
Bonuses	11 434 395	10 723 604	10 697 276	10 625 420
Staff leave	2 711 926	3 921 951	2 138 627	3 804 280
Compensation for injury on duty				
Other Provisions	-	-	-	-
Expenditure - Provision and Employee Benefits	(18 334 521)	(15 518 362)	(16 893 015)	(15 530 190)
Post Retirement Medical Benefits	(1 091 280)	(1 076 935)	(539 351)	(1 091 280)
Long Service Awards	(391 964)	(233 697)	(162 217)	(391 964)
Ex-Gratia	(37 996)	(109 438)	(162 217)	(37 996)
Performance bonuses	(2 449 948)	(2 614 849)	(2 449 948)	(2 614 849)
Bonuses	(11 697 487)	(10 015 174)	(11 199 765)	(9 925 832)
Staff leave	(2 665 845)	(1 468 268)	(2 379 517)	(1 468 268)
Other adjustments	-	7 987 605	-	7 987 605
Bad debts Written off	-	7 987 605	-	7 987 605
Operating surplus before changes in working capital	238 260 768	190 845 713	236 157 582	191 917 328
Movement in working capital	(112 988 550)	43 113 097	(112 287 548)	(47 182 499)
Receivables from exchange transactions	(132 836 458)	58 739 672	(135 490 703)	(82 383 275)
Inventory	259 371	277 771	463 154	259 371
Payables from exchange transactions	(606 851)	(4 150 386)	(606 851)	5 231 797
Unspent Conditional Government Grants	(2 151 690)	3 912 263	4 983 380	(2 151 690)
Unpaid Conditional government grants	7 767 888	6 606 433	3 784 282	7 767 888
Taxes	14 579 190	(22 272 656)	14 579 190	24 093 410
Cash Flow from Operating Activities	125 272 218	233 958 810	123 870 034	144 734 829

### 42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 10% and 11.52% and will be repaid by 2024.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>				
<u>Unauthorised expenditure</u>				
Reconciliation of unauthorised expenditure:				
Opening balance	164 753	164 753	164 753	164 753
Unauthorised expenditure current year - operating				
Unauthorised expenditure current year - capital				
Authorised by Council				
Transfer to receivables for recovery				
Unauthorised expenditure awaiting authorisation	164 753	164 753	164 753	164 753

The Economic Entity did not incur any unauthorised expenditure for the 2017/2018 and 2018/2019 financial periods

<b>44 Fruitless and wasteful expenditure</b>				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance	-	34 281	-	-
Fruitless and wasteful expenditure current year	6 120	-	-	-
Written off by Council	-	(34 281)	-	-
Transfer to receivables for recovery		-		-
Fruitless and wasteful expenditure awaiting write-off approval	6 120	-	-	-

<b>Incident</b>	<b>Disciplinary steps</b>
<i>Late payment of Transnet invoices</i>	<i>Responsible official no longer employed</i>

<b>45 Irregular expenditure</b>				
Reconciliation of irregular expenditure:				
Opening balance	63 219 408	-	63 219 408	-
Irregular expenditure - current and prior(identified in current year)	731 767	63 219 408	555 817	63 219 408
Irregular expenditure - Jogeda Contractor development	9 358 689	-	9 358 689	-
Irregular expenditure	73 309 864,00	-	73 133 914	63 219 408

The termination of the Mvula Trust contract relating to the irregular expenditure identified in 2017/18 was only concluded in the 2018/19 FY resulting in some limited expenditure still being recorded as part of termination processes. Two invoices are still under dispute. This related to a contract that was entered into between JGDM and Mvula Trust utilising the Municipal SCM Regulation 32(1) which states that a SCM policy may allow the accounting officer to procure goods or services for the municipality under a contract secured by another organ of the state, for managing the implementation of Rural Water and Sanitation Programme as an implementing agent. This was following a process allowed in terms of section 110 of the MFMA. In March 2011 JGDM participated in a Regulation 32 contract after establishing the below:

- A contract was secured by the Eastern Cape Department of Human Settlements by means of a competitive bidding process applicable to the Eastern Cape Department of Human Settlements (organ of state) with Mvula Trust.
- In line with sub-regulation (1)(a) and (1)(b) the municipality had confirmed there was no reason to believe that such contract was not validly procured by the Eastern Cape Department of Human Settlements.
- There were demonstrable benefits for the municipality to do so; and
- The Eastern Cape Department of Human Settlements, JGDM and Mvula Trust had consented to such procurement in writing.

In application of Regulation 32, the municipality had a proper demand management plan in place that was based on the service delivery and budget implementation plan. As an implementing agent, Mvula Trust procured goods and services through the use of competitive bidding processes to secure contractors and service providers.

The contract between Eastern Cape Department of Human Settlements and Mvula trust expired in September 2013. The contract of JGDM expired in June 2016. It was further extended in line with section 116 of the MFMA and this was reviewed during the 2016/17 audit by the AG and determined as compliant.

Throughout the period from 2011 to date the deliverables and expenditure have been audited and value for money was assessed and no findings contrary to good governance were identified. The accounting officer has also accordingly determined that no official is responsible from whom the amount should be recovered.

