



**ANNEXURE A**

**DRAKENSTEIN**

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

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# Oversight Report

## 2018/2019 Annual Report

**5 March 2020**

A city of **excellence**

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## **1. INTRODUCTION**

The Annual Report (AR) is one of the key instruments of transparent governance and accountability. It is a post-financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year, in this instance the 2018/2019 financial year. The adoption of an AR is a legislative requirement in terms of the Municipal Finance Management Act (MFMA).

## **2. PURPOSE**

The purpose of this report is to present to Council for adoption, the 2018/2019 AR as well as the Oversight Report (OR) on the 2018/2019 AR as required in terms of Section 129 of the MFMA.

## **3. 2018/2019 ANNUAL REPORT**

### **3.1 LEGAL FRAMEWORK**

Section 121 of the MFMA determines that Drakenstein Municipality must deal with the preparation and adoption of the 2018/2019 AR as follows:

*“(1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129.*

*(2) The purpose of an annual report is:*

- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
- (b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

Section 127(2) of the MFMA also determines with regard to the submission and tabling of annual reports that the Executive Mayor must, within seven months after the end

of a financial year, table in the Municipal Council the AR of Drakenstein Municipality. This was done on 29 January 2020.

Section 129 of the MFMA determines with regard to the OR on the 2018/2019 AR that:

*“(1) The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include a statement whether the council:*

- (a) Has approved the annual report with or without reservations;*
- (b) Has rejected the annual report; or*
- (c) Has referred the annual report back for revision of those components that can be revised.”*

### **3.2 COMPONENTS OF THE ANNUAL REPORT**

The format of the 2018/2019 AR is based on the annual report template issued by National Treasury in terms of MFMA Circular 63 of 2012. The Circular requires that an AR consists of six (6) chapters and attempts to cover all the aspects that needs to be reported on as derived from the MFMA and the Local Government: Municipal Systems Act.

## **4. 2018/2019 ANNUAL REPORT CONSULTATION AND ADOPTION PROCESS**

### **4.1 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

Council established a Municipal Public Accounts Committee (MPAC) in terms of Section 79 of the Local Government: Municipal Structures Act, 1998. The Terms of Reference tasks the MPAC with the responsibility to perform an oversight role over the process of preparing the AR of Council and to produce an OR based on the AR.

As required by the MFMA the City Manager attended the Council Meeting where the 2018/2019 AR was tabled by the Executive Mayor on 29 January 2020 to be released for public comment. The MPAC convened one meeting on 5 March 2020 to deliberate on the content of the 2018/2019 AR together with the comments received on the 2018/2019 AR. The City Manager attended the MPAC meeting as required to answer

questions posed by MPAC members on the 2018/2019 AR and written comments received.

The attendance of MPAC members for the purpose of compiling the OR is recorded as follows:

**Table 1: MPAC Members and Attendance**

<b>Name</b>	<b>Capacity</b>	<b>Meeting Attendance: 5 March 2019</b>
Cllr MJ Le Hoe	MPAC Chairperson	√
Cllr AML Buckle	Member	√
Cllr LS Sambokwe	Member	√
Cllr AJ van Santen	Member	√
Cllr A Bekeer	Member	√
Cllr NN George	Member	√
Cllr J de Wet	Member	√
Cllr WE Smit	Member	Sick leave

#### **4.2 ADOPTION AND PUBLIC CONSULTATION PROCESS**

The Executive Mayor tabled the Draft 2018/2019 AR in Council on 29 January 2020 compliant with the MFMA. The Draft 2018/2019 AR was made public on the municipal website within (5) days as well as within seven (7) days in the local newspapers after it was approved by Council.

Members of the community and any other stakeholder were invited to submit written comments on the 2018/2019 AR. In addition, the 2018/2019 AR was also made available at all municipal libraries and selected municipal offices.

The 2018/2019 AR was also submitted, in terms of Section 127(5)(b) of the MFMA to the Auditor-General (AG) of South Africa, Western Cape Provincial Treasury and the Western Cape Department of Local Government. The AG was also invited to attend the Council meeting held on 29 January 2020 as well as the MPAC meeting held on 5 March 2020.

The closing date for public comments was Thursday 20 February 2020. No submissions from the public were received. Written comments were received from the Auditor-General, Western Cape Provincial Treasury and from the Internal Audit Division (Chief

Audit Executive). These comments were tabled and considered at the MPAC meeting held on 5 March 2020.

#### **4.3 MATTERS DISCUSSED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

The MPAC met on 5 March 2019 to discuss and consider the adoption of the 2018/2019 AR. The MPAC members, prior to these meetings, perused through the content of the 2018/2019 AR as well as the written comments received and the corrections made to the AR (attached as Appendix 1 and 2 to the Oversight Report).

In terms of Section 129(1) of the MFMA, Council must indicate whether the 2018/2019 AR is being adopted with or without reservations. The matters as discussed in Appendix 1 and 2 were finalised on 5 March 2019 as well as other matters affecting the AR. These matters form part of the minutes attached as Appendix 3 to the OR. As a result the MPAC is satisfied with the content of the Final 2018/2019 AR and as such recommends to Council that the 2018/2019 AR be adopted without any reservations.

