



**DRAKENSTEIN**

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

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# Annual Report

2021/22

*This Annual Report is compiled in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).*

Drakenstein Municipality  
Civic Centre  
Berg River Boulevard  
Paarl, 7622

Website: [www.drakenstein.gov.za](http://www.drakenstein.gov.za)

Telephone: 021 807 4500

Email: [customercare@drakenstein.gov.za](mailto:customercare@drakenstein.gov.za)

Toll free: 080 131 3553

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## GLOSSARY

Definitions	
<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor-General.
<b>Approved Budget</b>	The annual budget for a year, as approved by Council.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.

<b>Definitions</b>	
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Sets out municipal goals and development plans.
<b>National Key Performance Areas</b>	Five national key performance areas are: <ul style="list-style-type: none"> <li>• Service delivery and infrastructure;</li> <li>• Economic development;</li> <li>• Municipal transformation and institutional development;</li> <li>• Financial viability and management; and</li> <li>• Good governance and community participation.</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required

<b>Definitions</b>	
	result should be. In this employee performance management and development system (EPMDS), performance standards are divided into indicators and the time factor.
<b>Performance Targets</b>	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery and Budget Implementation Plan</b>	Detailed plan annually approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p style="padding-left: 40px;"><i>“(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p style="padding-left: 40px;"><i>(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”</i></p>

## ACRONYMS

Acronyms	
<b>AAPAM</b>	Association of African Public Administration and Management
<b>AC</b>	Audit Committee
<b>ACDP</b>	African Christian Democratic Party
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ANC</b>	African National Congress
<b>APC</b>	Appeal Committee
<b>APR</b>	Annual Performance Report
<b>AQMP</b>	Air Quality Management Plan
<b>ASB</b>	Accounting Standards Board
<b>ASNAPP</b>	Agribusiness in Sustainable Natural African Plant Products
<b>CAE</b>	Chief Audit Executive
<b>CBD</b>	Central Business District
<b>CCAP</b>	Climate Change Adaption Plan
<b>CFO</b>	Chief Financial Officer
<b>CIGFARO</b>	Chartered Institute of Government Finance Audit and Risk Officers
<b>CLLR</b>	Councillor
<b>CM</b>	City Manager
<b>CPIP</b>	Capital Projects Implementation Plan
<b>CRO</b>	Chief Risk Officer
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>DA</b>	Democratic Alliance
<b>DCAS</b>	Department of Cultural Affairs and Sport
<b>DEA</b>	Department of Environmental Affairs
<b>DEA &amp; DP</b>	Department of Environmental Affairs and Development Planning
<b>DLTA</b>	Drakenstein Local Tourism Association
<b>DM</b>	Drakenstein Municipality
<b>DoA</b>	Department of Agriculture
<b>DoRA</b>	Division of Revenue Act
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>DRDLR</b>	Department of Rural Development of Land Reform
<b>ECD</b>	Early Childhood Development
<b>EEA</b>	Employment Equity Act
<b>EFF</b>	Economic Freedom Fighters
<b>EIA</b>	Environmental Impact Assessment
<b>EPWP</b>	Expanded Public Works Programme
<b>FARMCO</b>	Fraud-and-Risk Management Committee
<b>FD</b>	Federation of Democrats



<b>Acronyms</b>	
<b>FEIR</b>	Final Environment Impact Report
<b>FRM</b>	Fraud Risk Management
<b>GIS</b>	Geographic Information System
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GV</b>	General Valuation
<b>GVA</b>	Gross Value Added
<b>HIV</b>	Human Immunodeficiency Virus
<b>HR</b>	Human Resources
<b>IAS</b>	Invasive Alien Species
<b>ICOSA</b>	Independent Civic Organisation of South Africa
<b>ICT</b>	Information and Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IEM</b>	Integrated Environmental Management
<b>IERM</b>	Institute of Environment and Recreation Management
<b>IGR</b>	Inter-Governmental Relations
<b>ILASA</b>	Institute for Landscape Architecture in South Africa
<b>INEP</b>	Integrated National Electrification Funding
<b>IOD</b>	Injury on Duty
<b>IRDP</b>	Integrated Residential Development Program
<b>IRM</b>	Integrated Risk Management
<b>ISAMAO</b>	Institute of South African Municipal Accounting Officers
<b>ISSP</b>	Informal Settlements Support Programme
<b>ITP</b>	Integrated Transport Plan
<b>IWMP</b>	Integrated Waste Management Plan
<b>JSE</b>	Johannesburg Stock Exchange
<b>KFA</b>	Key Focus Area
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>LLF</b>	Local Labour Forum
<b>LSDF</b>	Local Spatial Development Framework
<b>MFMA</b>	Municipal Finance Management Act
<b>MGRO</b>	Municipal Governance Review and Outlook
<b>MICE</b>	Meetings, Incentives, Conferences and Exhibitions
<b>MIG</b>	Municipal Infrastructure Grant
<b>MMCs</b>	Members of the Mayoral Committee
<b>MPAC</b>	Municipal Public Accounts Committee
<b>MPRA</b>	Municipal Property Rates Act
<b>MSA</b>	Municipal Systems Act

<b>Acronyms</b>	
<b>mSCOA</b>	Municipal Standard Chart of Accounts
<b>NBR</b>	National Building Regulations
<b>NEMAQA</b>	National Environmental Management Air Quality Act
<b>NEMBA</b>	National Environmental Management: Biodiversity Act
<b>NERSA</b>	National Energy Regulator of South Africa
<b>NGO</b>	Non-Governmental Organisation
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualification Framework
<b>PDM</b>	Peoples Democratic Movement
<b>PMS</b>	Performance Management System
<b>PMS</b>	Pavement Management System
<b>PPP</b>	Public Private Partnership
<b>RBIG</b>	Regional Bulk Services Infrastructure Grant
<b>RLEDf</b>	Regional Local Economic Development Forum
<b>SAHRA</b>	South African Heritage Resources Agency
<b>SALGA</b>	South African Local Government Association
<b>SAN</b>	Storage
<b>SAPS</b>	South African Police Service
<b>SATSA</b>	South African Tourism Association
<b>SATSA</b>	South African Tourism Services Association
<b>SCADA</b>	Supervisory Control and Data Acquisition
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SDLC</b>	Systems Development Life-Cycle
<b>SEAR</b>	Sustainable Ecological and Agricultural Resource
<b>SEDA</b>	Small Enterprise Development Agency
<b>SEM</b>	Staff Employee Monitoring
<b>SMMEs</b>	Small Medium and Micro Enterprises
<b>SMT</b>	Strategic Management Team
<b>SO</b>	Strategic Objective
<b>SOER</b>	State of Environment Report
<b>SOP</b>	Standard Operating Procedure
<b>SPCA</b>	Society for the Prevention of Cruelty to Animals
<b>STATSSA</b>	Statistics South Africa
<b>SV</b>	Supplementary Valuation
<b>TASK</b>	Tuned Assessment of Skills and Knowledge
<b>TMP</b>	Transportation Master Plan
<b>TRANCRAA</b>	Transformation of Certain Rural Areas Act, Act 94 of 1998

<b>Acronyms</b>	
<b>UIF</b>	Unemployment Insurance Fund
<b>UISSP</b>	Upgrade of Informal Settlements Support Programme
<b>VF+</b>	Vryheidsfront Plus
<b>VPUU</b>	Violence Prevention through Urban Upgrading Programme
<b>WTE</b>	Waste-to-Energy
<b>WTW</b>	Water Treatment Works
<b>WWTW</b>	Waste Water Treatment Works

# 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 requirements 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. It 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 ward committees; issuing monthly newsletters and press releases; communicating via social media and online platforms such as the municipal website; VARS and holding consultative meetings with a wide range of stakeholders. 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) indicated that the population of Drakenstein reached 280,195 inclusive of 71,686 households. Drakenstein's population has grown to an estimated 305,281 persons as per a report by the Western Cape Government, dated 3 July 2020. Households have increased to an estimated 69,027 (*Quantec*). Drakenstein's unemployment figure is less than 19.5% of the economically active population. The growth in population goes hand in hand with various challenges, in particular the ongoing demand for state-provided accommodation. The Municipality has a verified demand waiting list of 20,792 persons. The Municipality has responded by planning and rolling out a number of projects, including the Vlakkeland housing project (some 2,556 mixed typology and affordability opportunities) and the Erf 16161 Development (1,978 GAP and social rental opportunities).

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;

and the Hinterland catalytic zones. Development and resources will be concentrated in these zones over the next 15 years.

The Annual Report for 2021/22 provides detail on various infrastructure projects being undertaken to facilitate the envisioned accelerated growth. These projects are only possible through strategic partnerships with other spheres of government, the private sector and the community of Drakenstein, without which we cannot meet the challenges that we face.

I remain grateful to Council, the Deputy Executive Mayor, the Mayoral Committee and the City Manager, all of whom continue to guide our staff, resources and operations to make Drakenstein a City of Excellence.

**ALD CONRAD POOLE**  
**EXECUTIVE MAYOR**

### 1.2 CITY MANAGER'S OVERVIEW

Drakenstein Municipality, the largest secondary city in the Western Cape is a Category B municipality with powers and functions assigned in terms of Sections 155 and 156 of the Constitution of the Republic of South Africa, 1996 (local government matters referred to in Schedules 4 and 5). These powers and functions are exercised subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 and Chapter 3 of the Local Government Municipal Systems Act, 32 of 2000. The Municipality covers an area of 1,538 km<sup>2</sup> and consists of 33 wards. It comprises of 5 towns of which, Paarl and Wellington, are the primary urban nodes.

In presenting the 2021/22 Annual Report we affirm that Drakenstein Municipality has made tremendous strides towards achieving its vision of “*A city of excellence*”, guided by the values of transparency, excellence, responsiveness, accountability, accessibility and integrity, supported by the following strategic objectives:

- To ensure good governance and compliance;
- To ensure financial sustainability in order to meet the statutory requirements;
- To ensure an efficient and effective organisation supported by a competent and skilled workforce;
- To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services;
- To plan, promote investment and facilitate economic growth; and
- To facilitate, support and promote social and community development.

Drakenstein received a clean audit opinion from the Auditor General for the 2021/2022 financial year. This is our fifteenth (15<sup>th</sup>) consecutive unqualified audit opinion and eighth (8<sup>th</sup>) clean audit, currently we are the largest local municipality in the Western Cape with a clean audit. This bears testament to good governance and sound financial management.

The overall financial performance of the Municipality in 2021/2022 confirms sound financial management and fiscal discipline. In previous financial years, increased capital infrastructure investment funded through borrowing was necessary to unlock economic growth and cater for future demand.

The 2021/22 financial year realised an operating surplus of R143,5 million compared with budgeted operating surplus of R70.0 million for the year under review. The municipality's current assets exceeded current liabilities in the year under review, this is an improvement from the 2020/21 financial year. The cash and cash equivalents and investment balances

increased from R138,8 million on 30 June 2021 to R229,9 million on 30 June 2022 and the gearing ratio decreased from 63.7% on 30 June 2021 to 62.3% on 30 June 2022. Employee related costs stood at 28.7% of the total expenditure and debtor collection days (after provision for doubtful debt) increased to 44.3 days for the year under review from 41.1 days at 30 June 2021 and the debt collection ratio from 98.6% for the 2020/21 to 96.6% for the year under review. Incidents of fruitless and wasteful expenditure were reported and are currently being investigated.

To promote economic development, Drakenstein has become an investment destination of choice for both international and local investors. Our strong governance ethos provides a soft landing for any investor who requires a red carpet investment experience. Our Development and Investment desk ensures that municipal processes are streamlined and our approach of how we as an organisation can do things better is at the core of our Invest in Drakenstein initiative.

Despite various challenges, the municipality continued to provide the necessary basic services and ensured that the 41 registered informal settlements in Drakenstein, had access to waste removal, sanitation and clean drinking water. The burden on the municipal budget, services and infrastructure has however increased as approximately 57% of the population are impoverished. To address unemployment and poverty it is important to grow the economy and create much needed job opportunities.

Throughout the financial year, our efforts again maintained a positive payment culture through the effective implementation of credit control. This is evident in the ability of the Municipality to fund its operations and service its debts. We remain steadfast in our commitment to provide affordable and quality services in an efficient and effective manner to all our residents.

**DR JOHAN LEIBBRANDT**  
**CITY MANAGER**

## **1.3 MUNICIPAL OVERVIEW**

Drakenstein Municipality is the second largest municipality in the Western Cape, 18<sup>th</sup> top municipality in South Africa and 10<sup>th</sup> Secondary City in terms of the budget size. The Municipality is characterised by scenic landscape, precious natural and cultural heritage, quality educational institutions and sporting facilities, thriving agricultural economy and unrivalled access to the regional and logistics networks.

### **1.3.1 Vision 2032**

In broad terms the vision statement expresses the type of city we envisage for the future: ***“A city of excellence.”***

### **1.3.2 Values**

The Long-term Strategic Plan (Vision 2032) is grounded in the following values which define the character of Drakenstein Municipality and can be observed in the conduct of the leadership and employees as they perform the mandate and responsibilities bestowed upon them:

- Transparency;
- Excellence;
- Responsiveness;
- Accountability;
- Accessibility; and
- Integrity.

### **1.3.3 Demographics and socio-economic information**

This section provides a succinct overview of the socio-economic status of Drakenstein Municipality. This profiling is important to assist the Municipality when determining the optimal allocation of resources between the municipal wards and across the population in a manner that provides and assures sustainable growth and equity.

Most importantly, the socio-economic information below compliments and informs the Integrated Development Plan (IDP) to ensure effective use of resources, improved service delivery, attract additional funding and strengthen democratic values.



### 1.3.3.1 Socio-Economic Status information

According to Quantec Research, the unemployment rate in Drakenstein was estimated to be 14.2% in 2019, increasing to 20.1% in 2020 and 23.0% in 2021. Youth unemployment in Drakenstein is estimated to have increased to 27.8% in 2021, from 23.09% in 2020 and 21.35% in 2019. Actual unemployment figures within the municipal area are likely to be much higher than the estimates provided by Quantec Research. A high unemployment rate is often associated with a lack of skills due to a high number of illiterate people.

The Gini coefficient is a statistical measure of income or wealth distribution within a geographic boundary. The coefficient ranges from 0, perfect equality, to 1, total inequality. A higher coefficient means greater inequality. In 2020 the Gini coefficient in the municipal area was calculated to be 0.605, an increase from 0.603 in 2019 and 0.601 recorded for 2018. The rising income inequality can be attributed to the increase in unemployment as well as low salaries earned by the working age population in low-skilled employment.

**Table 1: Socio-Economic Status**

Socio-Economic Status						
Serial No.	Year	Unemployment rate	Youth unemployment	Percentage of working age population in low skilled employment	Gini coefficient	Illiterate people older than 20 years
Column Ref.	A	B	C	D	E	F
1	2019/20	14.2%	21.35%	17.20%	0.603	16.83%
2	2020/21	20.1%	23.09%	15.80%	0.605	17.12%
3	2021/22	*23.0%	*27.82%	16.50%	0.611	15.74%

Source: Quantec Research 2022 / MERO (HIS MARKIT)

\*With the seasonality of many jobs available in Drakenstein, the unemployment rate should not only be based on persons who are actively seeking work as per the official definition of unemployment. Based upon the extended definition of unemployment and research undertaken by the Economic Development Division, it is estimated that the unemployment rate for the municipal area is over 30%. Youth unemployment is estimated to be in the range of 35-40%.

### 1.3.3.2 Demographic Profile

Quantec Research estimates a total population of 294,474 for Drakenstein in 2021, up from 289,384 in 2020. However, a report by the Western Cape Government in 2020 estimated the population for the municipal area to be 305,281. This is close to the population of 304,590 projected for 2023 by the Department of Social Development. When the widescale deaths due to COVID-19 pandemic are factored in, the municipal population estimates could show a reduction. Although there are no official figures, it is likely that there are people who have migrated into and out of the municipal area for various reasons. An increase in the population 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 table below provides a snapshot of Drakenstein's estimated population by gender and age distribution based on Quantec Research data.

**Table 2: Population by gender and age group**

Population by gender and age group										
Serial No.	Age	2019/2020			2020/2021			2021/2022		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	0-4	12,685	12,310	24,995	12,794	12,430	25,224	12,968	12,583	25,551
2	5-9	11,786	11,721	23,507	11,753	11,714	23,467	11,724	11,700	23,424
3	10-14	11,652	11,497	23,149	11,892	11,743	23,635	12,068	11,967	24,035
4	15-19	10,707	10,834	21,541	10,881	10,996	21,877	11,316	11,399	22,715
5	20-29	25,954	24,663	50,617	26,076	24,825	50,901	25,831	24,648	50,479
6	30-39	25,062	23,983	49,045	26,079	24,833	50,912	26,691	25,352	52,043
7	40-49	17,112	17,926	35,038	17,751	18,397	36,148	18,431	19,015	37,446
8	50-59	12,987	14,982	27,969	13,501	15,431	28,932	13,915	15,726	29,641
9	60-69	6,935	9,331	16,266	7,187	9,752	16,939	7,323	10,038	17,361
10	70+	3,737	7,101	10,838	3,897	7,452	11,349	3,985	7,794	11,779
11	Totals	138,617	144,348	282,965	141,811	147,573	289,384	144,252	150,222	294,474

Source: Quantec, 2022

Note: The Western Cape Government's 2019 population figure for Drakenstein is **305,281**. It has not been used in the table above as disaggregated figures are not available.

### 1.3.3.3 Household Profile

The table below shows the number of households by different ethnic groups. Coloureds are the majority households, comprising 54.65% of the total households in Drakenstein in 2021/22, followed by Black Africans and White households, accounting for 28.95% and 16.06% respectively.

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

Household breakdown by ethnic group						
Serial No.	Ethnic Group	2019/2020	2020/2021	% share 2020/2021	2021/2022	% share 2021/2022
Column Ref.	A	B	C	D	E	F
1	Black African	18,838	19,504	28.73%	19,981	28.95%
2	Coloured	36,313	37,076	54.62%	37,723	54.65%
3	Indian or Asian	225	231	0.34%	234	0.34%
4	White	11,056	11,073	16.31%	11,089	16.06%
5	Total	66,432	67,884	100%	69,027	100%

Source: Quantec Research, 2022

### 1.3.3.4 Labour Profile

There was an increase in job losses in 2021 within the Drakenstein municipal area, from 112,048 jobs in 2019 to 103,684 jobs in 2020 and 101,101 jobs in 2021. The decrease in jobs does not augur well for the municipality as it means more people have no income to pay for services rendered by the municipality. Job losses were recorded in eight of the ten sectors of the economy, with the most jobs shed by the wholesale, retail trade, catering and accommodation (1,042 jobs) followed by agriculture (562 jobs), manufacturing (413 jobs), construction (351 jobs); transport, storage and communication (321 jobs); and finance, insurance, real estate and business services (245 jobs). These job losses were largely due to the economic lockdown imposed by government in a bid to reduce the spread of the COVID - 19 pandemic.