During 2018/19 financial year the Joe Gqabi Economic Development Agency established a contractor development programme for the construction of Ventilated Improved Pit (VIP) toilets in the rural areas of Senqu and Elundini local municipalities. It has been determined that giving preference to contractors in the Joe Gqabi District Area and setting of a standard price for CIDB 1 contractors is deemed to be contrary to legislated prescripts. As Joe Gqabi District Municipality is the shareholder of the entity the non compliance with legislation is reflected as irregular expenditure in the records of the institution.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>46 MATERIAL LOSSES</b>				
<b>Water distribution losses</b>				
<b>Kilo litres raw</b>	17 579 505	14 435 490	17 579 505	14 435 490
Kilo litres treated	12 543 541	10 873 738	12 543 541	10 873 738
Kilo litres sold	(11 440 172)	(8 054 361)	(11 440 172)	(8 054 361)
Kilo litres lost during cleaning	5 035 964	3 561 752	5 035 964	3 561 752
Kilo litres lost from treated	1 103 369	2 819 377	1 103 369	2 819 377
Kilo litres lost from raw	6 139 333	6 381 129	6 139 333	6 381 129
Percentage water lost during cleaning	28,6%	24,7%	28,6%	24,7%
Percentage lost from treated vs billed	8,80%	25,93%	8,80%	25,93%
Percentage water lost since abstraction	34,92%	44,20%	34,92%	44,20%
Average cost per kilolitre in Rands	10,23	7,19	10,23	7,19
Loss in Rand value (Raw)	62 805 377	45 880 318	62 805 377	45 880 318
Loss in Rand value (Treated)	11 287 465	20 271 321	11 287 465	20 271 321
The improvement in water losses is due to major refurbishments and repairs to aging infrastructure as well as ongoing water restrictions to reduce demand so as to manage drought risks. Households with straight connections have been billed on a flat rate that is based on consumption of 30kl per month. This has been coupled with improved awareness around water conservation and demand management and also improvements in metering.				
<b>47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>				
<b>47,01 SALGA Contributions - [MFMA 125 (1)(b)]</b>				
Opening balance	-	-	-	-
Council subscriptions	1 958 020	2 023 260	1 958 020	2 023 260
Amount paid - current year	(1 958 020)	(2 023 260)	(1 958 020)	(2 023 260)
Amount paid - previous years	-	-	-	-
<b>Balance unpaid (included in creditors)</b>	-	-	-	-
The prior year figure was updated with an amount of R208 731 due to additional subscription fees billed by SALGA				
<b>47,02 Audit fees - [MFMA 125 (1)(b)]</b>				
Opening balance	160 257	306 781	160 257	20 846
Current year audit fee	4 053 594	5 725 528	3 449 633	5 118 632
Amount paid	(4 053 594)	(5 851 207)	(3 449 633)	(4 958 376)
Amount paid - previous year	(160 257)	(20 846)	(160 257)	(20 846)
<b>Balance unpaid (included in payables)</b>	-	160 257	-	160 257
<b>47,03 VAT - [MFMA 125 (1)(b)]</b>				
Opening balance	8 605 664	32 090 517	9 042 025	32 686 430
Amounts received - current year	(47 627 359)	(58 025 189)	(47 342 238)	(57 588 828)
Amounts claimed - current year	43 392 797	34 091 331	42 956 436	33 495 418
<b>Balance receivable/(payable)</b>	4 371 102	8 156 659	4 656 223	8 593 020
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.				
<b>47,04 PAYE, SDL and UIF - [MFMA 125 (1)(b)]</b>				
Opening balance	12 534 220	10 069 204	12 534 220	10 069 204
Current year payroll deductions and Council Contributions	37 326 744	31 683 039	37 326 744	31 683 039
Amount paid - current year	(34 331 100)	(29 218 023)	(34 331 100)	(29 218 023)
Amount paid - previous year	(12 534 220)	-	(12 534 220)	-
<b>Balance receivable</b>	2 995 644	12 534 220	2 995 644	12 534 220
<b>47,05 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</b>				
Opening balance	3 400 742	-	3 400 742	-
Current year payroll deductions and Council Contributions	42 727 112	39 846 396	42 727 112	39 846 396
Amount paid - current year	-	(36 445 654)	(39 117 123)	(36 445 654)
Amount paid - previous year	-	3 400 742	(3 400 742)	-
<b>Balance unpaid (included in payables)</b>	3 609 989	3 400 742	3 609 989	3 400 742

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		ECONOMIC ENTITY		MUNICIPALITY	
		2019	2018	2019	2018
		R	R	R	R
47,06	<b>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</b>				
	There are no overdue councillor accounts.				
48	<b>Deviations - Supply Chain Management</b>				
	Deviations with the Supply Chain Management Regulations were identified and categorised as follow:				
	- Emergencies	11 080 459	31 125 372	11 044 459	31 125 372
	- Goods or services are produced or available from a single provider	5 050 915	-	548 787	-
	- Other exceptional cases where it is impractical or impossible to follow the official procurement processes eg. Strip and	39 475 822	15 590 792	39 095 822	15 590 792
		<u>55 607 196</u>	<u>46 716 163</u>	<u>50 689 068</u>	<u>46 716 163</u>
	Deviations per department				
	- Office of the Municipal Manager	18 864	1 301 705	18 864	1 301 705
	- ISA	2 002 167		2 002 167	
	- Financial Services	62 834	98 859	62 834	98 859
	- Corporate Services	1 910 110	4 908 129	1 910 110	4 908 129
	- Community Services	885 050	1 347 695	885 050	1 347 695
	- Technical Services	394 062	364 692	394 062	364 692
	- Water Service provision	43 747 082	27 072 022	43 747 082	27 072 022
	- Expenditure incurred on behalf of Agencies	-	11 623 065	-	11 623 065
	- Combined departments	1 668 899		1 668 899	
	- JoGEDA	4 918 128			
		<u>55 607 196</u>	<u>46 716 168</u>	<u>50 689 068</u>	<u>46 716 168</u>
49	<b>CAPITAL COMMITMENTS</b>				
	<b>Commitments in respect of capital expenditure:</b>				
	Approved and contracted for:				
	- Infrastructure	74 341 855	110 900 915	74 214 172	110 900 915
	<b>Total</b>	<u>74 341 855</u>	<u>110 900 915</u>	<u>74 214 172</u>	<u>110 900 915</u>
	This expenditure will be financed from:				
	Capital Replacement Reserve	-	-	-	-
	Government Grants	74 341 855	110 900 915	74 214 172	110 900 915
	Own Resources	-	-	-	-
	<b>Total</b>	<u>74 341 855</u>	<u>110 900 915</u>	<u>74 214 172</u>	<u>110 900 915</u>
50	<b>FINANCIAL RISK MANAGEMENT</b>				
	The activities of the Economic Entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.				
(a)	<b>Foreign Exchange Currency Risk</b>				
	The Economic Entity does not engage in foreign currency transactions.				
(b)	<b>Price risk</b>				
	The Economic Entity is not exposed to price risk.				
(c)	<b>Interest Rate Risk</b>				
	Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, non-current investments and loan payables.				
	The Economic Entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Economic Entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents and non-current investments as the interest rate on loan payables are fixed.				
	The Economic Entity did not hedge against any interest rate risks during the current year.				
	The potential impact on the Economic Entity's surplus/deficit for the year due to changes in interest rates were as follow:				
	0,5% (2017 - 0.5%) Increase in interest rates				
	0,5% (2017 - 0.5%) Decrease in interest rates				
	The potential impact on the fair value of loans payable due to changes in interest rates is insignificant as the carrying value represents the fair value based on the underlying assets.				