#### **5. CONCLUSION**

As Chairperson of the MPAC, I would like to thank the MPAC members, the Mayoral Committee members, the City Manager and Senior Management, as well as the various contributors to the final 2018/2019 AR product for their diligence and constructive commitment during the oversight period.

The MPAC is satisfied that the 2018/2019 AR provides an accurate overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof.

#### **6. RECOMMENDATIONS**

It is recommended to Council that:

- 6.1 Council adopts the Oversight Report on the 2018/2019 Annual Report;
- 6.2 Council approves the 2018/2019 Annual Report without any reservations;
- 6.3 The Oversight Report on the 2018/2019 Annual Report be made public in accordance with Section 129(3) of the MFMA; and



6.4 The Minutes of the Oversight Committee meeting of 5 March 2020, the Oversight Report on the 2018/2019 Annual Report and the final 2018/2019 Annual Report be submitted, in accordance with Section 129(2) and 132(2) of the MFMA, to the Auditor-General of South Africa, Western Cape Provincial Treasury, Western Cape Department of Local Government and the Western Cape Provincial Legislature.

## **7. APPENDICES**

- Appendix 1: Corrections made to the 2018/2019 Draft Annual Report;
- Appendix 2: Written Comment from the Western Cape Provincial Treasury; and
- Appendix 3: MPAC Minutes of 5 March 2020.



**MARTHINUS LE HOE**  
**CHAIRPERSON: MPAC**

5 March 2020

**Annual Report  
corrected and  
replacement pages**



# 1. EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

### 1.1 EXECUTIVE MAYOR'S FOREWORD

In 2017 Council adopted its Vision 2032 strategy in recognition of Drakenstein Municipality's secondary city status and the need to meet the needs of our rapidly changing and growing city. The Vision, which encapsulates our drive for excellence, is aligned to the Provincial Growth and Development Strategy and the National Development Plan and seeks to create an enabling environment for growth; development; employment and job creation; enhancing the quality of life of our residents; maintaining good corporate governance; and sound financial management.

Good governance entails addressing the needs of the public through consultation and communication; and being accountable to the citizens of Drakenstein as required by the Municipal Systems Act, 2000 (Act 32 of 2000). Council undertook a number of processes to achieve this goal, including establishing new ward committees; issuing monthly newsletters and press releases; holding consultative meetings with a wide range of stakeholders; and rebuilding our municipal website. Accountability is enforced through performance contracts signed by the Members of the Mayoral Committee (MMCs) and Senior Management and is monitored by the Executive Mayor and Council on a monthly basis.

The 2016 Community Survey Report from Statistics South Africa (STATSSA) indicates that the population of Drakenstein has reached 280,195 making up 71,686 households. The 2019 Municipal Economic Review and Outlook Report of the Western Cape Government indicates that Drakenstein's population has grown to an estimated 284,475 persons. Households has increased to an estimated 72,210. Drakenstein's unemployment is estimated at 18.3% of the economically active population. The growth in population is accompanied by various challenges, in particular the ongoing demand for state-provided accommodation. The Municipality has a verified waiting list of 19,801 persons compared with a total waiting list of 41,659 persons who seek housing assistance. The Municipality has responded by planning and rolling out a number of projects, including the Vlakkeland project (some 2,550 mixed typology and affordability opportunities) and the Erf 16161 Development (2,078 GAP and social rental opportunities).

In order to develop a vibrant and resilient economy a number of projects have been launched to promote the industrial, financial and commercial sectors. Given the need to focus and maximise our resources five catalytic zones were identified throughout Drakenstein, namely the N1 Corridor, South City Corridor, Paarl East/West Integration Corridor, North City Corridor



### 1.3.3.1 Socio-Economic Status information

In 2017, the unemployment rate in Drakenstein (based on the official definition of unemployment) was 18.8%, which is an increase of 0.5 percentage points from 2016. A high unemployment rate is often associated with the number of illiterate people. Expressed as a rate, this number amounted to 23.7% of the population.

The Gini coefficient is a summary statistic of income inequality. In 2017, the Gini coefficient in the municipal area was at 0.601. The rising income inequality can be attributed to the working age population in low-skilled employment who earn low salaries.

Table 1: Socio-Economic Status

Socio-Economic Status					
Serial No.	Year	Unemployment Rate	Percentage of working age population in low skilled employment	Gini coefficient	Illiterate people older than 20 years
Column No.	A	B	C	D	E
1	2016/17	18.3%	17.59%	0.592	16.24%
2	2017/18	18.8%	17.15%	0.598	16.04%
3	2018/19	No data yet	No data yet	0.601	15.74%

Source: IHS Markit Regional eXplorer 2019 and Quantec Research 2019

\*Quantec data is regularly updated and figures may be different from those previously reported

### 1.3.3.2 Demographic Profile

The population figure drawn from Municipal Economic Review and Outlook 2019 Report indicates that an estimated 284,475 people reside in the Drakenstein municipal jurisdiction. In 2016, Statistics South Africa estimated a population of 280,195 in the Community Survey. A population budge creates many opportunities for growth and development. Channelled properly, it may be a source of labour for different economic sectors and also provides a market for produced goods.

The tables below provides a snapshot of Drakenstein's estimated population by gender and age distribution.