**Table 4: Employment by Sector**

Employment by Sector				
Serial No.	Sector	Number of jobs		
		2019/2020	2020/2021	2021/2022
Column No.	A	B	C	D
1	Agriculture, forestry and fishing	18,438	16,844	16,282
2	Mining and quarrying	77	68	64
3	Manufacturing	9,410	8,632	8,219
4	Electricity, gas and water	354	347	342
5	Construction	7,299	6,649	6,298
6	Wholesale, retail trade, catering and accommodation	25,096	22,379	21,337
7	Transport, storage and communication	3,791	3,346	3,025
8	Finance, insurance, real estate and business services	18,204	17,648	17,403
9	General government	6,402	6,318	6,385
10	Community, social and personal services	22,977	21,453	21,746
11	<b>Total</b>	<b>112,048</b>	<b>103,684</b>	<b>101,101</b>

Source: Quantec Research, 2022

Most increases in employment in 2021/22 were recorded by the community, social and personal services sector (293 jobs), and the general government sector (67 jobs). The increase in employment that has been reported in 2021/22 was due to new economic developments, which include major road upgrades, new retail outlets and new residential estates.

### 1.3.3.5 Economic Profile

The value of the Drakenstein economy increased by a significant 9.6% from R25,2 billion in 2020 to R27,6 billion in 2021 as economic activity picked up pace after the lengthened lockdown due to the COVID-19 pandemic. The table below indicates the municipal Gross Value

Added (GVA) at basic prices. The economic sectors that are contributing the most to the Drakenstein economy are finance, insurance, real estate and business services (R7.55 billion or 27,3%); wholesale, retail trade, catering and accommodation (R4.63 billion or 16,7%); manufacturing (R3.98 billion or 14,4%), community, social and personal services (R3.26 billion or 11.8%), general government (R2.7 billion or 9,8%), and construction (R1.39 billion or 5%). Economic activity per sector in Drakenstein is listed in Table 5 below.

**Table 5: Employment Activity by Sector**

Employment Activity by Sector				
Serial No.	Sector	R`000 000		
		2019/2020	2020/2021	2021/2022
Column No.	A	B	C	D
1	Agriculture, forestry and fishing	1,210	1,625	1,721
2	Mining and quarrying	56	74	76
3	Manufacturing	3,956	3,659	3,984
4	Electricity, gas and water	563	578	643
5	Construction	1,627	1,335	1,390
6	Wholesale, retail trade, catering and accommodation	4,280	3,951	4,634
7	Transport, storage and communication	1,757	1,560	1,646
8	Finance, insurance, real estate and business services	6,708	6,890	7,554
9	General government	2,546	2,597	2,706
10	Community, social and personal services	2,860	2,930	3,266
11	<b>Total</b>	<b>25,563</b>	<b>25,199</b>	<b>27,620</b>

Source: Quantec Research (2022)

The relaxation of various COVID-19 regulations boosted economic activity and income for various sectors in the municipal area in 2021 and 2022. The wholesale, retail trade, catering and accommodation recorded the biggest (17,2%) increase in gross value added, followed by the community, social and personal services (11,4%); electricity, gas and water (11,2%); finance, insurance, real estate and business services (9,6%) and manufacturing (8,8%).

**1.3.3.6 Safety and Security Profile**

From the table below, it is evident that contact crime is a major problem in 2020, it shows a slight decrease on sexual offences and drug related crimes. Poverty, parental neglect, low self-esteem, alcohol and drug abuse are all connected in explaining why people commit crimes.

**Table 6: Safety and Security Statistics**

Safety and Security Statistics				
Serial No.	Crime	Year		
		2019	2020	2021
Column Ref.	A	B	C	D
1	Murder	141	86	70
2	Sexual offences	321	250	241
3	Drug-related crime	2,494	2,344	1,397
4	Burglary residential premises	1,548	1,342	1,058
5	Driving under the influence of alcohol or drugs	138	126	61

Source: <https://www.saps.gov.za/services/crimestats.php>

### **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 well-being 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 The Impact of the COVID-19 Pandemic**

#### **1.3.3.8.1 Department: Corporate Services**

During the reporting period from 1 July 2021 to 30 June 2022 one hundred and seventy Drakenstein Municipality's staff tested positive for the COVID-19 virus. Thankfully no staff members passed away from the disease. All the positive cases recovered from the virus but a few of the employees who made a recovery suffered long after from effects identified to be COVID-19 related.

Before February 2022 it was compulsory for all positive persons to self-isolate at home for at least 10 days. During February 2022 the isolation period was changed to 7 days for persons presenting with symptoms of the disease. In accordance with the municipality's Conditions

of Service staff members were awarded special quarantine leave for the period of compulsory self-isolation.

For some of the positive cases other staff members were identified as having been in close contact with the positive person and they had to isolate for five days whilst monitoring for symptoms. The municipality through its EAP Officer followed up with positive cases whilst in isolation in order to check on their recovery and to offer support.

In line with the promulgated Regulations applicable to workplaces, the municipality has implemented a range of COVID-19 pre-cautionary measures and protocols in order to safeguard our staff and to prevent as far as possible the spread of the virus in the workplace.

#### 1.3.3.8.2 Department: Planning and Development

The lockdown of most economic activity in the country, and everywhere else around the world, especially during the first four months after the outbreak of the pandemic, had devastating effects on many economies, including Drakenstein. The hard lockdown restricted movement of people and this meant that trading was brought to a halt and no income was being earned by many enterprises. The restrictions on local and international travelling resulted in the grounding of flights and other modes of transport, resulting in huge losses in income for airlines. Companies struggled to keep up with various expenses, such as wages and salaries for staff, rent, electricity and water charges, while not earning income. Some airlines have, e.g Comair have not recovered and were forced to suspend operations. The hospitality sector was heavily affected by the restrictions on travelling, especially hotels, guest houses, restaurants and wine estates. The bans on alcohol sales as well as restricted operating times for restaurants and clubs affected these businesses significantly. Another sector that severely affected during the first months of the lockdown is the informal sector. Drakenstein Municipality had to provide a 3-month rent relief to informal traders operating from Council owned businesses hives. Cash vouchers and COVID-19 toolkits including sanitizers and masks were distributed to a number of street traders.

It has not been business as usual since the pandemic, with companies having online meetings, learners having online lessons and some music and sporting events also taking place on the virtual platform. This definitely boosted data sales and augured well for the network providers. The health sector also got a major boost as sales of medicines, vitamins, and medical prescriptions shot up as people battled to treat or prevent the virus. Updated economic figures from Quantec Research show that the Drakenstein municipal economy lost R364 million due to the pandemic, tumbling from a gross value added of R25.563 billion in 2019/20 to R25.199 billion in 2020/21. A significant amount of 8,364 jobs were shed, with the number of people employed decreasing to 103,684 in 2020/21 from from 112,048 jobs in 2019/20. Job losses were recorded in eight of the ten sectors of the economy, with the most

jobs shed by the wholesale, retail trade, catering and accommodation (1042 jobs) followed by agriculture (562 jobs), manufacturing (413 jobs), construction (351 jobs); transport, storage and communication (321 jobs); and finance, insurance, real estate and business services (245 jobs).

In 2021/22 the lifting of most restrictions have seen a much anticipated recovery of the Drakenstein economy. Although the unemployment level remains high, economic activity has picked up to almost its pre-COVID stage. The Drakenstein municipal economy has benefited from a number of economic developments including major road infrastructure upgrades, new retail outlets and residential estate developments. The economy is showing signs of a strong recovery since the devastating impact of the COVID-19 pandemic.

#### 1.3.3.8.3 Department: Community Services

The COVID pandemic required that the Drakenstein Municipality had to re-evaluate how resources were used and how it would respond to the numerous challenges brought about by the COVID pandemic. All sections had to adjust the way they provide services to our communities as COVID is still handled as a high risk issue.

#### 1.3.3.8.4 Department: Financial Services

Largely the economic shock brought on by COVID and the related lockdown and the negative effect on the Municipalities' finances at the end of the 2019/20 financial year had been overcome by the end of the 2021/22. Refer to the section 1.5 on the Financial Health of the Municipality.

### **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.

#### **1.4.1 Basic service delivery performance highlights**

Water Services invested R15.3 million in water infrastructure for the year under review. These investments were in the replacement of water reticulation systems and first phase of the Vrykyk pressure management installation.

The upgrading of Dalweiding 66/11kV substation, a priority to create spare capacity for residential and commercial development, was the biggest project which amounted to R19.35 million of the total allocated electricity budget which were invested in the community of Drakenstein.

Solid Waste Management Section constructed 4 mini drop-off facilities in high-density areas. These facilities provide an organised disposal facility to the surrounding community. Wheelie bins to the value of R1,992,156 to ensure that basic service delivery standards are complied with. Street refuse bins to the value of R298,574 were purchased and the bins placed throughout the municipal area.

#### **1.4.2 Basic service delivery challenges**

The biggest challenge for rendering water services is to secure water during periods of drought. The current funding needs to invest in water infrastructure is R1.61 billion and this will have to be addressed in the next 20 years.

The current funding needs to invest in waste water infrastructure is R1.33 billion and this will have to be addressed in the next five to ten years.

To ensure electricity supply to all Drakenstein future consumers and to accommodate all future developments, substantial investment in electricity infrastructure needs to take place.

Four additional 132/66/11kV substations are required to fulfil the future load demand of developments, as indicated in the special development framework (SDF). The existing 15MVA transformers at Dalweiding, Palmiet and Parys 66/11kV substations must also be upgraded to 20MVA, including the secondary 11kV switching stations with their respective feeder and ring feeder cables. The supply from Eskom will have to be relocated as such to conform to the future load demand for upcoming developments.

A tender for the provisioning of waste diversion and waste disposal services has been awarded for a period of five (5) years to optimise the landfill airspace.

The conceptual design for the diversion of organic waste from landfill, has been initiated. The organic waste diversion plan will address methods, processes and infrastructure needed to comply with the Provincial targets for organic waste diversion.



### **1.4.3 Proportion of households with access to basic services**

All formal households have access to electricity, water, waste water and waste management services.

The 41 registered informal settlements comprising of 7,267 households and an estimated 14,412 residents do have access to water, waste water and waste management services. One informal settlement is not registered at this stage and comprise of 261 households, housing 349 residents. Three thousand five hundred and sixty four (3,564) informal settlement structures, which forms part of the approved informal settlement register, have access to electricity.

## **1.5 FINANCIAL HEALTH OVERVIEW**

The Municipality is on the path of recovery following the severe droughts experienced in the past few years, the general downturn of the economy, even before the economic effect of the COVID-19 lockdown hit, which necessitated Drakenstein to restructure certain current ten year external loans of the Development Bank of Southern Africa, Standard Bank and Nedbank in December 2019 to be repaid over a period of up to 17.5 years, as well as the devastating effect of the COVID-19 lockdown on the economy.

The current ratio (current assets/current liabilities) of the organisation as at 30 June 2022, was 1.47 as opposed to the ratios of 1.06 (2020/21), 0.89 (2019/20), 0.63 (2018/19), 0.95 (2017/18) for the previous four financial years. The increase in the current ratio is a positive indication of the interventions implemented.

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 previously 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 62.3% to an estimated 43.3% in the 2024/25 financial year.

Furthermore, the Municipality have 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.

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.

### 1.5.1 Statement of Financial Performance Overview

The actual surplus of R143.5 million for the 2021/22 financial year compared with the final adjustments budget surplus of R70.2 million resulted in a positive variance of R73.5 million.

**Table 7: Statement of Financial Performance Overview 2021/2022**

Statement of Financial Performance Overview 2021/22						
Serial No.	Details	Original budget	Adjustments budget	Actuals	Positive/ (Negative) Variance (Column B & D)	Positive/ (Negative) Variance (Column C & D)
Column Ref.	A	B	C	D	E	F
1	Grants	200,861,075	211,466,467	204,171,779	3,310,704	(7,294,688)
2	Taxes, Levies and Tariffs	2,244,345,771	2,228,281,693	2,243,254,264	(1,091,507)	14,972,571
3	Other	163,591,029	181,033,244	202,443,787	38,852,758	21,410,543
4	<b>Total Operating Revenue (Capital Grants Excluded)</b>	<b>2,608,797,875</b>	<b>2,620,781,404</b>	<b>2,649,869,830</b>	<b>41,071,955</b>	<b>29,088,426</b>
5	Less: Expenditure	2,660,568,361	2,674,095,050	2,624,204,345	36,364,016	49,890,705
6	<b>Surplus / (Deficit) (Capital Grants Excluded)</b>	<b>(51,770,486)</b>	<b>(53,313,646)</b>	<b>25,665,485</b>	<b>77,435,971</b>	<b>78,979,131</b>
7	Plus: Capital Grants	96,382,569	123,331,683	117,812,786	21,430,217	(5,518,897)
8	<b>Surplus / (Deficit)(Capital Grants included)</b>	<b>44,612,083</b>	<b>70,018,037</b>	<b>143,478,271</b>	<b>98,866,188</b>	<b>73,460,234</b>

### 1.5.2 Financial viability highlights

The Capital Budget spending for the financial year yielded a result of 92.5% when compared with the Final Capital Adjustments Budget for 2021/22. Delays in the spending of housing capital grants was the biggest contributor to the underspending.

### 1.5.3 Financial viability challenges

Consumer debt remains a challenge and a number of initiatives were implemented. Consumer debt (property rates, service charges, housing and sundry debtors – VAT excluded) increased by R340.5 million at 30 June 2021 to R369.2 million at 30 June 2022. The relationship between the ever-increasing tariffs and outstanding debtors is an indication that consumers are struggling to meet their obligations in terms of payment for services. The worsening economic climate puts pressure not only on the world economy, but also filters down to households in municipalities globally, which has just been worsened by the COVID-19 pandemic.

The debtors' payment period for the 2021/22 financial year (before considering the provision for impairment) was 61.8 days, which is below the targeted number of 70 days. The number of days for the 2020/21 financial year (before considering the provision for impairment) was 64.5 days, which is below the targeted number of 70 days.

The Municipality’s debtors’ collection period in days (after impairment) increased to 44.3 days at 30 June 2022 compared with the to 41.1 days as at 30 June 2021. The Municipality’s debtors’ collection period in days (before impairment) decreased by 2.7 days and the Municipality’s debtors’ collection period in days (after impairment) regressed by 3.2 days during the financial year under review.

The ability of Council to finance the capital programme from internally generated funds remains a big challenge. This challenge has an inverse relationship with the increasing external loan debt of Council, which amounted to 62.3% of total operating revenue (conditional capital and operational grants excluded) at the end of the 2021/22 financial year. Although Council policy wise has capped the gearing ratio percentage at 50%, urgent upgrades in revenue generating bulk infrastructure to enable increased development and therefore an increased revenue base necessitated that we accelerate our capital programme in prior years. It is envisaged that the gearing ratio will decrease to about 54.9% in the 2022/23 financial year and to about 32.3% in accordance with the Long Term Financial Plan by the 2026/27 financial year.

**1.5.4 Operating ratios**

The operating ratios as depicted below compare favourably with the current industry norms. The employee cost (including Councillor Remuneration) of 28.7% of total operating expenditure (2021/22) 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 30.2% in 2020/21 due a temporary moratorium on the filling of vacant posts.

**Table 8: Operating Ratios**

Operating Ratios				
Serial No.	Details	2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Employee Cost (Incl Councillor Remuneration) as a % of Operating Expenditure	28.70%	30.20%	28.72%
2	Repairs and Maintenance as a % of Operating Expenditure	10.80%	10.10%	10.35%
3	Repairs and Maintenance as a % of Carrying Value of PPE	4.10%	4.00%	4.07%
4	Finance Charges and Depreciation as a % of Operating Expenditure	14.70%	16.49%	16.21%
5	Finance Charges and Redemption as a % of Operating Expenditure	6.50%	8.20%	7.63%

The Municipality’s spending on repairs and maintenance to total operating expenditure amounts to 10.4% for the 2020/21 financial year compared with the 10.1% for the 2020/21

financial year. The ratio of repairs and maintenance as a percentage of the carrying value of property, plant and equipment was 4.1% for the 2020/21 financial year and 4.0% for the 2020/21 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 30.8%, which in the current economic climate is not a proposition.

Finance charges and depreciation expenditure represent 16.2% of total operating expenditure for 2021/22 compared with the 16.5% for 2020/21. Finance charges and capital redemption represent 7.6% of total operating expenditure for 2021/22 compared with the 8.2% for 2020/21. This compares favourably with National Treasury's norm of 6% to 8%, but only does so due to the payment holiday received with the restructuring of loans.

### 1.5.5 Capital expenditure

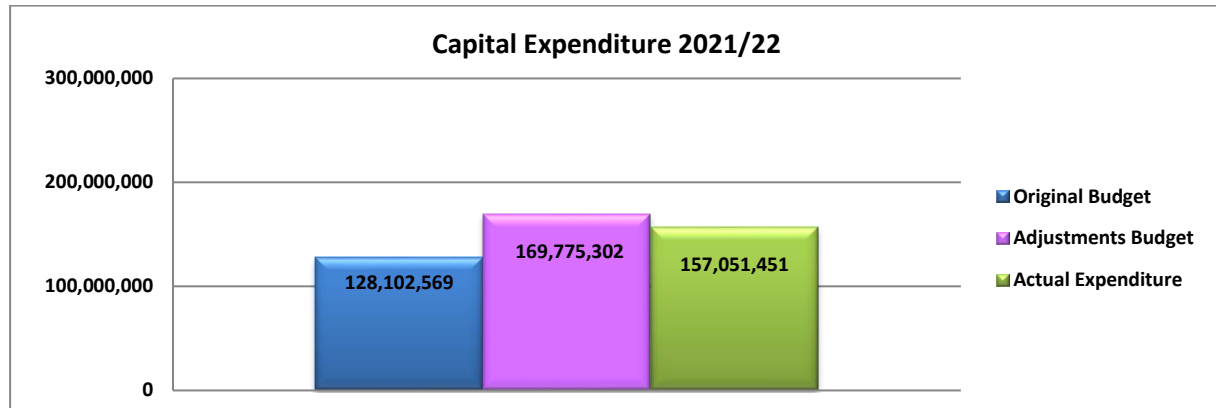
Investment in bulk and other infrastructure decreased from R221.7 million in the 2020/21 financial year to R157.1 million 2021/22. Actual capital expenditure as a percentage of the 2021/22 original budget amounts to 122.6% compared with the 102.2% and 71.3% for the 2020/21 and 2019/20 financial years. Actual expenditure as a percentage of the 2021/22 final adjustments budget amounts to 92.5% compared with the 92.7% and 87.5% for the 2020/21 and 2019/20 financial years.