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		ECONOMIC ENTITY		MUNICIPALITY	
		2019 R	2018 R	2019 R	2018 R
(d)	<b>Credit Risk</b>				
	Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Economic Entity to incur a financial loss.				
	Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.				
	Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of consumers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer receivables the Economic Entity effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.				
	All services are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.				
	No receivables are pledged as security for financial liabilities.				
	The Economic Entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.				
	The bank utilised by the Economic Entity for current and non-current investments are all listed on the JSE (ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.				
	Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed below. Amounts are receivable from national and provincial government and there are no expectation of counter party default.				
	Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.				
	Financial assets exposed to credit risk at year end are as follows:				
	Receivables from Exchange Transactions	211 400 971	154 127 217	213 270 410	154 075 734
	Cash and Cash Equivalents	10 832 466	16 123 047	4 845 072	12 654 580
	Non-current Investments	1 771 453	1 677 453	3 665 508	3 571 508
	Unpaid Conditional Grants and Subsidies	10 611 380	14 395 662	10 611 380	14 395 662
		<u>234 616 270</u>	<u>186 323 379</u>	<u>232 392 370</u>	<u>184 697 484</u>

(e)	<b>Liquidity Risk</b>				
	Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.				
	The Economic Entity's risk to liquidity is a result of the funds available to cover future commitments. The Economic Entity manages liquidity risk through an ongoing review of future commitments and credit facilities.				
	The table below analyses the Economic Entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.				

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<b>Long Term liabilities</b>	3 546 390	7 506 318	3 546 390	7 506 318
Capital repayments	6 171 877	9 091 193	6 171 877	9 091 193
Interest	(2 625 487)	(1 584 875)	(2 625 487)	(1 584 875)
Payables from exchange transactions	-	-	108 143 168	108 750 019
Unspent Conditional Government Grants and Receipts	-	-	7 760 118	2 776 738
	<u>3 546 390</u>	<u>7 506 318</u>	<u>119 449 676</u>	<u>119 033 075</u>

### FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows:

#### Financial Assets

##### Financial instruments at amortised cost

Non-Current Investments	1 771 453	1 677 453	3 665 508	3 571 508
- Fixed Deposits (Zero coupon)	1 771 453	1 677 453	1 771 453	1 677 453
- Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	1 894 055	1 894 055
Receivables from Exchange Transactions	211 400 971	154 127 217	213 270 410	154 075 734
Cash and Cash Equivalents	10 832 466	16 123 047	4 845 072	12 654 580
Unpaid Conditional Government Grants and Receipts	10 611 380	14 395 662	10 611 380	14 395 662
<b>Total carrying amount of financial assets</b>	<u>234 616 270</u>	<u>186 323 379</u>	<u>232 392 370</u>	<u>184 697 484</u>

#### Financial Liability

##### Financial instruments at amortised cost

Long-term Liabilities	3 546 390	7 506 318	3 546 390	7 506 318
Trade and Other Payables	108 021 258	108 644 484	108 143 168	108 750 019
Current Portion of Long-term Liabilities	2 625 487	1 584 875	2 625 487	1 584 875
Unspent Conditional Government Grants and Receipts	7 760 118	5 438 733	7 760 118	2 776 738
<b>Total carrying amount of financial liabilities</b>	<u>121 953 253</u>	<u>123 174 410</u>	<u>122 075 163</u>	<u>120 617 950</u>

### 51 EVENTS AFTER THE REPORTING DATE

None

### 52 IN-KIND DONATIONS AND ASSISTANCE

The Municipal entity did not receive any in-kind donations during the year. Refer to note 18 for public contributions and donations received during the year

### 53 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

### 54 CONTINGENCIES

Council has the following contingent liabilities at the end of the financial year 2018/2019:

#### Outstanding litigation claims

The Municipality is contesting a claim from a Service provider of a Municipal Service provider. A claim has been received for materials delivered on a project. The municipality signed a cession agreement with the service provider appointed to pay their service provider on their behalf, however the claim was never submitted that work has been done. The order on which the cession was signed was fully paid to the JGDM appointed Service provider because the session was signed subsequent to payment already made. Claim amount is R490 000 and the likelihood is deemed medium for the municipality losing the case.