**Table 2: Population Details**

Population Details										
Serial No.	Age	2016/2017			2017/2018			2018/2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	0-4	12,164	12,955	25,119	14,398	14,241	28,639	14,597	14,456	29,053
2	5-9	12,474	11,955	24,429	13,077	13,027	26,104	13,261	13,232	26,493
3	10-14	12,553	11,887	24,440	11,573	11,539	23,112	11,735	11,709	23,444
4	15-19	10,713	11,909	22,622	10,718	10,726	21,444	10,871	10,893	21,764
5	20-29	27,127	24,885	52,012	25,808	24,947	50,755	26,169	25,376	51,545
6	30-39	20,351	20,864	41,215	24,147	23,517	47,664	24,485	23,871	48,356
7	40-49	18,608	19,020	37,628	16,992	17,661	34,653	17,230	17,926	35,156
8	50-59	14,328	15,496	29,824	11,639	13,957	25,596	11,803	14,166	25,969
9	60-69	7,295	8,181	15,476	6,387	8,243	14,630	6,476	8,278	14,754
10	70+	2,810	4,620	7,430	2,961	4,866	7,827	3,002	4,939	7,941
11	Totals	138,423	141,772	280,195	137,700	142,724	280,424	139,629	144,846	284,475

Source: Western Cape Government: Municipal Economic Review and Outlook, 2019

### 1.3.3.3 Household Profile

The table below shows the number of households by different ethnic groups. In 2018/19, the Coloured households represented 55.25% of the total households in Drakenstein, followed by Black African and White households, accounting for 23.65% and 20.78% respectively.

**Table 3: Household breakdown by ethnic group**

Household breakdown by ethnic group						
Serial No.	Ethnic Group	2016/2017	2017/2018	% share 2017/2018	2018/2019	% share 2018/2019
Column Ref.	A	B	C	D	E	F
1	Black African	14,663	15,005	23.54%	15,398	23.65%
2	Coloured	34,572	35,259	55.31%	35,973	55.25%
3	Indian or Asian	197	202	0.32%	208	0.32%
4	White	12,949	13,276	20.83%	13,536	20.78%
5	Total	62,381	63,742	100%	65,115	100%

Source: Quantec Research, 2019

\*Quantec data is regularly updated and figures may be different from those previously reported

### 1.3.3.4 Labour Profile

The total number of people employed within the Drakenstein municipal area increased by 1,445 or 1.3% to 111,306 in 2018/19, up from 109,861 reported for 2017/18. The wholesale, retail trade, catering and accommodation sector recorded the biggest (631) increase in employment, followed by the finance, insurance, real estate and business services. Other noteworthy increases were reported by the construction sector (321), community, social and



### 1.3.3.7 Environment

Drakenstein Municipality is situated within the unique natural environment of the Cape Floristic Region, a biodiversity hotspot and one of only six floral kingdoms found anywhere on Earth. It is important to note that the natural environment forms the basis on which our economic and social systems depend. If Drakenstein Municipality is to continue to provide a stimulating environment for residents that promotes health and wellbeing and a flourishing economic base, it is imperative that natural resources and ecosystems are utilised in a sustainable manner. While the natural environment of Drakenstein is still in a relatively good state, some indicators are showing that the current state of the environment is under threat. These threats are caused by habitat destruction, alien invasive species, pollution to the environment and climate change which all need attention. Drakenstein Municipality will continue to monitor the state of the environment and develop new responses to counter these threats in order to ensure that the unique character of the environment is preserved for future generations to come.

### 1.3.3.8 Health

This Section provides a synopsis of the total Drakenstein population by gender and ethnic group living with HIV/AIDS. The high number of people living with HIV/AIDS amongst the Black African population is a cause for concern and this includes the economically active. Therefore this trend has a negative implication on the municipality's economic performance.

**Table 7: Number of HIV positive people**

Number of HIV positive people										
Serial No.	Ethnic Group	2016/2017			2017/2018			2018/2019		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Column No.	A	E	F	G	H	I	J	H	I	J
1	Black African	4,111	5,886	9,997	4,233	5,962	10,195	4,352	6,078	10,430
2	Coloured	1,784	3,492	5,276	1,851	3,565	5,416	1,916	3,634	5,550
3	Indian or Asian	16	27	43	18	28	46	19	29	48
4	White	238	576	814	245	580	825	251	582	833
5	Total	6,149	9,981	16,130	6,347	10,135	16,482	6,538	10,323	16,861

Source: Quantec Research, 2018

## 1.4 SERVICE DELIVERY OVERVIEW

One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the community of Drakenstein Municipality is water, waste water, electricity, waste management and roads and stormwater. Other services are planning and economic development, environmental, housing, library, cemeteries, community, sport and recreation, traffic as well as fire and disaster services. These services are discussed in detail in Chapter 3 of the Annual Report.



## 1.5 FINANCIAL HEALTH OVERVIEW

The municipality has made substantial investments in revenue generating infrastructure over the past five years that created capacity for development and growth. The municipality predicted certain growth patterns - linked to the investment in bulk infrastructure - which did not materialise as planned due to a slowdown in the economy of South Africa. Together with the severe drought experienced by the Western Cape in the past four years, the municipality's revenue streams did not materialise as envisaged.