**Table 9: Total Capital Expenditure**

Total Capital Expenditure				
R				
Serial No.	Details	2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Original Budget	378,029,950	216,972,433	128,102,569
2	Final Adjustments Budget	308,394,191	239,059,061	169,775,302
<b>3</b>	<b>Actual Expenditure</b>	<b>269,757,841</b>	<b>221,646,458</b>	<b>157,051,451</b>
4	Actual Expenditure as a % of Original Budget	71.36%	102.15%	122.60%
5	Actual Expenditure as a % of Adjustments Budget	87.50%	92.72%	92.51%

The original budget for the 2021/22 financial year amounted to R128.1 million. After roll-over capital projects the final adjustments budget amounted to R169.8 million. Actual expenditure amounted to R157.1 million leading to an under-expenditure of R12.7 million. Delays in the spending of housing capital grants was the biggest contributor to the underspending.

**Graph 1: Capital Expenditure 2021/22**



### **1.5.6 Municipal Standard Chart of Accounts (mSCOA)**

Drakenstein Municipality had implemented mSCOA as a pilot site on 1 July 2015 on version 5.3 of mSCOA and has since changed to version 5.4 on 1 July 2016, version 6.1 on 1 July 2017, version 6.2 on 1 July 2018 and version 6.3 as from 1 July 2019. For the 2021/22 financial year the Municipality was on version 6.6.

## **1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW**

The organisational structure was reviewed and adopted by Council on 30 June 2022. The Human Resources Division (Organisational Efficiency Section) embarked on a consultative process with the various departments to check whether there any vacant posts that needed to be removed from the structure and whether some reporting lines needed to be changed. The unions were also thoroughly consulted during this process. Roadshows were conducted with departments and unions to go through the changes on the structure before the final adoption of the structure. In preparation for the implementation of the Municipal Staff Regulations which were promulgated by COGTA in September 2021, HR consulted with management to understand that Drakenstein Municipality needs to budget for vacant posts that are on the structure, with the understanding that the budget can be phased in, in the next three to five years.

Departments were also encouraged to start with the process of writing job descriptions for new posts as well as taking those posts through the TASK evaluation process. All posts that are filled are graded. The moratorium that was imposed on vacancies was lifted and recruitment took place by advertising most posts internally. The total number of posts filled during the period under review is 99 inclusive of seasonal workers and promotions.

### **1.6.1 Municipal Transformation and Organisational Development Highlights**

The main organisational development highlights include:

- Long Service awards;
- Re-training of online leave administrators for non-computer users;
- Awarding bursaries to internal and external applicants;
- Continuation of the job description review committee;
- Filling of 99 permanent and seasonal vacancies;
- Submission of the Workplace Skills Plan to the LGSETA;
- Submission of the Employment Equity Report to the Department of Labour;
- Roadshows on the new Municipal Staff Regulations;
- Roadshows on Standby and overtime work; and
- Review on HR policies.

### **1.6.2 Municipal Transformation and Organisational Development Challenges**

Departments were requested to submit posts and names of staff earmarked for Succession Planning. They were then requested to develop Personal Development Plans for staff, as well as give quarterly feedback on the progress of the implementation of these Personal Development Plans. Departments will have to reconsider the posts and names of staff identified for Talent Management and Succession Planning in cases where reporting lines of staff are changed due to structure review. Departments are expected to take ownership in ensuring implementation of Personal Development Plans.

### 1.6.3 MFMA Minimum Competencies

The below depiction is the current compliance structure in terms of the prescribed minimum competencies listed in the Government Gazette 299677 update.

**Table 10: Financial Competency Development - Progress Report**

Financial Competency Development : Progress Report							
Serial No.	Description	B- Total number of officials employed by municipality [Regulation 14(4)(a) and (c)]	C- Total number officials employed by municipal entities [Regulation 14(4)(a) and (c)]	Consolidated Total of B and C	Consolidated: Competency assessments completed for B and C [Regulation 14(4)(b) and (d)]	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 [Regulation 14(4)(f)]	Consolidated: Total number of officials that meet prescribed competency levels [Regulation 14(4)(e)]
Column No.	A	B	C	D	E	F	G
<b>1</b>	<b>Financial Officials</b>						
2	Accounting Officer	1	0	1	1	1	1
3	Chief Financial Officer	1	0	1	1	1	1
4	Senior Managers	4	0	4	4	4	3
5	Any other Financial Officials	66	0	66	66	66	47
<b>6</b>	<b>Supply Chain Management Officials</b>						
7	Heads of Supply Chain Management Units	1	0	1	1	1	1
8	Supply Chain Management Senior Managers	2	0	2	2	2	2
<b>9</b>	<b>Total</b>	<b>75</b>	<b>0</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>55</b>

## **1.7 AUDITOR-GENERAL REPORT**

For the fifteenth consecutive year, Drakenstein Municipality received an unqualified audit opinion for the 2021/22 financial year. This was also the eighth clean audit opinion for the Municipality. This was achieved with in-house capacity and without the appointment of any consultants. The audit opinions received for the last 15 financial years clearly indicate an improvement in leadership and control on the matters that the Auditor-General focuses on during its audits:

### **1.7.1 Audited outcomes**

- 2021/22: Unqualified audit opinion with no other matters (clean audit opinion);
- 2020/21: Unqualified audit opinion with no other matters (clean audit opinion);
- 2019/20: Unqualified audit opinion with no other matters (clean audit opinion);
- 2018/19: Unqualified audit opinion with no other matters (clean audit opinion);
- 2017/18: Unqualified audit opinion with other matters;
- 2016/17: Unqualified audit opinion with no other matters (clean audit opinion);
- 2015/16: Unqualified audit opinion with no other matters (clean audit opinion);
- 2014/15: Unqualified audit opinion with no other matters (clean audit opinion);
- 2013/14: Unqualified audit opinion with no other matters (clean audit opinion);
- 2012/13: Unqualified audit opinion with other matters;
- 2011/12: Unqualified audit opinion with other matters;
- 2010/11: Unqualified audit opinion with other matters;
- 2009/10: Unqualified audit opinion with other matters;
- 2008/09: Unqualified audit opinion with other matters;
- 2007/08: Unqualified audit opinion with other matters;
- 2006/07: Qualified audit opinion with other matters;
- 2005/06: Qualified audit opinion with other matters; and
- 2004/05: Qualified audit opinion with other matters.

The unqualified and qualified audit opinions are on the Annual Financial Statements. The other matters deal with predetermined objectives and legislative compliance issues.

Further details can be found in the Audit Outcome Improvement Plan attached as Volume III to the Annual Report 2021/22.



## 1.8 STATUTORY ANNUAL REPORT PROCESS

The statutory processes to follow to compile an Annual Report are depicted in the table below. The process starts in July each year with the compilation of the Annual Report and continues until the end of March the following year when Council accepts the Annual Report and the Oversight Report on the Annual Report.

**Table 11: Statutory Annual Report Process**

Statutory Annual Report Process		
Serial No.	Activity	Timeframe
Column Ref.	A	B
1	Consideration of next financial year's budget and IDP Process Plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report Process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commence. (In-year financial reporting.)	
3	Finalise 4th Quarter Performance Report for previous financial year.	
4	Submit Draft Annual Performance Report to Internal Audit and Audit Committee.	
5	Audit/Performance Committee considers Draft Annual Performance Report of municipality.	August
6	Municipality submits Annual Financial Statements and Annual Performance Report including Draft Annual Report to Auditor-General.	
7	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP analysis phase.	
8	Auditor-General assesses Annual Financial Statements and Annual Performance Report data, including Draft Annual Report.	September - November
9	Municipality receives and addresses the Auditor- General's Request for Information and Communication of Findings.	
10	Executive Mayor tables Draft Annual Report and Audited Annual Financial Statements and Annual Performance Report to Council complete with the Auditor-General's Report.	January
11	Draft Annual Report is made public and representation is invited.	February - March
12	Oversight Committee (MPAC) assess Draft Annual Report and issues and Oversight Report.	
13	Council considers Oversight Report.	
14	Oversight Report is made public.	
15	Oversight Report is submitted to relevant provincial departments.	
16	Commencement of Draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Report to be used as input.	

## 2. GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 INTRODUCTION

In the quest to realise Drakenstein Municipality's vision of "A city of excellence", it is imperative that the Municipality is governed in a way that promotes good governance. The Municipality strives to achieve excellence by balancing the needs of all residents and the constitutional and legal framework applicable to local government with the available resources in such a way that service delivery takes place in an efficient, economic and effective manner.

#### 2.2 GOOD GOVERNANCE PERFORMANCE HIGHLIGHTS

During the reporting year the Municipality focussed on maintaining good governance and strengthening governance and oversight where possible. Dedicated units focussed on applying professional risk management principles, anti-corruption and fraud monitoring and internal auditing functions. Political governance was maintained by way of a fixed monthly meeting schedule for all Section 80 Committees advising the Executive Mayor in order to ensure that matters are duly debated by public representatives prior to such matters being considered by the Mayoral Committee and/or Council.

In addition hereto a fixed meeting schedule was also adopted for the Municipal Public Accounts Committee (MPAC) in order to ensure oversight on behalf of Council, over the executive functionaries of Council.

#### 2.3 POLITICAL GOVERNANCE

In compliance with Section 151(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Section 53 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), Drakenstein's Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each political office-bearer of the Municipality and of the City Manager are defined and adhered to accordingly.

The Executive Mayor, Ald CJ Poole, assisted by the Deputy Executive Mayor and the Mayoral Committee heads the political executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage

the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although he is accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in close conjunction with the Deputy Executive Mayor and the Mayoral Committee.

**2.3.1 Full-time Officer Bearers**


Before the Local Government Elections held on 1 November 2021, the Political Structure comprised of the following:




**Table 12: Political Structure up until 31 October 2021**

Political Structure up until 31 October 2021		
Serial No	Designation	Incumbent
Column Ref	A	B
1	Executive Mayor	Ald CJ Poole
2	Deputy Executive Mayor	Ald GC Combrink
3	Speaker	Cllr AC Stowman
4	Chief Whip	Ald RA Koegelenberg

After the Local Government elections held on 1 November 2021, Council elected at the inaugurated council meeting held on 15 November 2021, the following Political Structures:

**Table 13: Political Structure**

Political Structure		
Serial No	Designation	Functions
Column Ref.	A	B
1	 <p><b>Executive Mayor</b> Ald CJ Poole</p>	<p>The Executive Mayor represents the public and is the chief political principal of the Municipality. In terms of legislation the Executive Mayor has the following functions:</p> <ul style="list-style-type: none"> <li>• Identify the needs of the Municipality;</li> <li>• Review and evaluate those needs in order of priority;</li> <li>• Recommend to the Municipal Council strategies, programmes and services to address priority needs through the Integrated Development Plan and the Operating and Capital Budgets, taking into account any applicable national and provincial development plans; and</li> <li>• Recommend or determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the benefit of the community.</li> </ul>

Political Structure		
Serial No	Designation	Functions
Column Ref.	A	B
2	 <p><b>Deputy Executive Mayor</b> Cllr GC Combrink</p>	<p>The Deputy Executive Mayor of the Municipality exercises the power and performs the duties of the Executive Mayor if the Executive Mayor is absent or not available or if the office of the Executive Mayor is vacant.</p> <p>In addition, hereto the Deputy Executive Mayor performs the duties as assigned by the Executive Mayor as member of the Mayoral Committee responsible for the Finance Portfolio.</p>
3	 <p><b>Speaker</b> Ald JF le Roux</p>	<p>The Speaker of the Municipal Council:</p> <ul style="list-style-type: none"> <li>• Presides at meetings of the Council;</li> <li>• Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);</li> <li>• Must ensure that the Council meets at least quarterly;</li> <li>• Must maintain order during meetings;</li> <li>• Must ensure compliance in Council and Council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and</li> <li>• Must ensure that Council meetings are conducted in accordance with the Rules and Orders of the Council.</li> </ul>
4	 <p><b>Chief Whip</b> Cllr C Kearns</p>	<p>The function of the Chief Whip is to create synergy and to maintain discipline among Councillors from various political parties. The role of the Chief Whip of Council covers both the political and administrative domains of Council with the emphasis on the political aspect. Seven political parties are represented in Council and the Chief Whip has to ensure that relationships are constructive and focused on key issues aimed at improving the lives of the residents of Drakenstein. The Chief Whip further acts as a link between the Speaker, the Executive and the Administration. The Chief Whip ensures that there is equitable representation on committees of Council.</p>

### **2.3.2 Council**

Council's primary role is to govern the Municipality in a democratic and accountable manner, to perform legislative and executive functions and generally to fulfil its roles and responsibilities as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). It focuses on legislation, decision-making, oversight and participatory roles and has delegated executive functions to the Executive Mayor, other office bearers, the City Manager and other staff members where applicable.

Drakenstein Municipal Council consists of 33 Ward Councillors and 32 proportionally elected Councillors.

Prior to the Local Government elections in November 2021, Political parties are represented through elected councillors from the DA (43), ANC (15), EFF (2), ACDP (1), VF Plus (1), PDM (1), FD (1) and ICOSA (1).

After the Local Government Elections, the political parties are represented through elected councillors from the DA (36), ANC (13), GOOD (4); VF Plus (3); CDR (3); EFF (1), ACDP (1), PA (1); ICOSA (1); PAC (1) and Al-Jama-Ah (1).

#### **2.3.2.1 Political Decision Making**

Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) prescribes the manner in which Council takes decisions. A quorum of all Councillors must be present to take any decision and the majority of the votes cast results in a legal decision. The exception to this rule is that when any of the following issues are determined, it is determined by a decision taken with a supporting vote of a majority of all its members:

- The passing of bylaws;
- The approval of budgets;
- The imposition of rates and other taxes, levies and duties; and
- The raising of loans.

### **2.3.3 Mayoral Committee**

The Executive Mayor is supported by a Mayoral Committee. Each member of the Mayoral Committee has a portfolio with specific functions. The Executive Mayor may delegate specific responsibilities to each member of the Mayoral Committee. Any powers and duties delegated to the Executive Mayor by the Municipal Council must be exercised and performed by the Executive Mayor together with the other members of the Mayoral Committee.




The following Councillors served on the Mayoral Committee and were responsible for the undermentioned portfolio's prior to the Local Government Elections:









**Table 14: Mayoral Committee prior to the Local Government Elections**

Mayoral Committee prior to the Local Government Elections		
Serial No.	Portfolio	Councillor
Column Ref.	A	B
1	Engineering Services	Ald JF le Roux
2	Corporate Services	Cllr LP Mokoena
3	Planning and Development	Cllr J Miller
4	Sport, Recreation, Arts and Culture	Cllr LT van Niekerk
5	Human Settlements and Property Management	Cllr L Cyster
6	Public Safety	Ald R Smuts
7	Rural Management	Cllr MA Andreas
8	Communication and IGR	Cllr RH van Nieuwenhuyzen
9	Environmental, Parks and Open Spaces	Cllr C Kearns
10	Social Services	Cllr E Gouws
11	Finance	Ald GC Combrink

After the Local Government elections, the following councillors were appointed by the Executive Mayor to serve on the Mayoral Committee:

**Table 15: Mayoral Committee**

Mayoral Committee			
Serial No.	Councillor and Portfolio	Councillor and Portfolio	Councillor and Portfolio
Column Ref.	A	B	C
1	 <b>Gert Combrink</b> <b>Finance</b>	 <b>TG Bester</b> <b>Engineering Services</b>	 <b>E Baron</b> <b>Corporate Services</b>

<b>Mayoral Committee</b>			
<b>Serial No.</b>	<b>Councillor and Portfolio</b>	<b>Councillor and Portfolio</b>	<b>Councillor and Portfolio</b>
<b>Column Ref.</b>	<b>A</b>	<b>B</b>	<b>C</b>
2	 <p><b>J Miller</b> <b>Governance &amp; Compliance</b></p>	 <p><b>E Gouws</b> <b>Social Development</b></p>	 <p><b>LT van Niekerk</b> <b>Planning and Development</b></p>
3	 <p><b>L Cyster</b> <b>Parks, Waste and Cemeteries</b></p>	 <p><b>L Arendse</b> <b>Sport, Recreation, Arts and Culture</b></p>	 <p><b>MA Andreas</b> <b>Human Settlements</b></p>
4	 <p><b>RH van Nieuwenhuyzen</b> <b>Communication and IGR</b></p>	 <p><b>A Appollis</b> <b>Public Safety</b></p>	

### 2.3.4 Portfolio Committees

Before the Local Government elections five (5) Section 80 Committees were established, namely: Corporate Services, Planning and Development, Engineering Services, Financial Services and Community Services to advise the Executive Mayor on policy matters and any other matter to be considered by the Executive Mayor.

After the Local Government elections six (6) Section 80 Committees are established, namely: Corporate Services, Planning and Development, Engineering Services, Financial Services, Community Services and Governance and Compliance to advise the Executive Mayor on policy matters and any other matter to be considered by the Executive Mayor.

They are assigned to focus on specific functional areas of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. The members are appointed by Council. The chairpersons appointed by the Executive Mayor are full-time Councillors and form part of the Mayoral Committee.

#### 2.3.4.1 Corporate Services Portfolio Committee

Before the Local Government elections the Corporate Services Portfolio Committee consisted of thirteen (13) councillors under the alternated leadership of either Cllr LP Mokoena (MMC for Corporate Services) or Cllr RH van Nieuwenhuyzen (MMC of Communication and Intergovernmental Relations) who held two (2) meetings during the period 1 July 2021 to 30 October 2021.

**Table 16: Corporate Services Portfolio Committee**

Corporate Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	E Baron	Chairperson	4
2	CM Jacobs	Chairperson	
3	C Kroutz	Committee Member	
4	A van Rooyen	Committee Member	
5	R Smuts	Committee Member	
6	L Landu	Committee Member	
7	BP Duba	Committee Member	
8	TP Mooi	Committee Member	
9	CO Davids	Committee Member	
10	EG Arendse	Committee Member	
11	RH Nell	Committee Member	



After the Local Government elections, the Corporate Services Portfolio Committee consisted of eleven (11) councillors under the leadership of Cllr E Baron (MMC for Corporate Services) who held four (4) meetings during the period 1 November 2021 to 30 June 2022.

**2.3.4.2 Planning and Development Portfolio Committee**

Before the Local Government elections the Planning and Development Portfolio Committee consisted of nine (9) councillors under the alternated leadership of Cllr J Miller (MMC for Planning and Development), Cllr L Cyster (MMC of Human Settlements and Property Management) and Cllr MA Andreas (MMC for Rural Management) who held one (1) meeting during the period 1 July 2021 to 30 October 2021.

**Table 17: Planning and Development Portfolio Committee**

Planning and Development Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	LT van Niekerk	Chairperson	4
2	MA Andreas	Co-Chairperson	
3	L Cyster	Committee Member	
4	PBA Cupido	Committee Member	
5	MM Adriaanse	Committee Member	
6	E Baron	Committee Member	
7	CO Davids	Committee Member	
8	LE Bolani	Committee Member	
9	S Ganandana	Committee Member	
10	JV Daniels	Committee Member	
11	M Jacobs	Committee Member	

After the Local Government elections, the Planning and Development Portfolio Committee consisted of eleven (11) councillors under the alternated leadership of Cllr LT van Niekerk (MMC for Planning and Development) and Cllr MA Andreas (MMC of Human Settlements and Property Management) who held four (4) meetings during the period 1 November 2021 to 30 June 2022.