The Municipality is contesting a claim for damages amounting to R754 702. The claim was lodged by Mr B Ramsay and his spouse for damages, pain and suffering and future medical costs. The claim relates to a motor vehicle accident wherein the vehicle was damaged when entering a site in Aliwal North. The site relates to diggings on a road for the purpose of effecting repairs to water infrastructure. The complainants believe that the Municipality is responsible for the accident that occurred. The Municipality is contesting this claim and the matter has been set down for trial on the 11 October 2016 and then was removed from the roll on basis of they wanted to file their expert witness evidence. Trial run was from 05/02/2019 - 19/02/2019 and the Municipality is awaiting judgement. Likelihood for the Municipality of losing this case is deemed low.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ECONOMIC ENTITY		MUNICIPALITY	
	2019 R	2018 R	2019 R	2018 R
<p>The Department of Water and Sanitation is claiming an amount R37 660 353 from the Municipality for raw water extraction costs. This amount is made up of a number of invoices, dating back as far as 2002. The Municipality has had extensive interactions with the Department, but this amount has not been finalised. The Municipality's Management is of the opinion that this amount is firstly grossly overstated and in some cases refers to areas outside the District's jurisdiction. An accrual of R10 531 551 for bulk water purchases has been made and this amount is considered to be due and payable to the Department. The net amount of the contingency is R27 128 802. The Municipality is in ongoing negotiations with the Department. The Department submitted a request to its Minister and Director General to write off the amount. This decision is still pending. The Department is also considering drought relief measures for the current year's raw water extraction costs. This decision is also pending.</p>				
<p>A summons and a notice of intention has been filled against the municipality. This matter relates to an employee of the municipality had an accident and a house of a resident was damaged in the process. The Municipality considers the likelihood of the case being lost by the Municipality as being medium. This matter is awaiting a court date. The claim amounts to R272 550</p>				
<p>There was an accident which occurred between a vehicle of Senqu Municipality and a truck driven by an employee of the Municipality. The insurance is claiming for damages from the municipality and the municipality is contesting the claim. The case is Pending, JGDM filed a notice of exception. The claim amount R754 703. Likelihood of the municipality to lose this case is medium to low.</p>				
<p>A claim was filed against the Municipality by a service provider for services rendered. Council has filed a counter claim. The Municipality considers the likelihood of the case being lost by the Municipality as being medium. No court date has been set as on the reporting date. The claim amounts to R800 000</p>				
<p>There is an eviction claim for a property the municipality believes to belong to the municipality. The likelihood is considered to be low that the municipality will lose this case. The case is currently pending to proceed to litigation.</p>				
<p>There is a claim from Telkom for infrastructure damages to the value of R110 000. Legal proceedings have not commenced as at year end. The likelihood of the municipality losing is considered to be medium to low</p>				
<p>There is another claim from a service provider for services rendered that are contested by the municipality. The matter was withdrawn but is still pending. The likelihood of the municipality losing is low.</p>				
<p>A claim was filed against the Municipality by a service provider for services rendered. Council has filed a counter claim. The Municipality considers the likelihood of the case being lost by the Municipality as being medium. Case is pending a resolution between the Service provider and their third party for the case to proceed. The claim value is R376 000</p>				
<p>Jozana community development trust has lodged a claim against the Minister of Rural land and reform to allow the development of the eco-tourism project at the Jozana Dam and the municipality is cited only as a District Municipality since the claimant believes the dam falls under this Municipality. It is however a DWS owned dam. The case is pending as the matter has not yet proceeded to litigation. Likelihood of the municipality losing, be responsible is considered low.</p>				
<p><b><u>Council has the following contingent assets at the end of the financial year 2018/2019:</u></b></p>				
<p>The municipality identified possible fraud which is currently under investigation by the SAPS and the outcome is unsure at this stage. The matter has been referred to the Municipal attorneys to claim from the medical aid scheme in question. No court date has been set on the reporting date. The municipality is awaiting the investigation report to proceed with litigation.</p>				

55

### RELATED PARTIES

No business transactions took place between the Economic Entity and management personnel and their close family members (including close members of family members) during the year under review with the exception of Ekhipine Community Radio station to the value of R46 358. Thabo Motloi and Cllr Phuza are non-executive directors.

### Related Party Loans

Since 1 July 2004 loans to Councillors and Senior Management Employees are not permitted.

### Compensation of management personnel

The compensation of management personnel is set out in note 26 and 27 to the financial statements.