The liquidity levels of the organisation are under strain, as a decline in the current assets to current liabilities ratio materialised due to the aggressive investment in bulk infrastructure that led to the short-term portion of external borrowings increasing significantly. The current ratio (current assets/current liabilities) of the organisation as at 30 June 2019, was 0.61 to 1 as opposed to the ratios of 0.95 to 1 (2017/18), 1.17 to 1 (2016/17), 1.30 to 1 (2015/16) and 1.09 to 1 (2014/15) for the previous four financial years. After the restructuring of external loans to be discussed below, the current ratio improved to 0.77 to 1.

The municipality has introduced a revenue management, expenditure management and cost containment programme under the leadership of the City Manager to raise and collect all revenue due to the municipality. Included in the programme is a focus on expenditure management and cost containment to ensure that available resources are optimised for quality service delivery. Current ten year external loans of the Development Bank of Southern Africa, Standard Bank and Nedbank were restructured in December 2019 to be repaid over a period of up to 17.5 years, including redemption "holidays" for the next six instalment periods. This was done in an attempt to improve the liquidity position.

The municipality has a significant revenue base that continues to grow substantially compared with previous years. The municipality is still confident that the growth in medium to high income developments are increasing, albeit slower than expected five years ago. This is seen in the developments south of Boland Cricket stadium, Paarl south of the N1 as well as around Wellington. Due to the restructuring of the external loans of the Development Bank of Southern Africa, Standard Bank and Nedbank, no further external loans will be taken up over the next four financial years. The increase of the municipality's revenue base will reduce the current gearing ratio from 78.3% to an estimated 46.3% in the 2023/24 financial year.

The municipality has not defaulted on payment of its creditors, i.e. Eskom (bulk electricity purchases), SARS (VAT and PAYE), City of Cape Town (bulk water purchases), third party payments (pension and medical aid funds) and any other trade creditors. By sustaining a revenue collection rate above 95%, the municipality has the ability to operate as a going concern and to continue rendering quality services to its community.



The Municipality envisages to generate an operating cash surplus for the 2019/20 financial year and to generate sustainable operating cash surpluses for the subsequent financial years for infrastructure investment. This approach will reduce the Municipality's dependency on external borrowings for capital infrastructure investment.

Several other initiatives are envisaged for the 2019/20 financial year, with the aim of improving Council's ability to finance future capital requirements. One of these initiatives is the Revenue Enhancement Programme, which will look at closing off any revenue leakages to ensure the collection of revenue that was not collected before in order to increase the revenue base of Council. The continued efficient and effective management of expenditure will also be improved in order to limit the spending on unnecessary items.

#### 1.5.4 Operating ratios

The operating ratios as depicted below compare favourably with the current industry norms. The employee cost of 29.4% of total operating expenditure (2018/19) is at the lower level of the 25% to 40% range regarded as the industry norm (depending on the size and type of municipality), which means that the salary bill of the organisation is well within the required norms. It slightly increased from 27.2% in 2017/18 due to the filling of critical vacant positions and the back pay accompanying the TASK implementation of certain posts.

**Table 9: Operating Ratios**

Operating Ratios			
Details	2016/17	2017/18	2018/19
Employee Cost as a % of Operating Expenditure	25.4%	27.2%	29.3%
Repairs and Maintenance as a % of Operating Expenditure	10.1%	13.1%	11.5%
Repairs and Maintenance as a % of Carrying Value of PPE	3.7%	4.9%	4.4%
Finance Charges and Depreciation as a % of Operating Expenditure	14.8%	14.9%	16.2%
Finance Charges and Redemption as a % of Operating Expenditure	12.2%	13.6%	13.9%

The municipality's spending on repairs and maintenance to total operating expenditure amounts to 11.5% for the 2018/19 financial year compared with the 13.2% for the 2017/18 financial year. The ratio of repairs and maintenance as a percentage of the carrying value of property, plant and equipment was 4.4% for the 2018/19 financial year and 4.9% for the 2017/18 financial year; which could be viewed as unfavourable if compared with National Treasury's norm of 7% to 8%. The norm is not reasonable, simply because all municipalities' asset registers are not compiled on the same monetary basis. If Drakenstein wants to adhere to this norm, the Municipality will have to increase all current property taxes and service charges (electricity tariffs that is regulated by NERSA excluded) with a further 43.7%, which in the current economic climate is not a proposition.



The Audit Committee consists of four members with appropriate competence and experience required to perform the duties as outlined in the Charter. Members of the Audit Committee were appointed by Council for a three (3) year term which ends on 31 July 2021. Audit Committee members are not permitted to engage in business with Council and are required to declare any conflict of interest they may have in any matters on the agenda in every meeting.