**2.3.4.3 Engineering Services Portfolio Committee**

Before the Local Government elections, the Engineering Services Portfolio Committee consisted of nine (9) councillors under the leadership of Ald JF le Roux (MMC of Engineering Services) who held two (2) meetings during the period 1 July 2021 to 30 October 2021.

**Table 18: Engineering Services Portfolio Committee**

Engineering Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	TG Bester	Chairperson	4
2	RB Arnolds	Committee Member	
3	VC Booyesen	Committee Member	
4	J Miller	Committee Member	
5	L Cyster	Committee Member	
6	J Smit	Committee Member	
7	S Ganandana	Committee Member	
8	N Godongwana	Committee Member	
9	N Nongogo	Committee Member	
10	AJ du Plessis	Committee Member	
11	B Jacobs	Committee Member	

After the Local Government elections, the Engineering Services Portfolio Committee consisted of eleven (11) councillors under the leadership of Cllr TG Bester (MMC of Engineering Services) who held four (4) meetings during the period 1 November 2021 to 30 June 2022.

#### **2.3.4.4 Finance Portfolio Committee**

Before the Local Government elections, the Finance Portfolio Committee consisted of nine (9) councillors under the leadership of Ald GC Combrink (Deputy Executive Mayor) who held three (3) meetings during the during the period 1 July 2021 to 30 October 2021.

**Table 19: Finance Portfolio Committee**

<b>Finance Portfolio Committee</b>			
<b>Serial No.</b>	<b>Name of member</b>	<b>Capacity</b>	<b>Number of meetings</b>
<b>Column Ref.</b>	<b>A</b>	<b>B</b>	<b>C</b>
1	GC Combrink	Chairperson	6
2	HJN Matthee	Committee Member	
3	E Baron	Committee Member	
4	S Ross	Committee Member	
5	F Jacobs	Committee Member	
6	LC Arendse	Committee Member	
7	JH Adams	Committee Member	
8	M Nobala	Committee Member	
9	BP Duba	Committee Member	
10	A Fourie	Committee Member	
11	J de Kock	Committee Member	

After the Local Government elections, the Finance Portfolio Committee consisted of eleven (11) councillors under the leadership of Ald GC Combrink (Deputy Executive Mayor) who held six (6) meetings during the during the period 1 November 2021 to 30 June 2022.

#### **2.3.4.5 Community Services Portfolio Committee**

Before the Local Government elections, the Community Services Portfolio Committee consisted of fourteen (14) councillors under the alternated leadership of Ald R Smuts (MMC for Public safety), Cllr E Gouws (MMC for Social Services), Cllr LT van Niekerk (Sport, Recreation, Arts and Culture) and Cllr C Kearns (MMC for Environment, Parks and Open Spaces) who held two (2) meetings during the period 1 July 2021 to 30 October 2021.

**Table 20: Community Services Portfolio Committee**

Community Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	E Gouws	Chairperson	4
2	LC Arendse	Chairperson	
3	AMB Appollis	Chairperson	
4	L Cyster	Chairperson	
5	B van Willingh	Committee Member	
6	FP Cupido	Committee Member	
7	T Mooi	Committee Member	
8	Z Xhego	Committee Member	
9	N Nongogo	Committee Member	
10	LC Matthee	Committee Member	
11	AM Stulweni	Committee Member	

After the Local Government elections, the Community Services Portfolio Committee consisted of eleven (11) councillors under the alternated leadership of Cllr AMB Appollis (MMC for Public Safety), Cllr E Gouws (MMC for Social Development), Cllr LC Arendse (Sport, Recreation, Arts and Culture) and Cllr L Cyster (MMC for Parks, Waste and Cemeteries) who held four (4) meetings during the period 1 November 2021 to 30 June 2022.

#### **2.3.4.6 Governance and Compliance Portfolio Committee**

After the Local Government elections, the Governance and Compliance Portfolio Committee was established and consisted of eleven (11) councillors under the leadership of Cllr J Miller (MMC for Governance and Compliance) who held one (1) meeting during the period.

**Table 21: Governance and Compliance Portfolio Committee**

Governance and Compliance Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	J Miller	Chairperson	1
2	LT van Niekerk	Committee Member	
3	RH van Nieuwenhuyzen	Committee Member	
4	JV Anderson	Committee Member	
5	A van Rooyen	Committee Member	
6	ND Sauerma	Committee Member	
7	LE Bolani	Committee Member	
8	Z Xhego	Committee Member	
9	TC Mangena	Committee Member	
10	S Landsberg	Committee Member	
11	S Gravel	Committee Member	

### 2.3.5 Municipal Public Accounts Committee (MPAC)

Section 79 Committees are permanent committees appointed to advise the municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. The MPAC, inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of Section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

Before the Local Government elections, the MPAC was chaired by Councillor MJ le Hoe from the FD. The other members consist of four DA councillors Cllr AML Buckle, Cllr AJ van Santen, Cllr NN George and Cllr J de Wet as well as two ANC councillors Cllr A Bekeer and Cllr LS Sambokwe, with one vacant position, previously held by the DA. No members from the political executive arm are a member of the MPAC. The committee met on two (2) occasions during the period under review and mainly dealt with the compilation of the Oversight Report on the 2019/2020 Annual Report as well as the considering of matters relating to Unauthorised, Irregular, Fruitless and Wasteful Expenditure and the Unethical Incident Report.

After the Local Government elections, the MPAC is chaired by Councillor JA September from the ACDP. The other members consist of four DA councillors Cllr SJ Liebenberg; Cllr AJ van Santen; Cllr EA Solomons and Ald AC Stowman as well as two ANC councillors Cllr AM Richards and Cllr LS Sambokwe. No members from the political executive arm are a member of the MPAC. The committee met on two (2) occasions during the year under review and mainly dealt with the compilation of the Oversight Report on the 2020/2021 Annual Report as well as the

considering of matters relating to Unauthorised, Irregular, Fruitless and Wasteful Expenditure and the Unethical Incident Report.

### **2.3.6 Audit Committee**

In compliance with Section 166(2) of the MFMA, Council has an Audit Committee which is an independent body advising the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal control;
- Risk management;
- Accounting policies;
- Adequacy, reliability and accuracy of financial reporting and information;
- Annual financial statements;
- Performance management;
- Governance;
- Compliance with MFMA, DoRA and other applicable legislation;
- Issues raised by the Auditor-General and Internal Audit; and
- Monitoring and evaluation of the Internal Audit Unit.

The Audit Committee Terms of Reference is reviewed by Council annually to ensure compliance with legislation and governance best practices. The Audit Committee meets on a quarterly basis and detail regarding their recommendations to Council can be found in Appendix G of the Annual Report.

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 are appointed by Council for a three (3) year term. In 2021/22 Council approved a second term for 3 of the 4 Audit Committee members. The appointment of the Audit Committee members is consistent with the Audit Committee Charter approved by Council, which allows for the appointment of members for a maximum of 2 terms. 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 2021/22 financial year:

**Table 22: Audit Committee**

Audit Committee			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
1	Mr R Najjaar	Chairperson	Hons B. Compt; and Certified Internal Auditor (Re-appointed till 31 July 2024)
2	Mr RG Nicholls	Committee Member	Chartered Accountant; and Certified Internal Auditor (Re-appointed till 31 July 2024)
3	Mr C Whittle	Committee Member	Chartered Accountant (Re-appointed till 31 July 2024)
4	Mr. P. Strauss	Committee Member	Chartered Accountant (Appointed till 31 July 2023)

Audit Committee meetings are attended by the Mayor (or the appointed representatives), 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.

### 2.3.7 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 2021/22 financial year:

**Table 23: FARMCO Members**

FARMCO Members			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
1	Mr T Blok (Term started January 2021)	Chairperson (External)	Certified Director Chartered Accountant (SA) Certified Internal Auditor (CIA) Certified Information Systems Auditor (CISA) B. Accountancy (Hons) (University of Stellenbosch) B. Comm (Hons) Information Systems (University of Cape Town)

FARMCO Members			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
2	Mr H Aylward	Committee Member	MA: Criminal Justice B.Tech: Forensic Investigations National Diploma: Management (IR) Diploma: Criminal Justice and Forensic Audit
3	Ms R Gani	Committee Member	B. Comm B. Comm (Hons) Certificate: Theory of Accountancy
4	Mr R Najjaar	Committee Member	Hons B. Compt Certified Internal Auditor

The following permanent invitees also attend all meetings:

- City Manager: Dr J Leibbrandt;
- Chief Audit Executive: Ms R Jaftha;
- Chief Financial Officer: Mr B Brown;
- Chief Risk Officer: Mr G Dippenaar;
- Executive Director: Community Services (Mr G Esau);
- Executive Director: Corporate Services (Mr S Johaar);
- Executive Director: Engineering Services (Mr M Wüst); and
- Executive Director: Planning and Development (Ms J Samson).

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 30 July 2021, 22 October 2021, 11 February 2022 and 04 May 2022.

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.

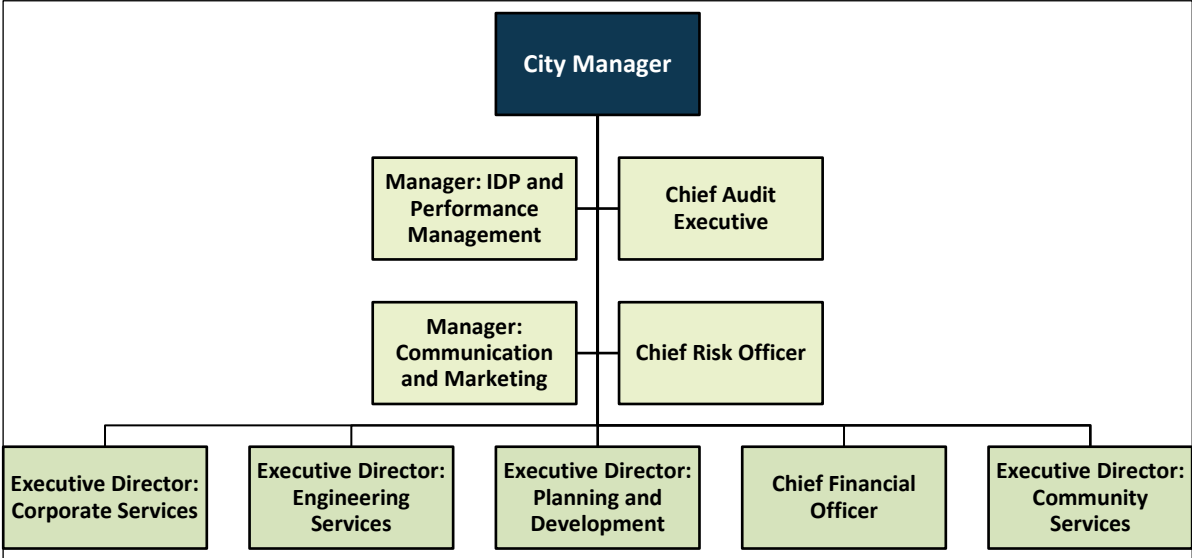


**2.4 ADMINISTRATIVE GOVERNANCE**

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 and decisions.

He is assisted by his Strategic Management Team (SMT), which comprises of the Executive Directors of the five departments. There are also divisional managers reporting directly to the City Manager as indicated in the chart below. The SMT meets on at least a weekly basis to discuss current priorities, strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, departments and the local community.


**Figure 1: Macro Organisational Structure**



**Table 24: Top Administrative Structure**

<b>Top Administrative Structure</b>		
<b>Serial No</b>	<b>Position</b>	<b>Functions</b>
<b>Column Ref.</b>	<b>A</b>	<b>B</b>
1	 <p><b>City Manager</b> Dr Johan H Leibbrandt</p>	<ul style="list-style-type: none"> <li>• Provides an independent appraisal of the adequacy and effectiveness of the systems of internal control, risk management and governance processes;</li> <li>• Evaluates and contributes to the improvement of governance management processes;</li> <li>• Manages financial services in order to ensure financial viability, compliance and reporting;</li> <li>• Provides corporate services to the institution to ensure efficient support of organisational processes;</li> <li>• Provides and manages planning, economic development and environmental management services;</li> <li>• Renders integrated community services to enhance community development in general and promotes a clean and safe environment; and</li> <li>• Maximises infrastructure development and delivers a service to all communities of Drakenstein.</li> </ul>
2	 <p><b>Corporate Services</b> Seraj Johaar</p>	<ul style="list-style-type: none"> <li>• Provides legal and administrative support services to the institution to facilitate proficient administrative practices and procedures;</li> <li>• Renders human resource management and support services to the Municipality that will sustain the optimum utilisation of the Municipality’s human capital;</li> <li>• Provides effective and efficient information and communication technology services;</li> <li>• Provides comprehensive communication and intergovernmental relations services;</li> <li>• Coordinates and provides functional and administrative support to the political office-bearers;</li> <li>• Provides office management services to the Executive Mayor; and</li> <li>• Renders property and facilities management services.</li> </ul>

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
3	 <p><b>Chief Financial Officer</b> Bradley Brown</p>	<ul style="list-style-type: none"> <li>• Manages and controls the implementation of budget policies, systems and procedures and financial statement processes to ensure legislative compliance and sound financial management practices;</li> <li>• Implements and maintains revenue and credit control policies and procedures to ensure sound revenue management practices and compliance;</li> <li>• Ensures the recording, authorisation and proper execution of expenditure systems, procedures and transactions; and</li> <li>• Manages supply chain management services to ensure proper systems, procedures and control for demand, acquisition, logistics, assets and disposal management.</li> </ul>
4	 <p><b>Planning and Development</b> Jacqueline Samson</p>	<ul style="list-style-type: none"> <li>• Manages the rendering of spatial and land use planning, surveying, valuations and building control services;</li> <li>• Plans, develops and implements a coherent and Integrated Framework for Local Economic Development and Tourism;</li> <li>• Ensures the implementation of environmental management plans, policies and procedures and ensures compliance in accordance with applicable legislation; and</li> <li>• Renders management and line function administrative support services.</li> <li>• Rural development.</li> </ul>
5	 <p><b>Engineering Services</b> Marius Wust</p>	<ul style="list-style-type: none"> <li>• Manages Civil Engineering Services including water, sewerage, streets, storm water and traffic engineering;</li> <li>• Manages Electrical Engineering Services;</li> <li>• Manages Solid Waste Services, including waste collection, disposal facilities, waste minimisation, awareness and education, waste diversion, street sweeping, community projects, area cleaning and Waste to Energy; and</li> <li>• Manages project and building projects/programmes.</li> </ul>

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
6	 <p><b>Community Services</b> Gerald Esau</p>	<ul style="list-style-type: none"> <li>• Manages the provisioning and maintenance/operation of parks, sport facilities and cemeteries;</li> <li>• Manages the rendering of protection services to ensure the safety of the community;</li> <li>• Provides for the development of human settlements administration and support services to address the housing needs in the area; and</li> <li>• Provides and manages the rendering of community development, library and information services.</li> </ul>

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.5 INTRODUCTION

Section 3 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires municipalities to exercise their executive and legislative authority within the constitutional system of cooperative government as stipulated in Section 41 of The Constitution which states that all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith by fostering friendly relations; assisting and supporting one another; informing one another and consulting one another on matters of common interest; coordinating their actions and legislation with one another; adhering to agreed procedures; and, avoiding legal proceedings against one another.

### 2.6 COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Drakenstein Municipality participates in a range of intergovernmental activities, both formally and informally. Key staff members participate in professional institutes that govern the interests of various fields of work. Examples of such interaction and cooperation are:

#### 2.6.1 National Intergovernmental Structures

- Accounting Standards Board (ASB) – Public Sector Accounting Forum;
- Electricity Distribution Regulation and Tariff Setting (NERSA);
- ESKOM-Main bulk supplier of electricity;
- Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO);
- Institute for Landscape Architecture in South Africa (ILASA);
- Institute of Environment and Recreation Management (IERM);
- Institute of Fire and Emergency Safety of South Africa;
- Institute of Internal Auditors;
- Institute of Municipal and Licensing Officers of South Africa;
- Institute of Waste Management of South Africa;
- Institute of Municipal Public Safety of SA Institute of South African Municipal Accounting Officers (ISAMAO);
- National Government SETA Skills Development Forum;
- National Municipal Managers Forum;
- National Rental Task Team;
- South African Local Government Association (SALGA); and
- Southern African Tourism Services Association (SATSA).

## 2.6.2 Provincial Intergovernmental Structures

Information and best practices are shared and interaction with the Western Cape Government and other municipalities is valuable to ensure better coordination and cooperation. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards. Issues pertaining to service delivery and matters of common interest are discussed at the following forums:

- Accounting Standards Board (ASB) – Public Sector Accounting Forum;
- Berg River Partnership for Collaboration;
- Berg River Improvement Project Steering Committee;
- Business Economy and Tourism Cluster Working Group (COVID-19);
- CFO Forum;
- Chief Risk Officer Forum;
- Chief Audit Executive Forum;
- Chief Finance Officers’ Forum;
- Chief Risk Officers Forum;
- City of Cape Town Water Resilience Advisory Committee;
- Department of Cultural Affairs and Sport;
- Department of Environmental Affairs & Development Planning – WCRAAG;
- Department of Environmental Affairs and Development Planning Outreach Project;
- Department of Water & Sanitation Water Care Forum;
- DOE-INEP and EEDSM and electrification grants;
- Disaster Management Forum;
- EPWP coordinating meetings;
- Environmental Management Committee;
- Fynbos Forum;
- Provincial IDP Managers’ Forum;
- Informal Settlements Support Programme (ISSP);
- IPC2 Intermodal Planning Committee;
- Legislative and Constitutional Task Team;
- MIG coordinating meetings;
- Ministerial Mayors’ Forum;
- MinMay Tech Forum;
- MPRA Forum;
- Municipal Accountant Forum;
- Municipal Governance Review and Outlook (MGRO);
- Municipal Managers’ Forum;
- MPRA Forum;
- Municipal Planning Heads Forum;

- Natural Resources Reference Group;
- Premier’s Coordinating Forum;
- Provincial Affordable and Social Housing Steering Committee;
- Provincial IDP Manager’s Forum;
- Provincial Local Government SETA Skills Development Forum;
- Provincial Public Participation and Communications Forum;
- Provincial SCM Forum;
- Provincial Speakers’ Forum;
- PSG4 Sustainable Ecological and Agricultural Resource Base (SEAR) Work Group;
- Public Participation and Communications Forum;
- Records Management Forum;
- SALGA Working Groups;
- Supply Chain Management Provincial Working Group;
- Title Deeds Restoration Project;
- TDA Cape Town;
- Violence Prevention through Urban Upgrading (VPUU);
- Waste Management Officers’ Forum;
- Waste Minimisation Interest Group;
- Western Cape Accounting Working Committee;
- Western Cape Air Quality Officers’ Forum;
- Western Cape Building Control Officer’s Forum;
- Western Cape Climate Change Forum;
- Western Cape Collaborator User Group Steering Committee;
- Western Cape ICT Strategic Forum;
- Western Cape Municipal Planning Heads Forum;
- Western Cape Provincial Asset Management Forum;
- Western Cape LGSETA SDF Forum;
- Western Cape Library and Information Service; and
- Whole of Society Approach (WoSA).