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

ECONOMIC ENTITY		MUNICIPALITY	
2019	2018	2019	2018
R	R	R	R



# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 55 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Financial Performance</b>						
Service charges and other	159 854 420	-	159 854 420	155 905 656	3 948 764	104 315 245
Investment revenue	28 048 140	-	28 048 140	3 255 361	24 792 779	4 620 844
Transfers recognised - operational	366 100 922	16 244 662	382 345 584	294 926 285	87 419 299	404 607 810
Other own revenue	2 826 487	(1 777 468)	1 049 019	6 316 006	(5 266 987)	9 217 631
<b>Total Operating Revenue</b>	<b>556 829 969</b>	<b>14 467 194</b>	<b>571 297 163</b>	<b>460 403 308</b>	<b>110 893 855</b>	<b>522 761 530</b>
Employee costs	202 556 723	1 348 701	203 905 424	222 350 946	(18 445 522)	210 133 486
Remuneration of councillors	6 256 313	120 000	6 376 313	5 979 722	396 591	5 953 332
Debt impairment	75 020 013	-	75 020 013	71 724 178	3 295 835	32 991 009
Depreciation & asset impairment	49 456 515	-	49 456 515	49 979 738	(523 223)	49 158 583
Finance charges	3 378 002	70 000	3 448 002	5 302 597	(1 854 595)	5 645 687
Materials and bulk purchases	41 167 606	(8 095 256)	33 072 350	5 742 801	27 329 549	4 458 788
Contracted services	100 683 944	44 377 342	145 061 286	105 412 741	39 648 545	147 853 392
Transfers and grants	9 305 000	50 000	9 355 000	8 900 000	455 000	8 495 130
Other expenditure	81 000 393	(6 544 157)	74 456 236	114 832 943	(40 376 707)	99 035 844
Loss on disposal of PPE	-	-	-	-	-	1 442 285
<b>Total Expenditure</b>	<b>568 824 509</b>	<b>31 326 630</b>	<b>600 151 139</b>	<b>590 225 665</b>	<b>9 925 474</b>	<b>565 167 535</b>
<b>Surplus/(Deficit)</b>	<b>(11 994 540)</b>	<b>(16 859 436)</b>	<b>(28 853 976)</b>	<b>(129 822 357)</b>	<b>100 968 381</b>	<b>(42 406 005)</b>
Transfers recognised - capital	211 685 000	(37 227 000)	174 458 000	237 960 918	(63 502 918)	132 635 748
<b>Surplus/(Deficit) for the year</b>	<b>199 690 460</b>	<b>(54 086 436)</b>	<b>145 604 024</b>	<b>108 138 561</b>	<b>37 465 463</b>	<b>90 229 743</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	225 522 134	(30 683 718)	194 838 416	-	194 838 416	-
Transfers recognised - capital	225 522 134	(41 133 718)	184 388 416	237 960 918	(53 572 502)	132 635 748
Internally generated funds	-	10 450 000	10 450 000	700 000	9 750 000	-
<b>Total sources of capital funds</b>	225 522 134	(30 683 718)	194 838 416	238 660 918	(43 822 502)	132 635 748
<b>Cash flows</b>						
Net cash from (used) operating	233 234 227	(7 997 167)	225 237 060	123 870 033	101 367 027	144 734 830
Net cash from (used) investing	(225 522 134)	30 683 718	(194 838 416)	(128 777 945)	(66 060 471)	(125 091 318)
Net cash from (used) financing	(5 904 892)	-	(5 904 892)	(2 901 596)	(3 003 296)	(3 501 150)
Net Cash Movement for the year	1 807 200	22 686 551	24 493 751	(7 809 508)	32 303 259	16 142 362
Cash/cash equivalents at beginning of year	3 208 623	-	3 208 623	12 654 580	(9 445 957)	(3 487 782)
<b>Cash/cash equivalents at the year end</b>	<b>5 015 823</b>	<b>22 686 551</b>	<b>27 702 374</b>	<b>4 845 072</b>	<b>22 857 302</b>	<b>12 654 580</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 55 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>Financial Performance</b>						
Service charges and other	135 396 288	48 025 569	183 421 857	77 137 650	106 284 207	91 671 035
Investment revenue	17 118 000	7 565 000	24 683 000	26 745 244	(2 062 244)	27 401 827
Transfers recognised - operational	355 444 400	30 190 000	385 634 400	404 607 810	(18 973 410)	314 816 629
Other own revenue	1 380 294	204 283	1 584 577	14 270 825	(12 686 248)	17 662 941
<b>Total Operating Revenue</b>	<b>509 338 982</b>	<b>85 984 852</b>	<b>595 323 834</b>	<b>522 761 530</b>	<b>72 562 304</b>	<b>451 552 432</b>
Employee costs	186 951 256	11 820 197	198 771 453	210 133 486	(11 362 033)	186 858 916
Remuneration of councillors	7 242 394	(1 669 910)	5 572 484	5 953 332	(380 848)	5 201 912
Debt impairment	20 875 142	43 747 042	64 622 184	32 991 009	31 631 175	37 676 467
Depreciation & asset impairment	46 920 678	(548 736)	46 371 942	49 158 583	(2 786 641)	48 181 628
Finance charges	2 293 887	(1 290 506)	1 003 381	5 645 688	(4 642 307)	5 916 126
Materials and bulk purchases	9 000 000	-	9 000 000	4 458 788	4 541 212	4 163 900
Contracted services	111 507 169	43 611 420	155 118 588	14 872 932	140 245 656	14 441 985
Transfers and grants	16 505 339	(8 010 339)	8 495 000	8 495 130	(130)	7 770 483
Other expenditure	116 976 108	(14 362 036)	102 614 071	232 016 303	(129 402 232)	191 275 422
Loss on disposal of PPE	-	-	-	1 442 285	(1 442 285)	575 578
<b>Total Expenditure</b>	<b>518 271 972</b>	<b>73 297 132</b>	<b>591 569 103</b>	<b>565 167 535</b>	<b>2 554 056</b>	<b>502 062 417</b>
<b>Surplus/(Deficit)</b>	<b>(8 932 990)</b>	<b>12 687 720</b>	<b>3 754 730</b>	<b>20 127 965</b>	<b>11 102 745</b>	<b>38 059 791</b>
Transfers recognised - capital	254 155 000	(35 090 000)	219 065 000			
<b>Surplus/(Deficit) for the year</b>	<b>245 222 010</b>	<b>(22 402 280)</b>	<b>222 819 730</b>	<b>53 811 526</b>	<b>5 058 306</b>	<b>70 015 570</b>

# JOE GQABI DISTRICT MUNICIPALITY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

### 55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	258 546 000	(27 294 053)	231 251 947	125 091 318	106 160 629	230 856 982
Transfers recognised - capital	254 155 000	(35 090 000)	219 065 000	132 635 748	86 429 252	250 801 995
Internally generated funds	4 391 000	7 795 947	12 186 947	1 790 333	10 396 614	1 388 223
<b>Total sources of capital funds</b>	258 546 000	(27 294 053)	231 251 947	134 426 081	96 825 866	252 190 218
<b>Cash flows</b>						
Net cash from (used) operating	263 053 566	(33 842 463)	229 211 103	144 818 797	84 392 306	228 257 533
Net cash from (used) investing	(258 546 000)	40 057 364	(218 488 636)	(125 091 318)	(93 397 318)	(230 856 982)
Net cash from (used) financing	(4 026 062)	-	(4 026 062)	(3 501 150)	(524 913)	(3 309 878)
Net Cash Movement for the year	481 504	6 214 901	6 696 405	16 226 329	(9 529 924)	(5 909 327)
Cash/cash equivalents at beginning of year	2 421 546	(5 909 328)	(3 487 782)	(3 487 782)	-	2 421 545
<b>Cash/cash equivalents at the year end</b>	<b>2 903 050</b>	<b>305 573</b>	<b>3 208 623</b>	<b>12 738 547</b>	<b>(9 529 924)</b>	<b>(3 487 781)</b>