The following members served on the Audit Committee for the 2018/19 financial year:

**Table 20: Audit Committee**

Audit Committee			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
1	Mr R. Kingwill	Chairperson until 3/07/2018	Chartered Accountant
2	Dr W. Sewell	Committee Member until 31/07/2018	D. Litt et Phil: Public Management and Governance; Master of Public Administration (Performance Management); and B. Admin (Hons) Organisational Development
3	Mr T. Arendse	Committee Member until 31/07/2018	Chartered Accountant
4	Ms K. Montgomery	Committee Member until 31/07/2018	B.Comm: Law
5	<b>Current Audit Committee Members (Appointed as from 01 August 2018)</b>		
6	Mr T. Arendse	Chairperson from 01/08/2018 until 31/10/2018	Chartered Accountant
7	Ms. K. Montgomery	Chairperson	B.Comm: Law
8	Mr. R. Najjaar	Committee Member	Hons B. Compt; and Certified Internal Auditor
9	Mr. R. G. Nicholls	Committee Member	Chartered Accountant; and Certified Internal Auditor
10	Mr. C. Whittle	Committee Member	Chartered Accountant

Audit Committee meetings are attended by the Mayor (or the appointed representative), the Accounting Officer, Chief Audit Executive, Auditor General, Chief Risk Officer and members of the Strategic Management Team. The Audit Committee conducts an annual assessment of its performance which includes a self-assessment completed by the Committee Members as well as a performance assessment completed by the Accounting Officer, Mayor and the Chief Audit Executive. The outcome of the performance assessment is reported to Council annually together with an improvement plan to address areas identified for improvement.



## 2.4.7 Fraud and Risk Management Committee (FARMCO)

FARMCO has been established by Council to assist the Accounting Officer (City Manager) to fulfil his fraud and risk management responsibilities in accordance with prescribed legislation and corporate governance principles. This is achieved by reviewing the effectiveness of the Municipality's fraud and risk management systems, practices and procedures and providing recommendations for improvement.

The following members served on FARMCO for the 2018/19 financial year:

Table 21: FARMCO Members

FARMCO Members			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
1	Ms G Bolton	Chairperson (External)	LLB (1980) (UCT); MBA (1988) (Graduate School of Business (UCT); Attorney's and conveyancer's professional examinations, Cape Law Society (1982); Certificate in Solving of Crime (Technicon RSA / University of Pretoria) (2000); Qualified Lawyer's Transfer Test for England and Wales (2010); Diploma in Managing Labour Relations and Employment Related Risks (US) (2010); Certificate Course in Arbitration, Association of Arbitrators (Southern Africa) (2010); Fellowship in Arbitration, Association of Arbitrators (Southern Africa) (2011); Admitted attorney and conveyancer of the High Court of South Africa (from 1982); Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners (ACFE) (international and local) (from 2000); Solicitor (non-practicing) of England and Wales (from 2010); Commercial Forensic Practitioner, Institute for Commercial Forensic Practitioners (ICFP) (from 2011); and Fellow of the Association of Arbitrators (2012)
2	Ms K. Montgomery	Audit Committee Chairperson (external)	B.Comm: Law
3	Executive Director: Corporate Services (Mr S Johaar)	Committee Member	BA; B. Law; and Diploma in Tax Law
4	Chief Financial Officer (Mr J Carstens)	Committee Member	BBA; BBA Hons.; MBA; and IAC Diploma in Local Government
5	Executive Director: Planning and Development (Ms L Waring)	Committee Member	BA (Sociology & Psychology); Honours Sociology; and Masters in Town and Regional Planning

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FARMCO Members			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
6	Executive Director: Engineering Services (Mr D Hattingh)	Committee Member	Pr. Eng
7	Executive Director: Community Services (Mr G Boshoff: 07/2018 – 08/2018)	Committee Member	Masters in Development Studies; and Hons Geography
8	Executive Director: Community Services (Mr G Esau: 12/2018 – 06/2019)	Committee Member	National Diploma in Horticulture; Certificate in Grafting and Budding; B-Tech in Business administration; and B-Tech Project Management

The following permanent invitees also attend all meetings:

- City Manager: Dr J Leibbrandt;
- Chief Risk Officer: Mr G Dippenaar; and
- Chief Audit Executive: Ms R Jaftha.

Key areas of focus during the reporting period include quarterly oversight of various risk registers and the implementation of actions to mitigate risk, reported unethical incidents and monitoring the risk management implementation plan.

The Committee is regulated by the Fraud and Risk Management Charter which stipulates that FARMCO shall meet at least four (4) times per annum in terms of a schedule of agreed meeting dates to be determined at the beginning of each financial year. FARMCO can convene further meetings to discuss urgent matters at the discretion of the FARMCO Chairperson.

In accordance to the Charter, four meetings were held on 3 August 2018, 26 October 2018, 15 February 2019 and 3 May 2019.

FARMCO's Chairperson stated that the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## 2.5 ADMINISTRATIVE GOVERNANCE

The City Manager is the Accounting Officer of the Municipality and also the head of the Administration. His primary function is to serve as chief custodian of service delivery and the implementation of political priorities.

He is assisted by his Strategic Management Team (SMT), which comprises of the Executive Directors of the five departments established in the new organogram. There are also four



## COMPONENT B: BASIC SERVICES

Water, electricity, waste water and refuse removal services are fundamentally important basic services to ensure a healthy and safe environment for all Drakenstein inhabitants. These basic services sections play a very important part in the planning and implementation of basic services in all formally established township developments as well as informal settlements in the Drakenstein Area over which the Municipality has control.

### 3.5 WATER SERVICES

The main objective of the Water Section is to provide water services in an effective, efficient and sustainable manner in respect of service delivery and to ensure that all people in Drakenstein Municipality's Management Area have access to adequate, safe, appropriate and affordable water services, using water wisely.