### **2.6.3 District Intergovernmental Structures**

The following are district forums in which the Municipality participates in focusing on service delivery and information sharing:

- Breede Valley Municipal Land Use Planning Appeal Committee;
- Cape Winelands Biosphere Reserve;
- Cape Winelands District CRO and CAE Forum;
- Cape Winelands Human Settlements Regional Forum;
- Cape Winelands Regional Local Economic Development Forum (RLEDf);

- Cape Winelands Regional Forum (Human Settlements);
- Cape Winelands Skills Development Facilitators' Forum;
- Cape Winelands Waste Managers' Forum;
- Disaster Management Institute of SA;
- District Co-ordinating Forum;
- District IDP Managers' Forum;
- District Public Participation and Communications Forum;
- District SCM Forum;
- Drakenstein Heritage Committee;
- EPWP District Forum;
- Greater Cape Metro Regional Spatial Implementation Plan Intergovernmental Steering Committee;
- Local Tourism Association;
- Municipality's Local Labour Forum;
- Rural Development District Joint Operational Committee;
- Joint District Approach (JDA);
- District TASK Evaluation Committee;
- Paarl Mountain Nature Reserve Advisory Board;
- Regional Tourism Liaison Committee (RTLCL);
- Winelands Fire Protection Association (FPA); and
- Vlakkeland Coordination Committee.

#### **2.6.4 Municipal Entities**

No municipal entities have been established within the Drakenstein Area.

#### **2.6.5 Municipal Partnerships**

Drakenstein Municipality is in partnership with the City of Neumarkt in Germany. The partnership revolves around climate change-related aspects and involves municipal development cooperation, migration and development on a local level.



## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.7 INTRODUCTION

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a municipality must:

- “(a) Be responsive to the needs of the local community;*
- (b) Facilitate a culture of public service and accountability amongst staff;*
- (c) Take measures to prevent corruption;*
- (d) Establish clear relationships, and facilitate cooperation and communication between itself and the local community;*
- (e) Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and*
- (f) Inform the local community how the municipality is managed, of the costs involved and the persons in charge.”*

To comply with the above, the Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Executive Mayor as well as Council committees such as the Municipal Public Accounts Committee (MPAC), Section 62 Appeal Committee, and Special (Disciplinary) Committee dealing with the Code of Conduct for councillors, as well as a Fraud and Risk Management Committee. In addition hereto, an Audit Committee comprising of independent external professionals also advises Council. The Audit Committee also serves as the Municipality’s Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee’s recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled in Council.

These structures represent a segregation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and also assist the Municipality to discharge the necessary public accountability responsibilities.

### 2.8 PUBLIC MEETINGS

Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) compels municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of a municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below);
- Public notices in local and regional newspapers;

- Monthly public newsletters distributed to all account holders;
- Press releases as and when required;
- Receipt and consideration of petitions and objections;
- Public IDP and consultative meetings; and
- Functioning of a municipal website, regularly updated with recent news.

Stakeholder and community engagements to determine and undertake development priorities forms the cornerstone of the IDP. Needs are dynamic and by virtue of its changing nature, have to be reviewed frequently. The annual review of the IDP is a process which assist the Municipality to further enhance its service delivery outputs and outcomes and through the Performance Management System, implemented by the Municipality, it ensures that the Municipality remains accountable to the local community, the various sectors and businesses alike.

The Municipal Council ensures that its oversight role is sufficiently mandated by the populace voice of its local community, through fully embracing the principles of participatory democracy. This is being achieved through a well-functioning Ward Committee System, robust public participation through our various development planning processes and regular communication with the community through public meetings, community newsletters, radio and various other print and electronic media including the Municipal Website.

### **2.8.1 Mayoral Business Stakeholder Initiative**

During the period under review, the City Manager introduced an initiative to further enhance the relationship between the Municipality and our various stakeholders, representing a vast range of sectors. This concept centres around interactions with stakeholders on strategically selected themes to ensure that the Municipality responds more efficiently and appropriately to specific service needs and to facilitate a much stronger strategic link between the perspectives of stakeholders' priorities and the municipal IDP and long-term strategy. The achievement of having a common understanding of the *status quo* of Drakenstein, the secondary city, amongst all stakeholders, is critical in creating a stable platform from which municipal planning can take place, resources prioritised and implementation monitored in a much more sensible fashion.

### **2.8.2 IDP/Budget Roadshows**

The IDP is about determining stakeholder and community needs and priorities which need to be addressed in order to contribute to the improvement of the quality of life of residents within the Municipal Area. Various stakeholders and sectors were involved during the draft IDP development process.

Due to the National COVID-19 Lockdown and its associated regulations, the Drakenstein Municipality in 2021 embarked on a series of Open Days, whereby wards were clustered and community members could come to a central venue from 10:00 until 19:00 to engage the municipality on the IDP, the Budget as well as service deliver queries. In addition, the Municipality utilised online platforms such as email, SMS's and Facebook to obtain input from communities.

### **2.8.3 IDP Sector Engagements**

Drakenstein Municipality must play a role in ensuring integration and co-ordination between the various sectors and cross-sectoral dimensions of development, to achieve social, economic and ecological sustainability.

To ensure that municipal priorities are addressed, and in the spirit of cooperative governance, the planning process of all spheres of government must be aligned with and inform each other. This requires that municipal planning processes takes into account the legislative, policy, and strategic approaches of the line departments of national and provincial government.

Whilst the IDP is the overall strategic development plan for a municipality, prepared in terms of the Municipal System Act, Act 32 of 2000, that guide decision-making, budgeting and development in a municipality, the Spatial Development Framework (SDF) presents the long term vision of the desired spatial form of a municipality. The SDF is thus a critical component to the IDP to direct municipal and private sector spending and investment by providing spatial proposals and strategies (thus the location and nature of development) which will support economic growth and integrated human settlements.

The IDP and SDF information was interrogated in order to support the notion that the two strategic documents are aligned as required in terms of the Municipal System Act, Act 32 of 2000, Spatial Planning and Land Use Management Act, Act 16 of 2013 and the Land Use Planning Act, Act 3 of 2014.

## **2.9 REPRESENTATIVE FORUMS**

In accordance with Section 15 of the Local Government: Municipal Planning and Performance Regulations (No. 796, 24 August 2001), Drakenstein Municipality established an IDP Representative Forum to enhance community participation in:

- The drafting and implementation of the Municipality's IDP; and
- The monitoring, measurement and review of the Municipality's performance in relation to the key performance indicators and performance targets set by the Municipality.

### **2.9.1 IDP Representative Forum**

The participation of stakeholders in the IDP Representative Forum has been very influential in further strengthening the sectoral integration of operational and strategic planning with civil society and other spheres of government. Due to the National COVID-19 Lockdown, an IDP Representative Forum meeting could not take place this year, however, stakeholders could provide input utilising email submissions, Facebook, through SMSes as well as written submissions.

### **2.10 WARD COMMITTEES**

Section 73 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) deals with the establishment of ward committees and stipulates the following:

- “(1) If a metropolitan or local council establishes ward committees, it must establish a ward committee for each ward in the municipality.*
- (2) A ward committee consists of:*
  - (a) The councillor representing that ward in the council, who must also be the chairperson of the committee; and*
  - (b) Not more than 10 other persons.”*

The ward committee system was interrupted by the 2021 Local Government elections. Ward committees had to be established by 28 February 2022.

Drakenstein Municipality successfully established all 33 ward committees. Induction and training sessions were conducted during April 2022 and May 2022. Functionality of ward committees will be fully effective from 01 July 2022.

## COMPONENT D: CORPORATE GOVERNANCE

### 2.11 INTRODUCTION

Governance in Drakenstein Municipality encompasses line functions pertaining to political and administrative governance, internal audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services. The governance function is supported by an independent Audit Committee, comprising of external specialists having the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes. The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan and reports to the Audit Committee on a quarterly basis.

The Municipal Public Accounts Committee (MPAC) who performs political oversight, comprises of independent councillors. In order to promote independence and objectivity, the MPAC is chaired by a councillor from a political party other than the majority party in Council.

### 2.12 ETHICAL CULTURE

Section 195(1) of the Constitution prescribes the various basic values and principles for public administration, which include, amongst others, the following:

*“(1)(a) A high standard of professional ethics must be promoted and maintained.”*

Ethics is one of the core organisational values as reflected in the IDP. Giving effect to this broad framework which requires an ethical culture, Council adopted the Code of Ethics Policy. This policy provides a solid basis in an effort to instil a culture of ethical conduct in the Administration as well as the political processes.

In terms of the International Standards for the Professional Practice of Internal Auditing, Internal Audit is required to assess the municipality systems of internal control, risk management and governance. The Internal Audit Plan which is approved by the independent Audit Committee includes various aspects of governance which is covered in terms of the 1 year operational and 3 year strategic plan. The outcome of the audits are reported to the Audit Committee on a quarterly basis.

Ethical values and considerations should be seen as an integral part of a fraud prevention strategy as part of the Fraud and Risk Management Policy.

Ethical considerations play a vital role in a zero tolerance approach towards fraud, theft and corruption and to cultivate a commitment to eradicate fraud throughout the municipality.

In the fraud awareness campaigns, the Fraud Risk Management Section is committed to place strong emphasis on the fundamentally unethical nature of fraud and to ensure that it is always communicated to staff.

Whistle blowers will be willing to report suspicions of fraud if they are assured that the reporting system can be trusted, that they will remain anonymous if they have opted for anonymity when reporting their suspicions, and that they are protected from retaliation.

To ensure that a trusted reporting system is in place, KPMG FairCall was appointed to administer the tip-off hotline. Allegations of theft, fraud and corruption in the municipality can be reported anonymously to KPMG FairCall.

### **2.13 RISK MANAGEMENT**

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

There is a danger that risks which fall outside traditional functions may go unmanaged and have serious consequences on the institutional objectives. The need for broad-based risk management is thus critical as it will also ensure that risks which were not previously given adequate attention are now properly managed. Risk management processes that are integrated in the institution's existing structures are likely to be more effective in producing the desired service delivery and other objectives.

The Risk Management Division supports the Municipality's governance structure by aligning its operations and practices, which includes the identification, assessment and mitigation of future risks, with the principles contained in the King IV Report on Corporate Governance for South Africa 2016 (King IV). A Combined Assurance policy, which will guide the implementation of Combined Assurance, was approved by Council in September 2021.

The Risk Management Division is responsible for the risk management function at Drakenstein Municipality through facilitation and advising on fraud and risk management issues. This entails the development of policies, strategies, plans and processes.

Drakenstein Municipality established a Fraud and Risk Management Committee (FARMCO), which meets on a quarterly basis and assists in the development and revision of all policies, strategies, plans and processes. The Risk Management Policy, Strategy as well as Plan were revised during the 2021/22 financial year.

The high-level risk register, linked to key performance areas (strategic objectives) and key focus areas, was reviewed with all the departments through a facilitation process.

**Table 25: Strategic Risks identified for 2022/23**

Strategic Risks identified							
Ref	Strategic Risk	KPA 1	KPA 2	KPA 3	KPA 4	KPA 5	KPA 6
SR001	Financial non-viability		X		X		
SR002	Inadequate service delivery	X		X	X		X
SR003	Deficiency in staff skills and capacity	X		X			
SR004	Increasing poverty and unemployment		X		X		X
SR005	Inadequate infrastructure, investment and maintenance				X	X	X
SR006	Weakness in governance and accountability	X	X	X	X	X	X
SR007	Unmanaged urbanisation				X	X	
SR008	Failure to communicate effectively with stakeholders	X					
SR009	Inadequate ICT planning, infrastructure, systems and Cyber security			X			
SR010	National electricity blackout				X		
SR011	Failure to address the consequences of notifiable diseases						X
SR012	Community unrest due to political instability						X

**2.14 INTERNAL AUDIT**

Internal Audit is an independent function reporting administratively to the City Manager and functionally to the Audit Committee. Internal Audit performs audits in terms of a three year strategic and one year operational plan which is approved by the Audit Committee at the commencement of each financial year. The priorities in the Internal Audit Plan can be categorised in terms of audits focusing on the systems of internal control, risk management and governance processes. The prioritisation of audits in these three categories is based primarily on the Municipality’s risk profile as well as legislative requirements. Internal Audit reports to the Audit Committee on a quarterly basis regarding progress with the implementation of the approved plan as well as the outcome of audits conducted in terms of the approved plan. Internal Audit also performs follow-up audits to assess the implementation of agreed management action plans in response to reported internal audit findings. Internal Audit executes its duties in terms of the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors.

The Audit Committee assesses the performance of the Internal Audit quarterly, based on a range of key performance indicators linked to the operations of the Internal Audit function.

The following assurance engagements were approved, completed and reported to the Audit Committee in terms of the 2021/22 Internal Audit Plan:

- Food Security;
- Financial Statements Review (High Level);
- Essential User Scheme;
- Issuing of PPE to EPWP workers;
- Business Licence Applications;
- Overtime and Standby Allowances;
- SCM Deviations;
- Traffic Fines;
- Municipal Valuation Roll;
- Consumption Losses – Pre-paid electricity and water meters;
- Asset Management;
- Inventory Management;
- Occupational Health and Safety (Solid Waste);
- Process identification and Risk research;
- Declaration of Councillor Interests;
- Financial Controls;
- MFMA Compliance;
- DoRA Compliance;
- Quarter 4 Review of Performance Results;
- Review of Annual Performance Report;
- Functionality of the Performance Management System;
- Compliance with the Municipal Systems Act;
- Quarter 1 Review of Performance Results;
- Quarter 2 Review of Performance Results;
- Quarter 3 Review of Performance Results;
- Review of Annual Report;
- Annual Inventory Count;
- ICT – Project Governance;
- ICT – General Controls Review; and
- ICT – Data governance and Records Management.

The International Standards for the Professional Practice of Internal Auditing require that an Internal Audit function must implement a quality assurance and improvement program that includes an external quality assurance assessment performed by an independent assessor every 5 years. The municipality's Internal Audit function received a rating of "Generally Conforms" at the external quality assurance assessment conducted in June 2020. This is the highest rating on a scale of three ratings prescribed by the Institute of Internal Auditors. The rating of "Generally Conforms", confirm that the relevant structures, policies and procedures



of the Internal Audit activity, as well as the processes by which they are applied, generally conform to the requirements of the individual Standard or element of the Code of Ethics in all material respects. An ongoing quality assurance improvement program was also maintained in 2021/22.

## **2.15 ANTI-CORRUPTION AND FRAUD**

The Fraud and Risk Management Committee (FARMCO) meets on a quarterly basis and assists with the development and revision of all policies, strategies, plans and processes relating to fraud risk management. The Fraud Prevention Policy and Strategy are incorporated in the Risk Management Policy and last approved on 30 September 2020, with the next review due in the 2022/23 financial year.

FARMCO review the effectiveness of prevention initiatives, detection techniques as well as progress made in any forensic investigations, and thereby also function as an oversight body. Drakenstein Municipality appointed, KPMG FairCall (Toll free number 0800 555 337) to provide an anonymous fraud and ethics hotline service for the reporting of alleged theft, fraud and corruption.

## **2.16 SUPPLY CHAIN MANAGEMENT**

The SCM Policy was reviewed during the 2021/22 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency and to align it to guidelines provided by the National Treasury. The Municipality has established a Supply Chain Management Policy and Delegations Review Committee that reviews the SCM Policy and its delegations on an annual basis. Furthermore, the Municipality is required to forward its SCM Policy to the Western Cape Provincial Treasury on an annual basis for scrutiny and compliance verifications against the Model SCM Policy that was issued by the National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM Regulations. Drakenstein Municipality's SCM Policy complies with the regulatory framework.

### **2.16.1 Overview of Supply Chain Management**

The Supply Chain Management functions cuts across all departments. Although governance is at its core, Supply Chain Management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive and cost-effective.

## **2.16.2 Bid Committees**

The Municipality applies the bid committee system for procurement above R200,000 (Value Added Tax included) and for the procurement of long term contracts. The Bid Committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively.

### ***2.16.2.1 Bid Committees Structure***

The Bid Committee members are appointed by the City Manager in line with the relevant legislation and is reviewed on an annual basis. In addition to this, the Chief Audit Executive is serving as an independent observer to these committees in order to provide assurance to the Accounting Officer regarding the committees' functions and powers.

### ***2.16.2.2 Awards made by the Bid Adjudication Committee***

For the 2021/2022 financial year the Bid Adjudication Committee made 62 awards and recommended 13 awards to the Accounting Officer.

### ***2.16.2.3 Awards made by Accounting Officer***

For the 2021/22 financial year the Accounting Officer approved 13 awards that were recommended by the Bid Adjudication Committee.

### ***2.16.2.4 Objections lodged***

For the year under review a total of 17 objections were lodged by aggrieved bidders. All of these objections were reported and resolved before the end of the 2021/22 financial year.

## **2.16.3 Formal Quotations (Above R30,000 and below R200,000) Procurement Processes**

For the year under review a total of 205 formal written price quotations were advertised of which 170 were awarded and 35 were cancelled.

## **2.16.4 Disposal Management**

The following immovable assets were disposed of during the year under review:

**Table 26: Immovable assets disposed**

Properties for which final approval was granted from 1 July 2021 – 30 June 2022			
Serial No.	Properties sold	To	Purpose
Column Ref.	A	B	C
1	Portion of Erf 947 Wellington	F and S Projects CC	Residential Purposes
2	Erf 1333 Mbekweni	Ethiopian church of South Africa	Church purposes
3	Erf 8581 Wellington	Beacon of Light Worship Centre	Church purposes
4	Portions E1, E2 and F of Erf 11261 Paarl	Pople Family Trust	Industrial/parking
5	Erven 30822 and 30823 Drommedaris Paarl	Hamba Vawgeli NPC	Community Hall, ECD, Aftercare facility
6	Portion C of Erf 4921 Paarl	Adsum Investments Pty Ltd	Industrial / extension of existing property
7	Portion E of Erf 4921 Paarl	The Reginald Trust	Industrial / extension of existing property
8	Portion B of Erf 4921 Paarl	Quotro Developers	Industrial / extension of existing property
9	Portion D of Erf 4921 Paarl	Material Boards	Industrial / extension of existing property
10	Portion G of Erf 4921 Paarl	Northern Lights Trading 334 (Pty) Ltd	Industrial / extension of existing property
11	Portion F of Erf 4921 Paarl	Alley Property Trust	Industrial / extension of existing property
12	Portion A of Erf 4921 Paarl	Eastern Horizon	Industrial / extension of existing property
13	Erf 30260 Nontaka Street, Drommedaris, Paarl	Sun Rise Educare	ECD purposes
14	Erf 26440 Paarl	Elitha Lethu Creche	ECD purposes
15	Portion of road serve, Keerom Street, Wellington	Wellington Varsity Lodge (Pty) Ltd	Parking

## 2.17 BYLAWS

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides municipal councils with the legislative authority to pass and implement bylaws for the betterment of the community within the terms of the legislation.