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 June 2018	Received during the period	Redeemed during the period	Balance at 30 June 2019
<b>ANNUITY LOANS</b>					R	R	R	R
DBSA - Building - c/o Graham and Cole street, Barkly East	11,5%	100878	6 monthly	31 Dec 2024	4 345 541	-	482 371	3 863 170
ABSA - Water meter loan	10,73%		6 monthly	1 March 2020	2 322 768	-	1 098 066	1 224 702
<b>Total Annuity Loans</b>					<b>8 086 330</b>	-	<b>1 580 437</b>	<b>5 087 872</b>
<b>FINANCE LEASE</b>								
ABSA - VEHICLES	Prime		Monthly	Various	2 422 883	-	1 338 878	1 084 005
<b>Total Finance Leases</b>					<b>4 528 018</b>	-	<b>1 338 878</b>	<b>1 084 005</b>
<b>TOTAL EXTERNAL LOANS</b>					<b>12 614 349</b>	-	<b>2 919 315</b>	<b>6 171 878</b>

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 June 2017	Received during the period	Redeemed during the period	Balance at 30 June 2018
<b>ANNUITY LOANS</b>					R	R	R	R
DBSA - Building - c/o Graham and Cole street, Barkly East	11,5%	100878	6 monthly	31 Dec 2024	4 776 759	-	431 218	4 345 541
ABSA - Water meter loan	10,73%		6 monthly	1 March 2020	3 310 876	-	988 108	2 322 768
<b>Total Annuity Loans</b>					<b>8 086 330</b>	-	<b>1 419 326</b>	<b>6 668 309</b>
<b>FINANCE LEASE</b>								
ABSA - VEHICLES	Prime		Monthly	Various	4 528 018	-	2 105 135	2 422 883
<b>Total Finance Leases</b>					<b>4 528 018</b>	-	<b>2 105 135</b>	<b>2 422 883</b>
<b>TOTAL EXTERNAL LOANS</b>					<b>12 614 349</b>	-	<b>3 524 461</b>	<b>9 091 193</b>

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX B (UNAUDITED)

### ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2019

	Cost/Revaluation								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals and Impairments	Closing Balance	
<b>Land and Buildings</b>													
Land	15 744 494	-	-	-	-	-	-	15 744 494	6 528 191	86 667	-	6 614 859	9 129 635
Buildings	17 787 494	-	-	-	-	-	-	17 787 494	6 528 191	453 499	(58 496)	6 923 194	10 864 301
	<b>33 531 988</b>	-	-	-	-	-	-	<b>33 531 988</b>	<b>13 056 383</b>	<b>540 166</b>	<b>(58 496)</b>	<b>13 538 052</b>	<b>19 993 936</b>
<b>Infrastructure</b>													
Sewerage Network	-	-	-	-	-	-	-	-	82 347 547	-	-	82 347 547	(82 347 547)
Water Network	2 109 684 233	-	-	-	-	-	-	2 109 684 233	270 253 447	49 498 961	-	319 752 408	1 789 931 825
	<b>2 109 684 233</b>	-	-	-	-	-	-	<b>2 109 684 233</b>	<b>352 600 994</b>	<b>49 498 961</b>	-	<b>402 099 955</b>	<b>1 707 584 278</b>
<b>Other Assets</b>													
Office Equipment	3 825 005	-	-	-	-	-	-	3 825 005	2 792 180	-	-	2 792 180	1 032 826
Furniture & Fittings	13 861 003	-	-	-	-	-	-	13 861 003	8 397 814	-	-	8 397 814	5 463 189
Motor Vehicles	8 031 685	-	-	-	-	-	-	8 031 685	7 528 926	-	-	7 528 926	502 759
Fire Engines	4 115 338	-	-	-	-	-	-	4 115 338	1 467 798	-	-	1 467 798	2 647 540
Computer Equipment	3 618 084	-	-	-	-	-	-	3 618 084	1 578 929	-	-	1 578 929	2 039 155
Special Vehicles	3 276 616	-	-	-	-	-	-	3 276 616	1 745 058	-	-	1 745 058	1 531 557
Tools and Equipment	39 384 082	-	-	-	-	-	-	39 384 082	25 374 248	-	-	25 374 248	14 009 834
	<b>76 111 814</b>	-	-	-	-	-	-	<b>76 111 814</b>	<b>48 884 954</b>	-	-	<b>48 884 954</b>	<b>27 226 860</b>
<b>Total</b>	<b>2 219 328 035</b>	-	-	-	-	-	-	<b>2 219 328 035</b>	<b>414 542 331</b>	<b>50 039 126</b>	<b>(58 496)</b>	<b>464 522 961</b>	<b>1 754 805 074</b>