Other objectives are to upgrade existing water mains to new and higher standards and to extend the service life of existing bulk water infrastructure in accordance with the Water Master Plan.

The rapid rate of urbanisation is resulting in many cities and towns in South Africa facing major challenges of providing their increasing population with adequate and sustainable water services. On top of this, extensive parts of the continent are currently water stressed and these areas struggle to reconcile the water requirements and the water resources. Intensive water demand management and diligent personnel saved the Drakenstein area from a day zero situation and we did succeed in providing water, at only 120 litres per person per day.

Apart from providing potable water to all our urban residents, we are obliged to fulfil our other basic functions of upgrading the existing infrastructure, extending the network and to effectively maintain the existing network.

#### 3.5.1 Service Statistics

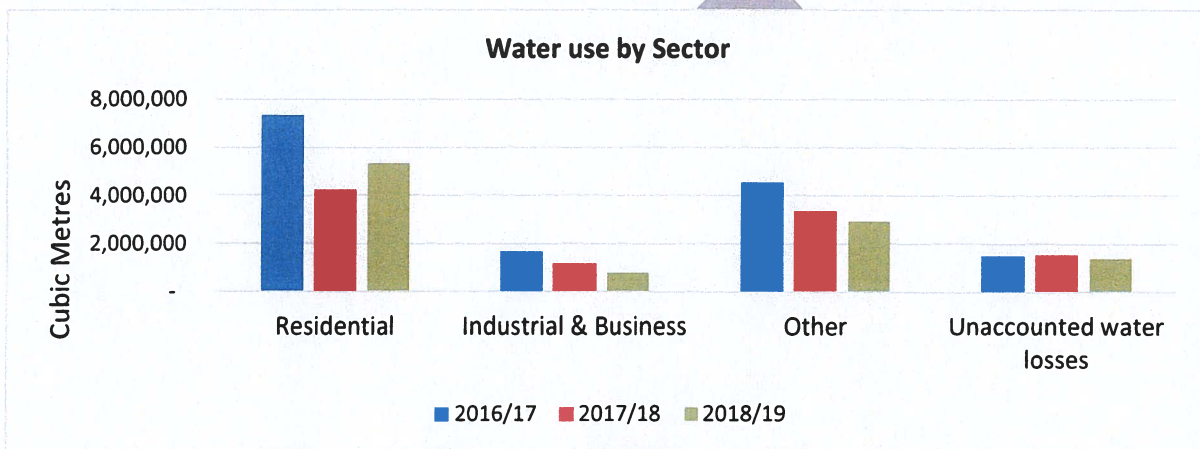
It is clear from the table below that water use dropped significantly from the 2016/17 to 2018/19 financial year due to the drought and water restrictions implemented over the last three financial years. Water sales decreased from 13,514,543 kiloliters sold in 2016/17 to 8,731,928 kiloliters sold in 2017/18 and stabilised to 8,836,669 kiloliters sold in 2018/19. Water losses over the three financial years remained more or less the same, but due to the decrease in sales turnover, water losses increased from 10.09% in 2016/17 to 14.88% in 2017/18 and 15.27% in 2018/19.



**Table 29: Total use of water by sector (cubic metres)**

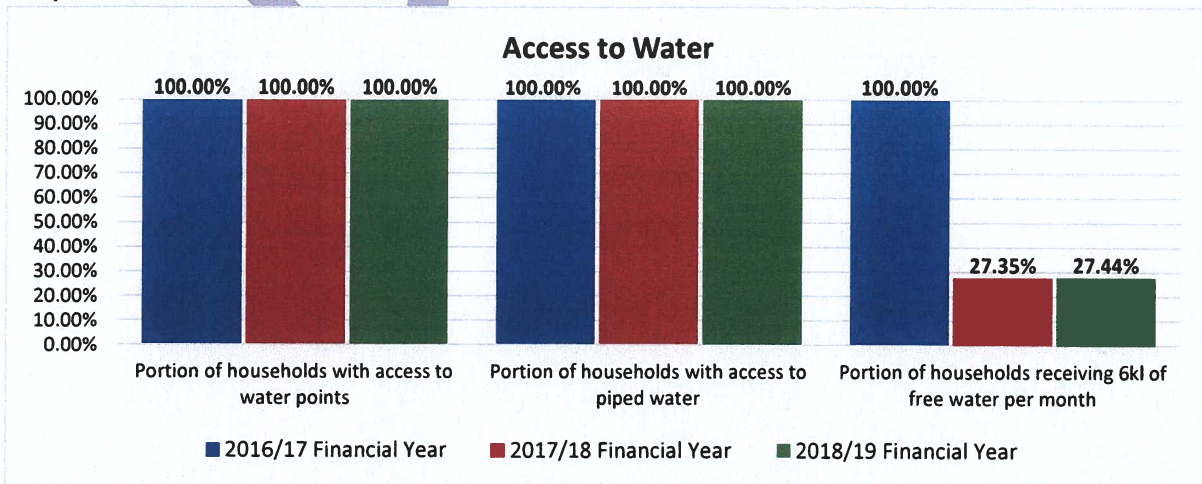
Water Use Details								
Serial No.	Year	Kiloliters						% Water Losses
		Residential	Industrial/ Business	Other	Total Water Sold	Water Losses	Water Bought / Produced	
Column No.	A	B	C	D	E	F	G	H
1	2016/17	7,325,350	1,644,514	4,544,679	13,514,543	1,516,351	15,030,894	10.09
2	2017/18	4,238,643	1,173,924	3,319,361	8,731,928	1,526,330	10,258,258	14.88
3	2018/19	5,330,192	776,396	2,730,081	8,836,669	1,592,163	10,428,832	15.27