In terms of Section 160(4) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The bylaws serve before the various structures of the Council;
- The bylaws are advertised in the local media for objections or comment;
- The bylaws are open for inspection at all municipal offices and libraries; and
- The bylaws are forwarded to the local radio station for broadcasting.

The following bylaw was passed in the 2021/22 financial year:

**Table 27: Bylaw passed**

Bylaws passed		
Serial No.	Bylaw	Promulgation Status
Column Ref.	A	B
1	Cemeteries Bylaw	25 February 2022

**2.18 WEBSITE**

The purpose of the municipal website is to inform Drakenstein’s ratepayers about the services, projects, achievements and initiatives of the Municipality. It features important municipal documentation required in terms of legislation, including public policies, bylaws, supply chain documents, notices, press releases and other documents.

The Communication and Marketing Division manages the content and constantly updates and populates the website, as well as develops new interactive features to enhance users’ online service experience.

In the 2021/22 financial year, the division started migrating the 9 800-page website, built on Microsoft SharePoint 2016, to the latest version of SharePoint which is SharePoint 2019. The main aim was to improve the website’s content management system (CMS) and give it modern, enhanced features. This upgrade will also improve and speed up the back-end experience, making it more functional and allowing for content to be uploaded quicker.

At the same time, the division was ensuring that certain web features were improved, such as the mobile functionality and mobile user experience - over multiple devices and Internet browsers.

In this financial year, the division created a dedicated webpage for the Municipality’s new SeeClickFix system by which residents can submit and track non-emergency service requests. The division integrated a SeeClickFix widget which enables residents to report such issues via the website – in addition to a mobile app.

When the Municipality decided to follow a new and much more digitally focused approach to tourism destination marketing, the division assisted by populating the various Drakenstein towns’ dedicated tourism webpages on the website. Great effort also went into reflecting a range of macrostructure changes and updating departmental information and contact details.

**Table 28: Municipal Website Content and Currency of Material**

<b>Municipal Website: Content and Currency of Material</b>			
<b>Serial No.</b>	<b>Documents published on the Municipality's website</b>	<b>Yes/No</b>	<b>Publishing Date</b>
<b>Column Ref.</b>	<b>A</b>	<b>B</b>	<b>C</b>
1	Annual and adjustments budgets and all budget-related documents	Yes	2021/07/01 – 2022/06/30
2	All budget-related policies	Yes	2021/07/01 – 2022/06/30
3	The previous Annual Report 2020/21	Yes	2022/04/01
4	The Annual Report 2020/21 published/to be published	Yes	2022/04/01
5	All current performance agreements (2021/22) and resulting scorecards required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)	Yes	2021/07/02
6	All service delivery agreements (2021/22)	Yes	2021/07/01 – 2022/06/30
7	All long-term borrowing contracts (2021/22)	No	None
8	All Supply Chain Management Contracts above a prescribed value (above R 200,000) for 2021/22	Yes	2021/07/01 – 2022/06/30
9	All information statements containing a list of assets over a prescribed value that have been disposed of in terms of the MFMA Section 14(2) or (4) during 2021/22	Yes	Quarter 1: 01/07/2021-30/09/2021 Information statement Section 75 of MFMA  Quarter 2: 01/10/2021 -31/12/2021 No disposals
10	Contracts agreed in 2021/22 to which the MFMA Subsection (1) of Section 33 applies, subject to Subsection (3) of that Section	No	None concluded
11	Public-private partnership agreements referred to in the MFMA Section 120 made in 2020/21	No	None concluded
12	All quarterly reports tabled before Council in terms of the MFMA Section 52(d) during 2020/21	Yes	2021/07/01 – 2022/06/30

## 2.19 COMMUNICATION

Communication with the community of Drakenstein continued through following the integrated PESO (paid, earned, shared and owned) media model – issuing creative, relevant and topical content, tailor-made for the Municipality's different communication channels and platforms, and their target audiences.

The Communication and Marketing division purchased radio airtime and recorded and distributed sound clips; compiled and sent out press releases to media (print, radio and online); invited media to events and responded to media enquiries; as well as shared news regarding municipal projects, programmes, initiatives and achievements through its four social media platforms, the municipal website, an external monthly digital newsletter, the Intranet and internal broadcast emails. It further communicated urgent, service-related news via bulk SMSs, SeeClickFix app notifications, and television screens in cashier halls.

At the same time the municipal brand was reinforced and enhanced by developing and distributing quality promotional items; displaying branding and banners at key events; and, exercising the Municipality's marketing rights at supported events. Reputation management was also done to uphold the brand.

In this financial year the division appointed a media monitoring agency to assist with monitoring the Municipality's media coverage, and report monthly on the coverage breakdowns, share of voice, and brand sentiment. These reports serve to inform the division's further media, communication and reputation management strategy.

Guided by its corporate identity manual, the Municipality continued to roll out its corporate identity and logo, embodying its vision of a city of excellence. Extensive communication and marketing support was rendered to the Municipality's two ongoing campaigns, 365 Days of Activism against Gender-Based Violence, and War on Waste, as well as to Drakenstein's Fair Trade City campaign.

The *Vars* monthly digital newsletter continued to be a real game-changer for the Municipality's communication and marketing function. Central to the Municipality's integrated communication strategy, *Vars* allows for greater and more streamlined content integration, a better and more cost-effective use of resources, and improved messaging alignment. Delivering on its brand promise, this vibrant publication's stories continued to be fresh and its content original - all packaged in a visually appealing manner.

In line with the Municipality's renewed focus on promoting Drakenstein as a preferred business, development, investment and tourism destination, the division has been giving *Vars* much more of a business and development focus since April 2022. This has been evident specifically in its captivating front-page images and more serious business content – both targeted at developers and investors.

In addition, *Vars* includes videos, photographs, municipal and community-focused articles, tender announcements, notices, and job opportunities, as well as features and profiles on members of the community, councillors and municipal staff members. The monthly emailer – sent to 13,421 subscribers - is linked to a fully-fledged online flipbook with embedded videos, which are also hosted on the Municipality's YouTube channel.

The Municipality's Facebook page – launched on 1 June 2018 – continued to achieve significant and consistent growth. Much of this growth was once again organic - thanks to original, compelling, engaging and relevant content directly affecting the community of Drakenstein, as well as creative videos and "how to" posts. By the end of June 2022, the Drakenstein Municipality Facebook page had 34,233 followers, reaching 703,296 people and achieving

999,064 impressions during the financial year. This indicates that the content resonates well with the current audience and consistently attracts more followers.

The themed grid design of the Municipality's Instagram platform proved to be very popular. By the end of June 2022, the platform's followers grew to 1,802. Populated with exquisite and impactful images and videos, the Instagram platform showcases the people, stories and beautiful area of Drakenstein, as well as municipal staff making a real difference in the workplace and to the Drakenstein community. The Instagram platform was launched in November 2019.

The latest addition to the Municipality's social media ecosystem is its LinkedIn platform, launched in November 2021. Publishing bespoke content for the professional and business audience, this platform aims to penetrate this market and further promote Drakenstein as a fast-growing, progressive and strategically located investment destination.

Another exciting addition to the Municipality's owned media stable is its brand new Intranet that was launched in May 2022, sporting a fresh, contemporary design and a range of useful features. Built on Microsoft SharePoint as an enabling and centralised platform, the Intranet allows for more synergy and serves as a bridge between the different departments and divisions.

This is the eighth new communication platform that the Communication and Marketing Division has developed and launched within five years.

Not only does the new Intranet feature a complete new look and feel, but the page is personalised and simple to navigate. Staff members have all the system links they need at their fingertips, and easy access to essential documents, Council information, events calendars, and colleagues' contact details (through an advanced search facility). It also features staff profiles and polls, live feeds from the Municipality's Facebook, LinkedIn, Instagram and YouTube platforms, and even the Drakenstein area's weather reports.

When the Annual Report is completed, it is made available at all the libraries and the two Thusong Centres, in addition to the required distribution to other spheres of government. The MPAC scrutinises the report and also invites public comment on it.

## **2.20 CUSTOMER SATISFACTION SURVEYS**

During previous years the Municipality conducted Customer Satisfaction Surveys. During 2021/2022 a new Customer Complaints Management System, SeeClickFix, was implemented and aligned with the newly adopted Customer Services Charter. A Customer Satisfaction Survey will be implemented on this new platform in future.

## 3. SERVICE DELIVERY PERFORMANCE

### COMPONENT A: OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

#### 3.1 INTRODUCTION

Performance management is a process that measures the implementation of the organisation's strategic objectives. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level, performance management is institutionalised through the legislative requirements of the performance management process. Performance management provides the mechanism to measure whether targets are met in line with the strategic objectives as set by the organisation.

Section 152 of the Constitution of the Republic of South Africa, 1996, deals with the objectives of local government and paves the way for performance management. The idea of a government that is accountable is important to meet the needs of Drakenstein Municipality. The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of the following, among others to:

- Promote the effective, efficient and economic use of resources;
- Ensure accountable public administration;
- Be transparent by providing information;
- Be responsive to the needs of the community; and
- Facilitate a culture of public service and accountability.

The Local Government: Municipal Systems Act (MSA) of 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) require the Integrated Development Plan (IDP) to be aligned to the municipal budget. The monitoring of organisational performance of the budget must be done against the IDP on a quarterly basis via the Service Delivery and Budget Implementation Plan (SDBIP). The report is made public after the Council has been informed of the quarterly progress against set targets.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that *"A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and*



*processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.”* Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation, as well as the external service providers and the municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, the Budget and the SDBIP.

### **3.1.1 Legislative Requirements**

In terms of section 46(1)(a) of the Local Government: Municipal Systems Act, a municipality must prepare an Annual Performance Report (APR) for each financial year that reflects the municipality’s and any service provider’s performance during the financial year. The APR must furthermore indicate the development and service delivery priorities and the performance targets set by the municipality for the financial year, and based on the results indicate what corrective measures were or are to be taken to improve performance. The 2021/22 APR is attached to this Annual Report as Volume V.

### **3.1.2 Organisational Performance**

Strategic performance assessment indicates how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is effective, efficient and economical. Municipalities must develop strategic plans and allocate resources for implementation. Implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role players to enable them to implement corrective measures timeously as and when required.

The APR highlights the strategic performance in terms of the Municipality’s Top-Layer Service Delivery and Budget Implementation Plan (SDBIP), high-level performance in terms of the strategic objectives of the Municipality and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act of 2000.

### **3.1.3 Performance Management Policy**

The Municipality adopted a Performance Management (PM) Policy during 2011. The Municipality reviewed the policy during the 2020/21 financial year. The PM Policy articulates the Municipality’s objectives in order to promote accountability and the overall strategy of the Municipality. Therefore, the main principles of the PM Policy are that it must be feasible in terms of the available resources to the Municipality and that the PM Policy must serve as an enabling mechanism for employees to achieve their performance objectives and targets.

Performance management has been introduced in the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter referred to as the MSA). The MSA is specific with regards to performance management. Each municipality must develop a performance management system (PMS) in order to enhance service delivery inputs in order to maximise outputs to the community. The MSA emphasise the amplified role of Council in performance management.

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the MSA, Drakenstein Municipality must establish mechanisms to monitor and reviews its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and lower levels.

### **3.1.4 The IDP and the Budget**

The Municipality has developed a long term 15 year strategy (2017/2032) for Drakenstein to realise a vision: to evolve into “*A city of excellence*” within the next fifteen years. Key facets of the vision are economic dynamism; quality of life for all; a strong well-governed brand; and, financial sustainability.

The IDP 2017/2022 (inclusive of Vision 2032) details a comprehensive needs analysis and big moves, key initiatives, projects and programmes to address these challenges in partnership with other spheres of government, the private sector and civil society.

The Integrated Development Plan, together with its long-term trajectory, will be reviewed annually to accommodate changes in the municipal environment, including community priorities. In turn, the revised IDP will inform changes to the budget, key performance indicators and targets of the Municipality.

The Municipal IDP must be reviewed every year to ensure that:

- Municipalities and communities keep track of progress in implementing development projects and spending the municipal budget; and
- Communities are provided with an opportunity to review their needs and make possible changes to the priorities listed in the municipal IDP.

The IDP is the principal planning instrument that guides and informs the municipal budget. The Drakenstein Municipality’s PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP.

The Five-Year Performance Framework reflects the connection between the strategic framework of the Municipality, as detailed in the previous chapter and IDP implementation through Key Performance Indicators and Targets to measure performance of the IDP for the five years.

These are annually revised in line with Section 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 which compels a municipal council to review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41 to the extent that changing circumstances so demand.

A conducive performance management culture will ensure that the developmental objectives as construed in the IDP gets relevance in the performance agreements of senior managers and consequence implementation thereof.

### **3.2 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

The organisational performance is evaluated by means of a municipal scorecard (Top-Layer SDBIP). Performance objectives, as reflected in the municipal scorecard, are required to be practical, measurable and based on the key performance indicators.

The SDBIP is a tool that converts the IDP and budget into measurable criteria of how, where and when the strategies, objectives and normal business processes of the Municipality are implemented.

It also allocates responsibility to directorates to deliver the services in terms of the IDP and the budget.

MFMA Circular No. 13 is a clarification of the Municipal Budget and Reporting Regulations, Schedule A1, General Notice 393 in Government Gazette 32141 and prescribes that:

- The IDP and Budget must be aligned;
- The Budget must address the strategic priorities;
- the SDBIP should indicate what the Municipality is going to do during the next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget/IDP processes.

The Top-Layer SDBIP was prepared as described in the paragraphs below and approved by the Executive Mayor, Cllr Conrad Poole on **25 June 2021** in terms of section 53(1)(c)(ii) of the Local Government: Municipal Finance Management Act of 2003. It was made public on the municipal website within five working days after approval by the Executive Mayor.

### **3.2.1 The Municipal Scorecard (Top-Layer SDBIP)**

The municipal scorecard (Top-Layer SDBIP) consolidates service delivery targets set by Council/Executive Management and provides an overall picture of the performance of the Municipality as a whole, reflecting performance in its strategic priorities for the 2021/22 financial year. The scorecard is the performance evaluation tool and is used during the informal and formal performance assessment of the City Manager and Executive Directors. Components of the Top-Layer SDBIP include:

#### ***3.2.1.1 One-year detailed plan with the following components:***

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial, measurable performance objectives in the form of targets and indicators;
- Output management objectives; and
- Level and standard of service being provided to the community.

#### ***3.2.1.2 Top-Layer KPI's were prepared based on the following:***

- Key Performance Indicators (KPIs) for the programmes/activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;
- KPIs identified during the IDP public participation process and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

### **3.2.2 Amendment of the Top-Layer SDBIP**

The Top-Layer SDBIP was amended during the 2021/22 financial year through Council Resolution 11.2 at a Council meeting held on 26 February 2021.

### **3.2.3 Actual Performance**

The Municipality utilises an electronic web-based, real time performance-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the set target;
- A performance comment; and
- Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated and provide it to the Internal Auditor and Auditor General upon request during the quarterly and annual audit testing.

### **3.2.4 Monitoring of the SDBIP**

Municipal performance is measured as follows:

- Mid-year assessment and submission of the mid-year report to the Executive Mayor in terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the Municipality during the first half of the financial year;
- Quarterly performance was subjected to an internal audit and the results of their findings were submitted to the Audit Committee; and
- Quarterly performance reports are submitted to Council for information.

### **3.3 INDIVIDUAL PERFORMANCE**

The Human Resources Management Division is responsible for Individual Performance Management System of employees who do not undergo formal performance evaluations. The Individual Performance for these employees were managed and monitored through a Job Description Efficiency Monitoring programme and tool. This is going to change with the new Municipal Staff Regulations and we have been preparing ourselves to move from the current system to Performance Management and Development System as introduced by the Municipal Staff Regulations. We have held roadshows with management, staff and unions to ensure that everyone understands that we will be moving from the informal job description monitoring system to the formal performance management system. A new policy has been developed that is in line with the regulations. This was adopted by Council on 30 June 2022.

The new performance management system is going to be evaluated bi-annually and staff is going to be required to sign performance agreements. We have developed a coaching and mentoring policy that still needs to be adopted, to ensure that our staff get the necessary support, to ensure line management involvement and support, and to improve service delivery.

Staff will be actively involved in setting up their score cards and setting up weights for each KPI that is going to be measured.

### **3.3.1 Executive Directors and Managers Directly Accountable to the City Manager**

The Municipal Systems Act (MSA), 2000 (Act 32 of 2000) prescribes that the Municipality must enter into performance based agreements with all section 57-employees and that performance agreements must be reviewed annually and published for public interest. This process and the format are further regulated by Regulation 805 (August 2006), MSA.

The performance agreements for the section 57 appointments for the 2021/22 financial year were signed during June 2021 as prescribed. They include performance agreements for the:

- City Manager;
- Chief Financial Officer;
- Executive Director: Corporate Services;
- Executive Director: Planning and Development;
- Executive Director: Community Services; and
- Executive Director: Engineering Services.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The mid-year performance assessment for the City Manager and Executive Directors for the 2020/21 financial year took place on 14 January 2022. The final evaluations of the City Manager and Executive Directors for the 2020/21 financial year were scheduled for 18 February 2022.

### **3.3.2 Other Municipal Officials**

The Human Resources Management Division is responsible for Individual Performance Management System of employees. The first three reporting lines of performance management (organisational performance) is managed by the Performance Management and IDP Division. The individual performance management system that is mentioned in 3.3 is in line with the organisational performance management system.

The Performance Management and Development System is a component of the Performance Management System in and ensures integrated work planning, target setting, performance reporting and feedback.

Through Performance Management, supervisor will be required to engage with staff, coach and mentor, transfer skills and enhances communication between managers, supervisors and employees.

### **3.4 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (TOP-LAYER)**

The SDBIP results for the year under review are reflected in the Annual Performance Report attached as Volume V to the Annual Report.