	Cost/Revaluation								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals and Impairments	Closing Balance	
<b>Land and Buildings</b>													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 744 494	-	-	-	-	-	-	15 744 494	5 940 439	587 753	-	6 528 191	9 216 303
	<b>17 787 494</b>	-	-	-	-	-	-	<b>17 787 494</b>	<b>5 940 439</b>	<b>587 753</b>	-	<b>6 528 191</b>	<b>11 259 303</b>
<b>Infrastructure</b>													
Sewerage Network	332 347 379	-	19 427 135	-	83 697 769	(87 284)	-	435 384 998	82 347 547	10 251 632	(85 082)	92 514 097	342 870 902
Water Network	1 169 485 250	-	58 792 887	-	383 064 598	(2 500 402)	-	1 608 842 333	270 253 447	35 565 629	(1 614 550)	304 204 526	1 304 637 807
	<b>1 501 832 629</b>	-	<b>78 220 022</b>	-	<b>466 762 367</b>	<b>(2 587 687)</b>	-	<b>2 044 227 331</b>	<b>352 600 994</b>	<b>45 817 261</b>	<b>(1 699 632)</b>	<b>396 718 623</b>	<b>1 647 508 708</b>
<b>Other Assets</b>													
Office Equipment	2 337 765	-	325 719	-	-	(7 134)	-	2 656 350	1 772 313	97 462	(6 232)	1 863 543	792 808
Furniture & Fittings	3 590 055	-	235 470	-	-	(519)	-	3 825 005	2 694 508	98 183	(511)	2 792 180	1 032 826
Motor Vehicles	16 965 879	501 673	-	-	-	(3 104 876)	-	14 362 676	9 778 975	737 194	(2 118 354)	8 397 814	5 964 862
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	6 860 566	668 360	-	7 528 926	1 395 168
Computer Equipment	3 051 471	-	1 171 335	-	-	(107 468)	-	4 115 338	1 352 284	203 533	(88 020)	1 467 798	2 647 540
Special Vehicles	3 745 854	483 832	-	-	-	(127 769)	-	4 101 916	1 374 624	319 176	(114 872)	1 578 929	2 522 987
Tools and Equipment	3 218 806	-	57 810	-	-	-	-	3 276 616	1 609 093	135 966	-	1 745 058	1 531 557
	<b>40 941 515</b>	<b>1 877 914</b>	<b>1 790 333</b>	-	-	<b>(3 347 766)</b>	-	<b>41 261 995</b>	<b>25 442 363</b>	<b>2 259 873</b>	<b>(2 327 988)</b>	<b>25 374 248</b>	<b>15 887 747</b>
<b>Total</b>	<b>1 560 561 638</b>	<b>1 877 914</b>	<b>80 010 355</b>	-	<b>466 762 367</b>	<b>(5 935 453)</b>	-	<b>2 103 276 821</b>	<b>383 983 796</b>	<b>48 664 887</b>	<b>(4 027 620)</b>	<b>428 621 063</b>	<b>1 674 655 758</b>



# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENTS OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2019

VOTE	30 JUNE 2018				30 JUNE 2019		
	REVENUE R	EXPENDITURE	SURPLUS/(DEFICIT) R		REVENUE R	EXPENDITURE	SURPLUS/(DEFICIT) R
Management Services	-	45 035 720	(45 035 720)		-	45 035 720	(45 035 720)
Financial Services	344 847 345	77 702 422	267 144 923		344 847 345	77 702 422	267 144 923
Corporate Services	8 374 335	46 799 114	(38 424 779)		8 374 335	46 799 114	(38 424 779)
Technical Services	296 165 004	335 472 309	(39 307 305)		296 165 004	335 472 309	(39 307 305)
Community Services	5 053 194	49 152 662	(44 099 467)		5 053 194	49 152 662	(44 099 467)
Institutional Support and Advancement	957 400	11 005 310	(10 047 910)		957 400	11 005 310	(10 047 910)
<b>TOTAL</b>	<b>655 397 278</b>	<b>565 167 536</b>	<b>90 229 742</b>		<b>655 397 278</b>	<b>565 167 536</b>	<b>90 229 742</b>

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX D (UNAUDITED)

### DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	Opening Balance	Restatement on opening balance	Restated opening balance	Grants Received	Return to Treasury	Transfer/ Correction	Transferred to Revenue (Operating) R	Transferred to Revenue (Capital) R	Closing Balance	Comment
	R	R	R	R	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>										
Accelerated Community Infrastructure Programme (ACIP)	85 102		85 102	-			-		85 102	Unpaid Grants
Municipal Infrastructure Grant (MIG)	2 504 897	-	2 504 897	(153 554 000)	1 738 721	-	7 321 880	146 551 742	4 563 240	Unpaid Grants
Department Water Affairs	(1)		(1)	-		-	-		(1)	Unspent Grants
EPWP Programme	29 998		29 998	(2 254 000)		-	2 224 002		(0)	Unspent Grants
Equitable Share	-		-	(255 674 000)	(2 609 000)	-	258 283 000	-	-	Unspent Grants
Finance Management Grant (FMG)	82		82	(1 320 000)		-	1 319 918		(0)	Unspent Grants
Municipal Systems Improvement Grant (MSIG)	200		200	-		-	-	-	200	Unpaid Grants
Public Works - Special Programme	9 026 426		9 026 426	(31 411 863)		-	25 096 025		2 710 589	Unpaid Grants
Water Services Operating Subsidy	0	-	0	-		-	-		0	Unpaid Grants
Municipal Water Infrastructure Grant (MWIG)	0		0	-		-	-		0	Unpaid Grants
Water Services Infrastructure Grant (WSIG)	(870 279)		(870 279)	(66 673 000)	870 279	-		60 997 414	(5 675 586)	Unspent Grants
Regional Bulk Infrastructure Grant	621 105		621 105	-	-	-		-	621 105	Unpaid Grants
Department of Human Settlement	0		0	-		-	-		0	Unpaid Grants
Rural Households Infrastructure Grant	(4 000)		(4 000)	-		-	-		(4 000)	Unspent Grants
<b>Total</b>	<b>11 393 530</b>	<b>-</b>	<b>11 393 530</b>	<b>(510 886 863)</b>	<b>(0)</b>	<b>-</b>	<b>294 244 825</b>	<b>207 549 156</b>	<b>2 300 648</b>	
<b>PROVINCIAL GOVERNMENT</b>										
Enviromental Health Practioners	2 023 388		2 023 388	-		-	-		2 023 388	Unpaid Grants
Provincial Treasury drought relief programme	(1 221 001)		(1 221 001)	(28 583 000)		-		30 411 762	607 761	Unpaid Grants
EC Cogta Amalgamation support grant	-		-	-		-	-		-	Unspent Grants
MIS Asset Management	(389 100)		(389 100)	-		-	389 100	-	-	Unspent Grants
Rural Roads Asset Management Grant	104 465		104 465	(2 185 000)	-	-	-	-	(2 080 535)	Unspent Grants
<b>Total</b>	<b>517 752</b>	<b>-</b>	<b>517 752</b>	<b>(30 768 000)</b>	<b>-</b>	<b>-</b>	<b>389 100</b>	<b>30 411 762</b>	<b>550 613</b>	
<b>OTHER</b>										
LG Seta	(292 360)		(292 360)	-		-	292 360	-	0	Unpaid Grants
<b>Total</b>	<b>(292 360)</b>	<b>-</b>	<b>(292 360)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292 360</b>	<b>-</b>	<b>0</b>	
<b>Total</b>	<b>11 618 922</b>	<b>-</b>	<b>11 618 922</b>	<b>(541 654 863)</b>	<b>(0)</b>	<b>-</b>	<b>294 926 285</b>	<b>237 960 918</b>	<b>2 851 262</b>	