**Graph 2: Water use by Sector**



In the graph below households' access to water are depicted. In the 2015/16 and 2016/17 financial years all households received 10kl of free water per month. As from the level 6B water restrictions introduced from 1 February 2018 only indigent households receive 6kl of free water per month. Level 3 water restrictions was introduced from 1 February 2019, which limit consumers to 120 litres per capita per day.

**Graph 3: Households Access to Water**



\* Note that the percentage of households with access to water indicated in the graph does not include rural households

All formal erven in the urban areas of Drakenstein Municipality's Management Area are provided with individual water connections inside the erven (higher level of service). Communal standpipes are provided in the informal areas as a temporary emergency service. Drakenstein Municipality works towards a target of at least one (1) standpipe per twenty five (25) households.

Within formal settlements, there is 297 households (0.45%) of 66,211 households receiving a water service below the minimum water service level. These households are on farms which do not form part of the Drakenstein water reticulation system. Within informal settlements, there is 60 households (1.0%) of 5,999 households receiving a water service below the minimum water service level. This an improvement compared to the 481 households of the 2017/2018 financial year.

**Table 31: Households - Water Service Delivery Levels below the minimum level**

Households – Water Service Delivery Levels below the minimum level			
Households			
Description	2016/17	2017/18	2018/19
	Actual No.	Actual No.	Actual No.
<b>Formal Settlements</b>			
Total households	64,717	64,916	66,211
Households below the minimum service level	*297	*297	*297
Proportion of households below the minimum service level	0.46%	0.46%	0.45%
<b>Informal Settlements</b>			
Total households	3,709	5,363	5,999
Households below minimum service level	0	481	60
Proportion of households below minimum service level	0.00%	8.97%	1.00%

*\*Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data. These figures can only be updated once the information per household from the detail service level rural survey on the farms becomes available.*

### 3.5.3 Capital Expenditure

The Water Services Section spent **R174.0 million** or 100% of the final adjustments budget on water infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.



**Table 32: Capital Expenditure 2018/19 - Water Services**

Capital Expenditure 2018/19: Water Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Boreholes Infrastructure	8,000,000	76,272,816	76,272,813	0.0%
2	Replacement of Strawberry King Bulk Water Pipeline	36,058,718	28,152,789	28,152,788	0.0%
3	8ML Courtrai Reservoir	17,500,000	22,564,063	22,564,063	0.0%
4	Welvanpas WTW & Out Buildings	9,000,000	14,550,198	14,550,197	0.0%
5	Drakenstein Rural Area Ronwe Project	11,000,000	11,233,452	11,233,452	0.0%
6	Saron Bulk Water Pipe Replacement	6,877,193	6,877,193	6,877,192	0.0%
7	Replacement of Upper Long Street Bulk	6,000,000	6,000,000	6,000,000	0.0%
8	Upgrade WTW : Meulwater	3,000,000	6,600,927	6,600,926	0.0%
9	11 ml Newton Reservoirs & Pump Station	1,250,000	1,250,000	1,250,000	0.0%
10	Other Capital Projects	6,596,189	537,779	537,779	0.0%
11	<b>Total Capital Expenditure</b>	<b>105,282,100</b>	<b>174,039,217</b>	<b>174,039,211</b>	<b>0.0%</b>

### 3.5.4 Major Projects Implemented

During 2018/19 the following major projects were implemented:

- Completing and commissioning the containerised 5 MI/day groundwater treatment plant at Boy Louw Sport field, Paarl as well as the 1.5 MI/day groundwater treatment plant at Parys Sport field, Paarl;
- Completing of the 0.7 MI/day Civic Centre, Paarl borehole pump installation and reticulation system to Faure Street Sport Stadium, Paarl Bowling Club and Paarl Swimming Pool;
- Completing of the 0.48 mega litre/day Welvanpas borehole pump installation and pipe reticulation system to Welvanpas Water Treatment Works, Wellington;
- Completing the last phases (phase 5, 6 and 7) of the Strawberry King Bulk Pipeline, which total an approximate length of 14 kilometres;
- Started the second 8 MI reservoir at Courtrai, Paarl, as well as connecting pipe work to the reservoir to the network, project will be completed during 2019/2020 financial year;
- Completing the phase 3 of the Ronwé bulk water pipeline from Ronwé Primary School, Paarl and the R301;
- In process of finalising and testing of phase 2 of the Welvanpas Water Treatment Works Upgrading Project to a capacity of 10 MI per day;
- In process of finalising phase 3 and testing of the Meulwater Water Treatment Works Upgrading Project to a capacity of 8 MI per day; and
- Completing the bulk water pipeline along Upper Long Street and upgrading of the Upper Long Street Reservoir, Paarl during the year.