## 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.

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

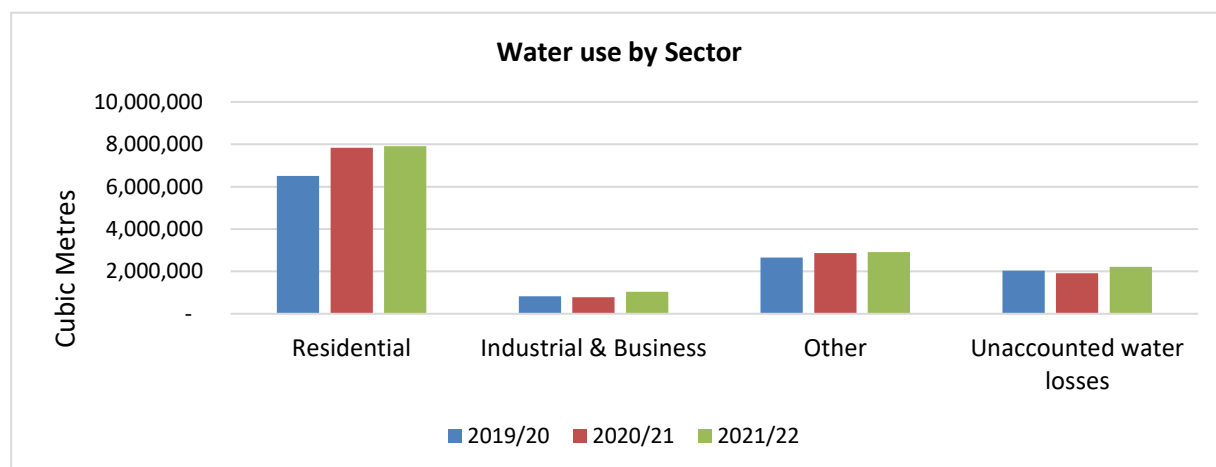
It is clear from the table below that the water usage increased during the 2021/22 financial year, compared to the usage during the 2020/21 financial year. Billed metered consumption (water sales) increased from 11,363,179kl sold in 2020/21 to 11,802,368kl sold during 2021/22. Technical water losses over the last three financial years remained more or less the same, between 14% and 17%. The technical water losses for the 2021/22 financial year was 15.7%



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

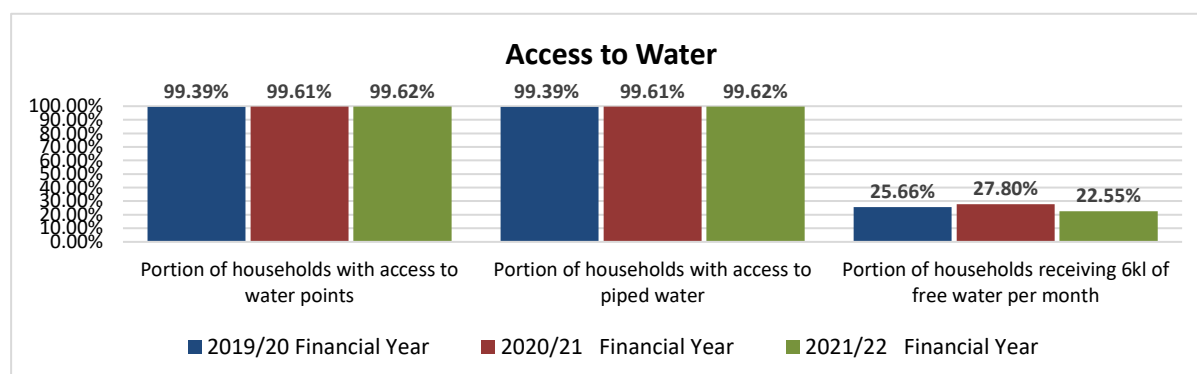
Water Use Details								
Serial No.	Year	Kilolitres						% Water Losses (Tech.)
		Residential	Industrial / Business	Other	Total Water Sold	Water Losses	Water Bought/ Produced	
Column Ref.	A	B	C	D	E	F	G	H
1	2019/20	6,503,628	832,685	2,651,722	9,988,035	2,038,876	12,026,911	16.92
2	2020/21	7,836,430	779,912	2,868,090	11,484,432	1,913,887	13,398,319	14.3
3	2021/22	7,906,427	1,039,228	2,912,282	11,857,937	2,220,307	14,078,244	15.77

**Graph 2: Water use by Sector**



In the graph below households' access to water are depicted, it must be noted that since 2018/19 financial year only indigent households received 6kl of free water per month.

**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.

Within the constraints of the budget, the Water Section performed satisfactorily as follows:

- A total of 2,611 metres of water reticulation mains were upgraded in Paarl and Wellington;
- 233 water connections were installed in the Drakenstein Area;
- 374 burst pipes were repaired on reticulation networks;
- 928 water connections were repaired;
- 515 water meters were replaced during the year;
- 136 water meters were stolen and replaced by the Municipality; and
- 1,392 water leaks on municipal water systems were repaired during the financial year.

### 3.5.2 Service Delivery Levels

The 2021/22 Annual WSDP Performance- and Water Services Audit Report on water service delivery levels in Drakenstein indicates that 78,128 households (99.62%) receive a water service of the minimum level and above and that 297 households (0.38%) receive a water service below the minimum level.

The audit report indicates that there is an estimated 78,287 permanent households at the end of June 2022 in Drakenstein compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

**Table 30: Water Service Delivery Levels**

Water Service Delivery Levels				
Serial No.	Description	Households		
		2019/20 Actual No.	2020/21 Actual No.	2021/22 Actual No.
Column Ref.	A	B	C	D
<b>1</b>	<b>Water: (Minimum level and above)</b>			
2	Piped water inside dwelling	40,491	40,988	41,377
3	Piped water inside yard (but not in dwelling)	25,829	27,332	29,072
4	Using public tap (stand pipes )	6,998	7,397	7,272
5	Other water supply (within 200 m)	*407	*407	*407
<b>6</b>	<b>Minimum Level and Above Sub-total</b>	<b>73,725</b>	<b>76,124</b>	<b>78,128</b>
<b>7</b>	<b>Water: (Below minimum level)</b>			
8	Using public tap (more than 200 m from dwelling)	208	0	0
9	Other water supply (more than 200 m from dwelling)	*163	*163	*163
10	No water supply (rural)	*134	*134	*134
<b>11</b>	<b>Below Minimum Service Level sub-total</b>	<b>505</b>	<b>297</b>	<b>297</b>
<b>12</b>	<b>Total number of households*</b>	<b>74,230</b>	<b>76,421</b>	<b>78,425</b>
13	Minimum Service Level and Above Percentage	99,32%	99.61%	99.62%
14	Below Minimum Service Level Percentage	0.68%	0.39%	0.38%

\*Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data.

\*\*STATSSA 2016 Community Survey indicated that there were 71,686 households in Drakenstein.

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's Norms and Standards for communal water services in informal areas is a target of at least one (1) communal standpipe within a 100m radius of each household in an informal area.

Within formal settlements, there are 297 households (0.42%) of 71,153 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 are 6,920 households with communal water services within 100m and 352 households with communal water services further than 100m.

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

Households – Water Service Delivery Levels below the minimum level				
Serial No.	Description	2019/20	2020/21	2021/22
		Actual No.	Actual No.	Actual No.
Column Ref.	A	B	C	D
<b>1</b>	<b>Formal Settlements</b>			
2	Total households	67,024	68,924	71,153
3	Households below the minimum service level	*297	*297	*297
4	Proportion of households below the minimum service level	0.44%	0.43%	0.42%
<b>5</b>	<b>Informal Settlements</b>			
6	Total households	7,206	7,397	7,272
7	Households below minimum service level	208	0	352
8	Proportion of households below minimum service level	2.89%	0%	4.84%

*\*Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data.*

The increase for the "Households below minimum service levels" for the informal settlements in the above table during the last financial year was because the number of households below minimum service levels was calculated against the Municipality's Norms and Standards of at least one communal standpipe within a 100m radius of each household in an informal area.

### 3.5.3 Capital Expenditure

The Water Services Section spent R15.6 million or 93.3% 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 2021/22 - Water Services**

Capital Expenditure 2021/22: 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	Replace/Upgrade Water Reticulation System	5 000 000	8 483 164	8 483 163	0,0%
2	Water Services Infrastructure Grant	4 095 000	3 560 870	3 561 591	0,0%
3	Extension of Basic Services: Informal Settlements Water	1 000 000	1 000 000	1 000 000	0,0%
4	Provision of Basic Services: Informal Settlements Water	-	1 000 000	999 999	0,0%
5	Spruit River Water Pipeline (IUDG)	-	673 075	673 075	0,0%
6	Champagne Road Water Pipeline	-	1 689 410	578 532	65,8%
7	Other Capital Projects	-	274 272	274 272	0,0%
<b>8</b>	<b>Total Capital Expenditure</b>	<b>10 095 000</b>	<b>16 680 791</b>	<b>15 570 633</b>	<b>6,7%</b>

### 3.5.4 Major Projects Implemented

During 2021/22 the following major projects were implemented:

- A total of 2,611 metres of reticulation water pipe systems were upgraded at Paarl and Wellington; and
- Completing and commissioning of five(5) pressure management projects at Paarl.

### 3.5.5 Operating Expenditure

Water services, as a trading service, generated an operating surplus of R79.6 million for the 2021/22 financial year. The surplus is used to subsidise operating expenditure of community services that do not generate revenue to sustain themselves.

**Table 33: Operating Revenue and Expenditure: Water Services**

Operating Revenue and Expenditure: Water Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(171,226,609)	(194,533,993)	(203,708,534)	(193,149,283)	-5.2%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(171,226,609)</b>	<b>(194,533,993)</b>	<b>(203,708,534)</b>	<b>(193,149,283)</b>	<b>-5.2%</b>
3	Employee related costs	23,973,906	26,809,828	27,990,082	23,980,955	14.3%
4	Impairment losses on financial assets	20,214,740	17,706,868	17,706,868	12,230,933	30.9%
5	Interest paid	10,662,825	10,691,659	10,691,659	10,691,659	0.0%
6	Contracted services	7,130,682	8,641,427	7,571,314	7,511,668	0.8%
7	Depreciation and amortisation	25,985,651	36,338,427	36,338,427	29,671,387	18.3%
8	Inventory consumed	1,979,123	2,119,931	1,830,578	1,319,768	27.9%
9	Operational Costs and Losses	25,505,954	12,920,267	20,859,627	28,130,570	-34.9%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>115,452,881</b>	<b>115,228,407</b>	<b>122,988,555</b>	<b>113,536,939</b>	<b>7.7%</b>
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>(55,773,729)</b>	<b>(79,305,586)</b>	<b>(80,719,979)</b>	<b>(79,612,344)</b>	<b>-1.4%</b>

### 3.5.6 Employee Statistics

The Water Services Section has 183 posts on the organisational structure approved by Council on 30 June 2022 of which 98 posts are frozen and 85 posts funded at year-end. The section had 76 filled posts and 9 vacancies at year-end, indicating a 10.6% vacancy rate.

**Table 34: Employees - Water Services**

Employees: Water Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies (Funded)	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	3	0	0.0%
3	T12 - T14	5	14	9	5	5	0	0.0%
4	T09 - T11	11	29	16	13	11	2	15.4%
5	T06 - T08	14	37	21	16	16	0	0.0%
6	T03 - T05	45	100	52	48	41	7	14.6%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>78</b>	<b>183</b>	<b>98</b>	<b>85</b>	<b>76</b>	<b>9</b>	<b>10.6%</b>

### 3.6 WASTE WATER (SANITATION) SERVICES

The primary functions of the Waste Water Services Section (Sanitation) are to upgrade existing sewerage infrastructure (as to meet future requirements); to extend the wastewater/ sewerage network (provide higher level of service to consumers); to maintain the existing wastewater/sewerage network (ensure adequate rehabilitation and maintenance); to monitor water resources; and, to ensure the prevention of pollution thereof.

#### 3.6.1 Service Statistics

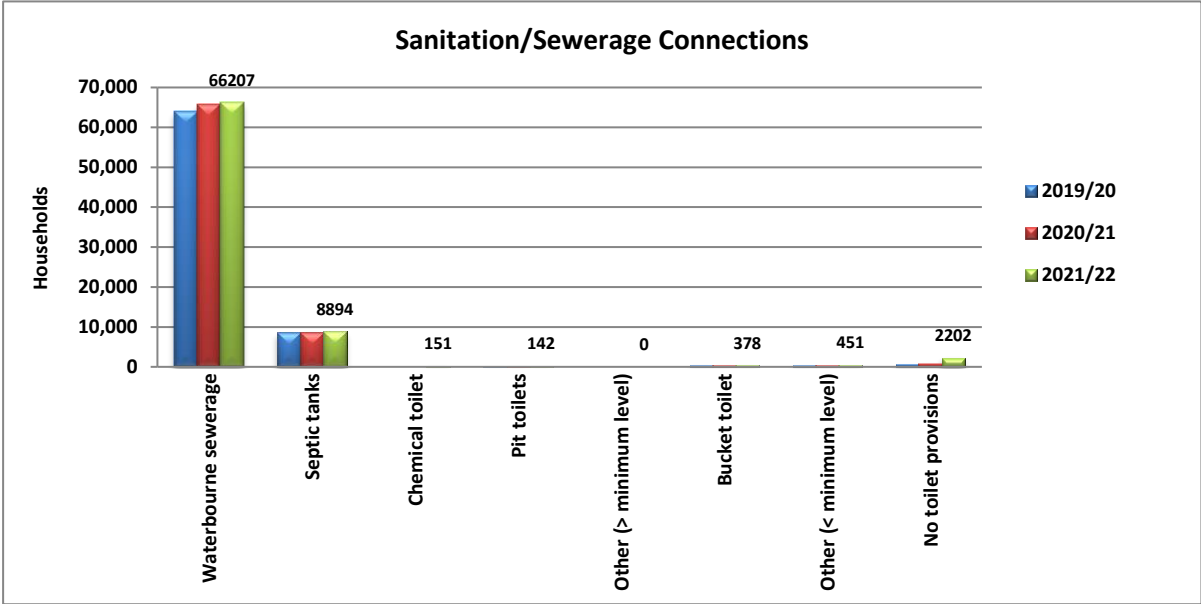
Service statistics for the year under review are listed in the table below.

**Table 35: Service Statistics - Waste Water (Sanitation Services)**

Waste Water (Sanitation Services)				
Serial No	Description	2019/20	2020/21	2021/22
		Actual Number	Actual Number	Actual Number
Column Ref.	A	B	C	D
1	Total sewerage blockages serviced	5,129	8,016	7,878
2	Installation of new domestic sewer connections	26	18	17
3	Newly installed / refurbished (through pipe-cracking) sewers/pipelines (in meter)	1,845	3,486	736

The graph below depicts the households' type of sanitation/sewerage connections.

**Graph 4: Sanitation/Sewerage Connections**



**3.6.2 Service Delivery Levels**

All formal erven in the urban areas of Drakenstein Municipality’s Management Area are connected either to the waterborne sewer system or serviced by septic tanks or conservancy tanks inside the erven (higher level of service). Communal ablution facilities are provided in the informal areas as a temporary emergency service. Drakenstein Municipality’s Norms and Standards for communal sanitation services in informal areas is at least one (1) toilet seat for every ten (10) households.

The 2021/22 Annual WSDP Performance- and Water Services Audit Report on waste water service delivery levels in Drakenstein indicates that 75,394 households (96.1%) receive a waste water service of the minimum level and above, and that 3,031 households (3.9%) receive a waste water service below the minimum level.

The audit report indicates that there are an estimated 78,287 permanent households in Drakenstein at the end of June 2022 compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

**Table 36: Sanitation Service Delivery Levels - Households**

<b>Sanitation Service Delivery Levels</b>				
<b>*Households</b>				
<b>Serial No</b>	<b>Description</b>	<b>2019/20 Actual No.</b>	<b>2020/21 Actual No.</b>	<b>2021/22 Actual No.</b>
<b>Column Ref.</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
1	Flush toilet (connect to sewerage)	63,977	65,804	66,207
2	Flush toilet (with septic tank)	8,596	8,744	8,894
3	Chemical toilet	35	35	151
4	Pit toilet (ventilated)	*142	*142	*142
5	Other toilet provisions (above minimum service level)	0	0	0
<b>6</b>	<b>Sub-Total: Minimum service level and above</b>	<b>72,750</b>	<b>74,725</b>	<b>75,394</b>
7	Bucket toilet	*378	*378	*378
8	Other toilet provisions (below minimum service level)	*451	*451	*451
9	No toilet provisions (Farms)	*354	*354	*354
10	No toilet provisions (informal settlements)	297	413	1,848
<b>11</b>	<b>Sub-Total: Below minimum service level</b>	<b>1,480</b>	<b>1,596</b>	<b>3,031</b>
<b>12</b>	<b>Total households</b>	<b>74,230</b>	<b>76,321</b>	<b>78,425</b>
13	Minimum service level and above percentage	98.0%	97,9%	96.1%
14	Below minimum service level percentage	2.0%	2.1%	3.9%

*\*Farms which do not form part of the Municipal Sewer Drainage System. Figures based on 2011 Census data.*

The increase for the “no toilet provisions” for the informal areas in the above table during the last financial year was because the number of households below minimum service levels was calculated against the Municipality’s Norms and Standards of at least one toilet seat for every ten households.

Within formal settlements, there are 1,183 households (1.7%) of 71,153 households receiving a waste water service below the minimum waste water service level. Within informal settlements, there are 1,848 households (25.4%) of 7,272 households receiving a waste water service below the minimum waste water service level.

**Table 37: Households - Sanitation Service Delivery Levels below the minimum**

Households – Sanitation Service Delivery Levels below the minimum				
Serial No.	Description	2019/20	2020/21	2021/22
		Actual Number	Actual Number	Actual Number
Column Ref.	A	B	C	D
<b>1</b>	<b>Formal Settlements</b>			
2	Total Households	67,024	68,924	71,153
3	Households below minimum service level	*1,183	*1,183	*1,183
4	Proportion of households below minimum service level	1.8%	1.7%	1.7%
<b>5</b>	<b>Informal Settlements</b>			
6	Total Households	7,206	7,397	7,272
7	Households below minimum service level	297	413	1,848
8	Proportion of households below minimum service level	4.1%	5.6%	25.4%

\* Households not budgeted for as sanitation on farms is done by farm owners. Farms which do not form part of the municipal water reticulation system. Figures from 2011 Census Data.

The increase for the “Households below minimum service levels” for the informal settlements in the above table during the last financial year was because the number of households below minimum service levels was calculated against the Municipality’s Norms and Standards of at least one toilet seat for every ten households.

### 3.6.3 Capital Expenditure

The Waste Water Services Section spent R6.2 million or 100% of the final adjustments budget on waste water (sanitation) 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 38: Capital Expenditure 2021/22 - Waste Water (Sanitation) Services**

Capital Expenditure 2021/22: Waste Water (Sanitation) 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	Replace/Upgrade Sewerage System	5 000 000	3 480 806	3 480 805	0,0%
2	Extension of Basic Services: Informal Settlements	1 000 000	2 216 474	2 216 474	0,0%
3	Water Distribution	-	251 762	251 762	0,0%
4	Paarl Water Treatment Works	1 400 000	202 600	202 600	0,0%
5	Other Capital Projects	2 200 000	1 805	1 804	0,0%
<b>6</b>	<b>Total Capital Expenditure</b>	<b>9 600 000</b>	<b>6 153 447</b>	<b>6 153 445</b>	<b>0,0%</b>

### 3.6.4 Major Projects Implemented

The following major projects were implemented during the 2021/22 financial year:

- Provision of basic sanitation services, where a total of 105 toilets and 30 standpipes were provided in nine(9) informal settlements;



- Rehabilitation of the sewer networks in Paarl, Mbekweni and Wellington by method of trenchless technology (i.e. pipe cracking or CIPP lining).