Monies due to Joe Gqabi District Municipality as at 30 June 2019  
Monies not spent by Joe Gqabi District Municipality as at 30 June 2019

10 611 384  
-7 760 122  
**2 851 262**

# JOE GQABI DISTRICT MUNICIPALITY

## APPENDIX D (UNAUDITED)

### DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	Opening Balance	Restatement on opening balance	Restated opening balance	Grants Received	Return to Treasury	Transfer/ Correction	Transferred to Revenue (Operating) R	Transferred to Revenue (Capital)	Closing Balance	Comment
	R			R	R	-			R	R
<b>NATIONAL GOVERNMENT</b>										
Accelerated Community Infrastructure Programme (ACIP)	85 102		85 102	-			-		85 102	Unpaid Grants
Municipal Infrastructure Grant (MIG)	(2 504 898)	2 504 898	(0)	(159 725 000)	2 504 898	10 031 781	103 212 536	46 480 683	2 504 897	Unpaid Grants
Department Water Affairs	5 749		5 749	-		(5 750)	-		(1)	Unspent Grants
EPWP Programme	29 998		29 998	(2 227 000)		-	2 227 000		29 998	Unpaid Grants
Equitable Share	-		-	(232 532 000)	(6 628 000)	-	239 160 000	-	-	Unspent Grants
Finance Management Grant (FMG)	123		123	(1 250 000)		-	1 249 958		82	Unpaid Grants
Municipal Systems Improvement Grant (MSIG)	200		200	-		-	-	-	200	Unpaid Grants
Public Works - Special Programme	5 088 757		5 088 757	(19 288 826)		-	23 226 495		9 026 426	Unpaid Grants
Water Services Operating Subsidy	(558)	(72)	(630)	-		630	-		0	Unpaid Grants
Municipal Water Infrastructure Grant (MWIG)	11 327		11 327	-		(11 327)	-		0	Unpaid Grants
Water Services Infrastructure Grant (WSIG)	(302)		(302)	(64 500 000)		16 446	32 183 456	31 430 121	(870 279)	Unspent Grants
Regional Bulk Infrastructure Grant	(2 608 690)		(2 608 690)	(6 000 000)	3 229 794	-		6 000 000	621 105	Unpaid Grants
Department of Human Settlement	10 031 781		10 031 781	-		(10 031 781)	-		0	Unpaid Grants
Rural Households Infrastructure Grant	(4 000)		(4 000)	-		-	-		(4 000)	Unspent Grants
<b>Total</b>	<b>10 134 589</b>	<b>2 504 826</b>	<b>12 639 415</b>	<b>(485 522 826)</b>	<b>(893 308)</b>	<b>-</b>	<b>401 259 446</b>	<b>83 910 804</b>	<b>11 393 530</b>	
<b>PROVINCIAL GOVERNMENT</b>										
Environmental Health Practitioners	2 023 388		2 023 388	-		-	-		2 023 388	Unpaid Grants
Provincial Treasury drought relief programme	4 887 126		4 887 126	(54 833 072)		-		48 724 944	(1 221 001)	Unspent Grants
EC Cogta Amalgamation support grant	-		-	-		-	-		-	Unspent Grants
MIS Asset Management	(1 346 500)		(1 346 500)	-		-	957 400		(389 100)	Unspent Grants
Rural Roads Asset Management Grant	(893 308)		(893 308)	(2 180 000)	893 308	-	2 284 464		104 465	Unpaid Grants
<b>Total</b>	<b>4 670 706</b>	<b>-</b>	<b>4 670 706</b>	<b>(57 013 072)</b>	<b>893 308</b>	<b>-</b>	<b>3 241 864</b>	<b>48 724 944</b>	<b>517 752</b>	
<b>OTHER</b>										
LG Seta	(75 145)		(75 145)	(323 715)		-	106 500		(292 360)	Unspent Grants
<b>Total</b>	<b>(75 145)</b>	<b>-</b>	<b>(75 145)</b>	<b>(323 715)</b>	<b>-</b>	<b>-</b>	<b>106 500</b>	<b>-</b>	<b>(292 360)</b>	
<b>Total</b>	<b>14 730 150</b>	<b>2 504 826</b>	<b>17 234 976</b>	<b>(542 859 613)</b>	<b>-</b>	<b>-</b>	<b>404 607 810</b>	<b>132 635 748</b>	<b>11 618 922</b>	

Monies due to Joe Gqabi District Municipality as at 30 June 2018  
Monies not spent by Joe Gqabi District Municipality as at 30 June 2018

14 395 662  
-2 776 740  
11 618 922