Furthermore, it is the responsibility of the building inspector to address illegal structures, unsafe structures, be a witness in court cases on behalf of Council, implement legal action when required, control building rubble, enhance public safety, assist the general public and professionals with information on building control issues and performs administrative tasks associated with these functions.

Local authorities act in the interest of the owner when carrying out the compulsory inspections and have no financial or any other interest in such buildings. For this reason, the owner of a building must appoint his/her own clerk of works to inspect and control the quality and workmanship of the building. There is thus no obligation on the Council's building inspectors to control the quality of workmanship and materials, but the owner must be informed by Council of poor quality workmanship and/or materials when observed.

### 3.13.2.1 Building Control Statistics

A total of 2,625 building plan applications, for various types of projects, have been submitted for consideration over the year under review. This amounts to a total of 1,199,422m<sup>2</sup> of potential development area with an estimated value of R2.6 billion.

In total 4,447 building plan applications, which include 2,625 new applications and 1,822 amended/revised applications, were processed of which a total of 2,205 building plan applications were approved during this period with a development area of 570,350m<sup>2</sup> and a total value of R2.3 billion. The approved building plans include applications received during previous financial years, of which the amendments required from the applicants were not addressed by the applicants during the year of submission.

**Table 64: Applications for Land Use Development**

Applications for Land Use Development									
Detail	Formalisation of Townships			Rezoning			Building Environment		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
Planning applications received	67	20	9	85	11	12	1,667	1,581	2,625
Determination made in year of receipt	62	6	1	56	5	4	1,244	1,846	3,802
Determination made in following year	-	-	-	-	-	-	139	673	643
Applications withdrawn	-	-	-	-	-	-	-	-	0
Applications outstanding at year end	5	14	8	29	6	8	423	27	2



Over the past 12 months the municipal Building Inspectors were responsible for carrying out 3,671 building inspections throughout the Municipality. These include demolition inspections (6), beacon inspections (2,810), commencement/foundation inspections (434), drainage inspections (45), completion inspections (240) as well as Certificate of Occupation inspections (218).

Furthermore, a total of 309 complaints from the public were received and addressed at an average of 25.75 complaints per month.

### **3.13.2.2 Major Projects Completed**

During 2018/19, the following two new bylaws were drafted:

- **Building Control Bylaw:** The bylaw is supplementary to Act 103 of 1977 (Act) and the National Building Regulations (NBR) to ensure uniformity with regard to building standards, the erection of buildings and the submission, consideration and approval of building plans. All persons, including organs of state, must submit building plans and specifications for consideration and approval by the municipality in respect of buildings as provided for in this bylaw, the Act and the NBR and shall pay the required fees as contemplated in section 8.

The bylaw addresses various elements which include:

- Approval required for buildings to be erected;
- Buildings that require approval of the municipality:
  - ✓ Containers, air-conditioning unit, pool pumps, bore holes, solar energy systems, wind turbines, etc.;
- Certificate of occupancy;
- Compliance and enforcement;
- Offences and penalties; and
- Appeals.

The bylaw served at the Mayoral Committee on 22 May 2019 and was then advertised for public participation which has subsequently closed and comments will be incorporated within the bylaw where applicable. The bylaw will be tabled with Council for approval in 2019/2020.

- **Problem Premises Bylaw:** The bylaw is supplementary to the Act and the NBR to ensure the proper care and maintenance of buildings and premises, whether vacant or occupied. This bylaw applies to all problem premises situated within the area of jurisdiction of the municipality.

completed and approved by Council. Both these documents were successfully implemented during October 2018.

The department is currently in the process of developing an online premises solution and an external portal, within the framework of the existing Collaborator Foundation System to manage the land development application processes. The primary objective of this Collaborator system is to allow external stakeholders to interact with the Land Use Planning and Surveying Section via the internet and applications to be electronically processed. The system has been developed and completed and is currently in a testing phase and will be implemented during the next financial year.

The updating of the House Shop, Limited Pay-out Gambling Machine and Telecommunication Infrastructure Policies have been initiated and progressed up to acceptance for public participation. It is expected that these policies will be finalised during the next financial year.

### 3.13.3.1 Service Statistics

Table 65: Service Statistics - Land Use Planning & Surveying

Service Statistics – Land Use Planning and Surveying			
Applications	2016/17	2017/18	2018/19
Simultaneous rezoning and subdivision (inclusive of township establishment)	15	20	17
Rezoning	13	11	12
Consent Uses	33	20	16
Temporary Departures	1	5	0
Removal of restrictive Title conditions	0	0	2
Amendment of Conditions of Approval	11	23	17
Farm Subdivisions	1	1	1
Urban Subdivisions	13	44	9
Exempted Subdivisions	44	22	42
Consolidations	5	3	3
Home Owners Association Constitution approval / amendments	1	7	1
Zoning determinations	0	2	1
Extension-of-time	0	0	8
Site Development plan approvals	1	1	0
House Shops	14	19	0
Departures	4	2	1
Departures as part of Building Plan approvals	196	186	125

### 3.13.3.2 Major Projects Completed

- **Zoning Scheme Bylaw:** A new single zoning scheme for the whole of the Drakenstein Municipal area has been developed and adopted by Council on 27 June 2018 and was implemented during October 2018.