A total of 736m of sewer pipeline were replaced in the following areas:

- Charon Street, Wellington;
- Springbok Street, Newton;
- Joerning Street, Paarl; and
- Phokeng Street, Mbekweni.

### 3.6.5 Operating Expenditure

Waste water (sanitation) services, as an economic service, generated an operating surplus of R75.5 million for the 2021/22 financial year.

**Table 39: Operating Revenue and Expenditure: Waste Water (Sanitation) Services**

Operating Revenue and Expenditure: Waste Water Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(198,984,291)	(203,371,722)	(201,412,873)	(209,664,550)	4.1%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(198,984,291)</b>	<b>(203,371,722)</b>	<b>(201,412,873)</b>	<b>(209,664,550)</b>	4.1%
3	Employee related costs	43,961,919	44,270,939	45,154,929	43,950,878	2.7%
4	Impairment losses on financial assets	7,433,128	3,737,447	4,837,447	5,849,134	-20.9%
5	Interest paid	42,241,919	42,356,146	42,356,146	42,356,146	0.0%
6	Contracted services	11,244,750	10,653,860	16,459,991	15,129,047	8.1%
7	Depreciation and amortisation	20,872,734	22,542,584	22,542,584	23,275,013	-3.2%
8	Inventory consumed	1,451,866	1,716,589	2,645,497	2,044,558	22.7%
9	Operational Costs and Losses	383,368	823,377	1,700,922	1,537,878	9.6%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>127,589,684</b>	<b>126,100,942</b>	<b>135,697,516</b>	<b>134,142,654</b>	1.1%
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>(71,394,607)</b>	<b>(77,270,780)</b>	<b>(65,715,357)</b>	<b>(75,521,897)</b>	14.9%

### 3.6.6 Employee Statistics

The Waste Water (Sanitation) Services Section has 193 posts on the organisational structure approved by Council on 30 June 2022 of which 70 posts are frozen and 123 posts funded at year-end. The section had 112 filled and 11 vacant posts at year-end, resulting in a 8.9% vacancy rate.

**Table 40: Employees - Waste Water (Sanitation) Services**

Employees: Waste Water (Sanitation) Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Funded Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	3	1	2	1	1	50.0%
3	T12 - T14	5	12	5	7	7	0	0.0%
4	T09 - T11	4	13	7	6	2	4	66.7%
5	T06 - T08	37	53	15	38	38	0	0.0%
6	T03 - T05	70	112	42	70	64	6	8.6%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>118</b>	<b>193</b>	<b>70</b>	<b>123</b>	<b>112</b>	<b>11</b>	<b>8.9%</b>

### 3.7 ELECTRICITY SERVICES

Drakenstein Municipality purchases bulk electricity from Eskom at six main distribution substations at voltages varying from 11.5kV to 132kV and with a NMD (Notified maximum demand) of 175MVA.

Reticulation to Drakenstein Municipal consumers are at 11,500 volt, 400 volt and or 230 volt mains.

The Electro-Technical Services Department is divided into three divisions namely:

- Operations and Maintenance: Operate and to maintain the power network;
- Planning and Customer Services: Planning, design and construction of power networks; and
- Electrical Engineering Efficiency Management: Functions relating to energy efficiency.

Drakenstein supplies consumers within the borders of the demarcated municipal area. Saron, Hermon and Gouda and a few farmlands in the Wellington area are supplied by Eskom.

#### 3.7.1 Service Statistics

The table below depicts the number of electricity meter connections to households that Drakenstein Municipality supplies electricity to. It must be noted that the exact number of households (backyarders included) on a metered erf is not known. The electricity meter connections show a slight increase annually. Households with no electricity connections are slowly but surely decreasing yearly, due to service connection that is rendered, but the remainder of such statistics are subjected to additional erecting of structures in certain

informal areas which increases the total number versus completed number. At the end of the year under review 3,642 households (7.3%) in informal settlements had no access to electricity within Drakenstein’s electricity distribution area.

Drakenstein does not supply electricity in Saron, Gouda, Hermon and portions of the rural farming areas. Eskom has the electricity distribution licence to sell electricity in these areas. The exact number of households that Eskom supplies electricity to, is unknown.

**Table 41: Electricity Service Delivery Levels**

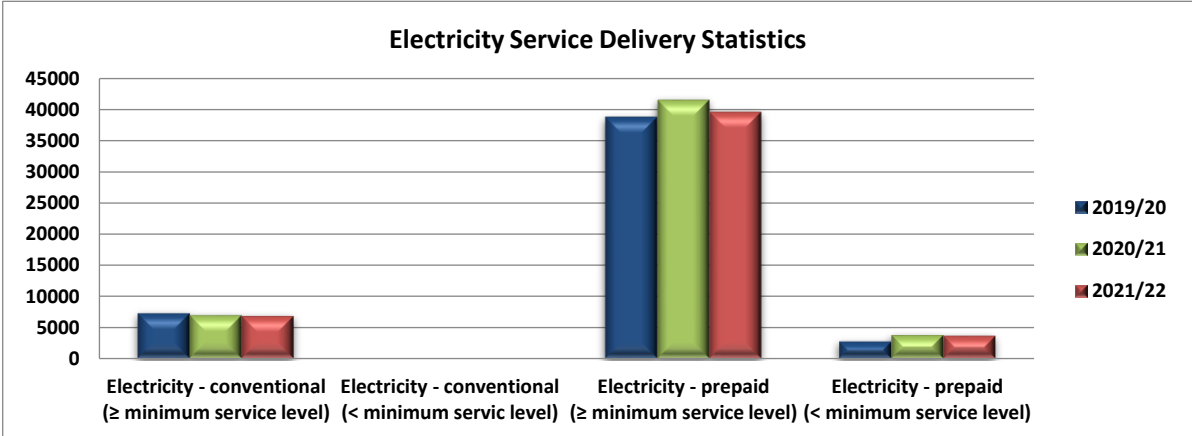
Electricity Service Delivery Levels Electricity Connections				
Serial No.	Description	2019/20	2020/21	2021/22
		Actual No.	Actual No.	Actual No.
Column Ref.	A	B	C	D
1	Electricity – conventional (min. service level)	7,243	6,946	6,822
2	Electricity – prepaid (min. service level)	38,774	41,515	39,668
<b>3</b>	<b>Sub-Total: Minimum service level and above</b>	<b>46,017</b>	<b>48,461</b>	<b>46,490</b>
4	Electricity (< min. service level)	0	0	0
5	Electricity – prepaid (<min. service level)	2,728	3,755	3,642
6	Other energy sources	0	0	0
7	Below minimum service level sub-total	0	0	0
<b>8</b>	<b>Total number of households</b>	<b>48,745</b>	<b>52,216</b>	<b>50,132</b>
9	Minimum service level and above percentage	94.4%	92.80%	92.7%
10	Below minimum service level percentage	5.6%	7.2%	7.3%

*Note: Estimated figures of Eskom electricity provision within Drakenstein is unknown.  
\*STATSSA 2016 Community Survey indicated that there were 71,686 households in Drakenstein.*

The STATSSA 2016 Community Survey does not provide any information on households with access to electricity services.

The same statistics as in the table above are depicted in the graph below. It is clear that the vast majority of electricity connections are through pre-paid electricity connections.

**Graph 5: Electricity Service Delivery Statistics**



From the table below it is clear that 3,564 households (49.5%) in informal settlements has access to electricity. Drakenstein Municipality has budgeted for R3 million of its own funds for the 2021/22 financial year to eradicate these backlogs due to the fact that the INEP grant allocations do not suffice to eradicate backlogs and to cater for new low cost housing projects.

Within formal settlements, there are 42,926 electricity meter connections (100.0%) providing an electricity service to households at the minimum electricity service level.

**Table 42: Electricity Service Delivery Levels below the minimum - Formal & Informal Settlements**

Electricity Service Delivery Levels below the minimum Formal & Informal Settlements				
Serial No.	Description	2019/20 Actual No.	2020/21 Actual No.	2021/22 Actual No.
Column Ref.	A	B	C	D
<b>1</b>	<b>Formal Settlements</b>			
2	Formal households with electricity	42,746	45,010	42,926
3	Formal households without electricity	0	0	0
<b>4</b>	<b>Totals: Formal households</b>	<b>42,746</b>	<b>45,010</b>	<b>42,926</b>
5	Formal households with minimum and above service level	100%	100%	100%
6	Formal households below minimum service level	0.0%	0.0%	0.0%
<b>7</b>	<b>Informal Settlements</b>			
8	Informal households with electricity	3,271	3,451	3,564
9	Informal households without electricity	3,935	3,946	3,642
<b>10</b>	<b>Total: Informal households</b>	<b>7,206</b>	<b>7,397</b>	<b>7,206</b>
11	Informal households with minimum and above service level	45.4%	46.7%	49.5%
12	Informal households below minimum service level	54.6%	53.3%	50.5%

**3.7.2 Service Delivery Levels**

Service delivery levels are required to be performed within time limits as set by NRS 047.

To facilitate the process, the Electro-Technical Services Division has a 24 hour, 365 days, Call Centre facility. This call centre will receive all electricity and other emergency type of calls from the public and initiate the required actions required to remedy the complaints.

In addition the Control Centre instructed a SMS information service to affected wards within the municipal area where service repairs will be affected for periods longer than 30 minutes. Social media messages on the Facebook site are used as an additional information platform during prolonged incidents.

### 3.7.3 Capital Expenditure

The Electricity Services Section spent R45.0 million or 100% of the final adjustments budget on electricity 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 43: Capital Expenditure 2021/22 - Electricity Services**

Capital Expenditure 2021/22: Electricity 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	New Connection BICL's	-	13 510 590	13 510 588	0,0%
2	Electrification : Housing Projects	9 534 783	9 534 783	9 534 783	0,0%
3	MV Substations	-	7 394 922	7 394 920	0,0%
4	Energy Efficiency and Demand Side Management	3 000 000	4 000 000	4 000 000	0,0%
5	Electrical Transformer Upgrade Dal Weide	3 427 794	3 427 794	3 427 793	0,0%
6	Electrical Infrastructure Upgrade	3 000 000	2 949 153	2 949 153	0,0%
7	Other Capital Projects	1 920 000	1 557 625	1 557 621	0,0%
8	Electrical Switchgear	1 500 000	1 500 000	1 500 000	0,0%
9	Increase Existing LT Network Capacity	-	1 166 651	1 166 651	0,0%
<b>9</b>	<b>Total Capital Expenditure</b>	<b>22 382 577</b>	<b>45 041 518</b>	<b>45 041 508</b>	<b>0,0%</b>

### 3.7.4 Major Projects Implemented

- **Electrification Housing Projects:** A total of one hundred and thirteen (113) informal structures have been provided with electricity at a cost of R3 million. Network upgrading is phased over a number of consecutive years in order to create spare capacity for future growth in the low cost housing areas. The Vlakkeland formal housing development is still underway with construction of houses in the respective sub phases. Electrical infrastructure has been installed in phases 1.1 to 1.4. Phase two will only commence once additional funding is available. Schoongezicht formal housing development are still underway with construction for the first phase of the development.
- **Electrical transformer upgrade:** The grant allocation of R15.9 million from DOE and R3.4 million from IUDG were utilised towards the upgrading of the existing 15MVA transformers with 20MVA transformers at the Dalweiding 66/11kV substation. The previous mentioned included the purchasing of switchgear, prior to upgrading of the current 11kV plant and machinery for the said substation.
- **Energy efficiency and demand side management:** A grant allocation of R4 million from DOE was utilised towards the project for the replacement of high pressure sodium street lights in Drakenstein Municipal licensed area with light emitting diode type street lights, in the aim to reduce the overall demand at the six different intake supply points from Eskom.

### 3.7.5 Operating Expenditure

Electricity services, as a trading service, generated an operating surplus of R283.5 million for the 2021/22 financial year. The surplus is used to subsidise operating expenditure of community services that do not generate revenue to sustain themselves.

**Table 44: Operating Revenue and Expenditure: Electricity Services**

Operating Revenue and Expenditure: Electricity Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,308,476,676)	(1,482,824,918)	(1,464,641,753)	(1,455,876,555)	-0.6%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(1,308,476,676)</b>	<b>(1,482,824,918)</b>	<b>(1,464,641,753)</b>	<b>(1,455,876,555)</b>	<b>-0.6%</b>
3	Employee related costs	58,124,627	59,557,908	61,061,726	60,507,087	0.9%
4	Impairment losses on financial assets	17,916,153	18,948,682	1,948,682	1,562,092	19.8%
5	Interest paid	67,088,950	67,270,368	67,270,368	67,270,367	0.0%
6	Contracted services	13,486,247	18,286,407	19,803,179	18,645,856	5.8%
7	Depreciation and amortisation	44,745,848	47,623,650	47,623,650	49,167,518	-3.2%
8	Inventory consumed	8,958,231	8,320,646	11,484,108	10,685,462	7.0%
9	Operational Costs and Losses	828,308,852	990,053,645	967,383,154	964,536,967	0.3%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>1,038,628,908</b>	<b>1,210,061,306</b>	<b>1,176,574,867</b>	<b>1,172,375,348</b>	<b>0.4%</b>
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>(269,847,768)</b>	<b>(272,763,612)</b>	<b>(288,066,886)</b>	<b>(283,501,207)</b>	<b>-1.6%</b>

### 3.7.6 Employee Statistics

The Electricity Services Section has 242 posts on the organisational structure approved by Council on 30 June 2022 of which 97 posts are frozen and 145 posts funded at year-end. The section had 129 filled and 16 vacant posts at year-end, and based on the number of vacancies (16) had a vacancy rate of 11%.

**Table 45: Employees - Electricity Services**

Employees: Electricity Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	1	1	0	1	1	0	0.0%
2	T15 - T17	4	8	4	4	4	0	0.0%
3	T12 - T14	16	26	8	18	15	3	16.7%
4	T09 - T11	27	51	21	30	27	3	10.0%
5	T06 - T08	35	49	13	36	33	3	8.3%
6	T03 - T05	49	107	51	56	49	7	12.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>132</b>	<b>242</b>	<b>97</b>	<b>145</b>	<b>129</b>	<b>16</b>	<b>11.0%</b>

### 3.8 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL AND RECYCLING)

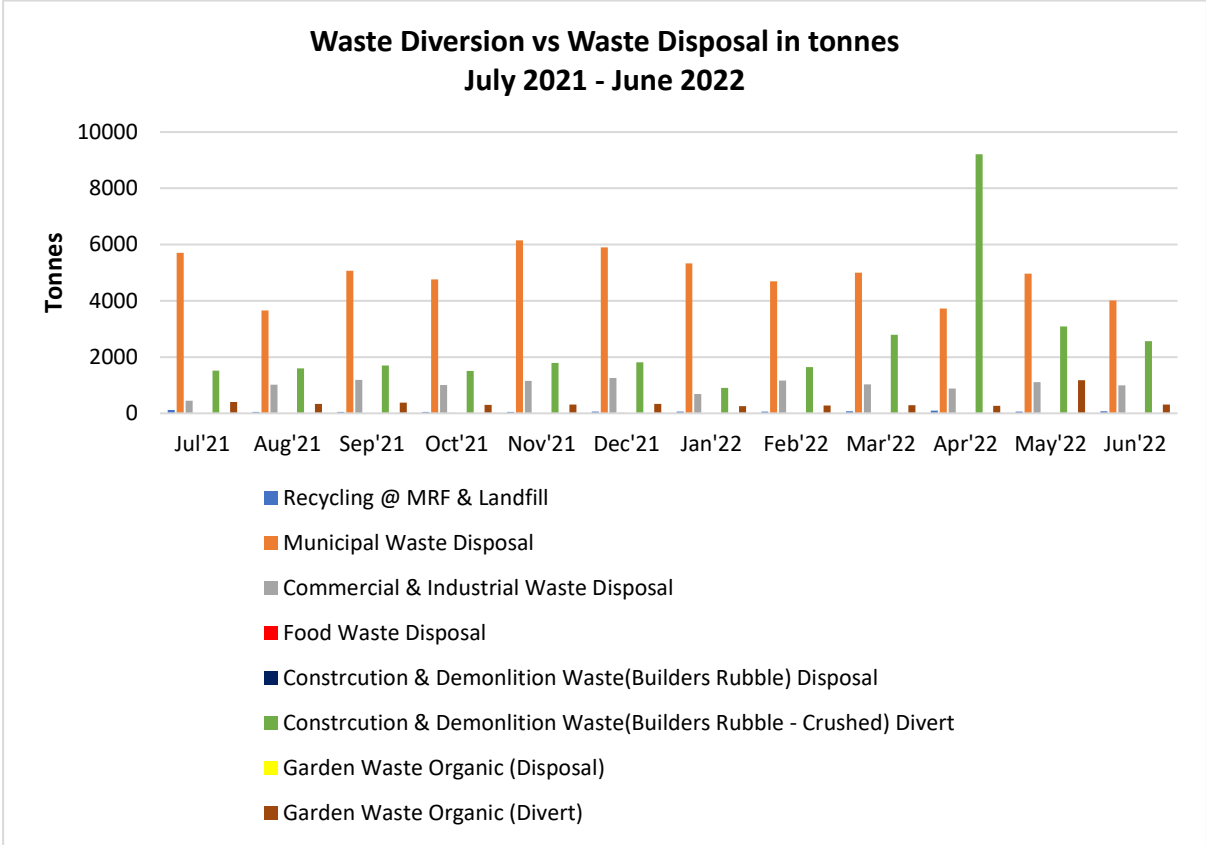
The key responsibility of this division is to deliver a sustainable waste management service in order to keep areas clean and free of illegal dumping. Primary focus areas are the provision of refuse collection services, not only formalised, but also to all registered informal settlements, managing disposal facilities, area cleaning as well as street sweeping. In addition, the division also focuses on ways to encourage waste minimisation, waste diversion and the implementation of various waste treatment strategies.

The 3<sup>rd</sup> generation Integrated Waste Management Plan (IWMP) has been completed and the Integrated Waste Management Bylaw, which focusses on strategies to mitigate illegal dumping, has been reviewed. These strategic documents, complimented by a detailed long-term plan and implementation strategy, are key in the way different waste streams and activities will be managed and monitored. The National Waste Strategy and Provincial directives requirement for the diversion of organic waste, has also been addressed in the Strategic Master Plan.

#### 3.8.1 Service Statistics

The table below indicates that a solid waste kerbside refuse removal service is rendered at 43,321 formal households within Drakenstein, using a 240L wheelie bin. All 41 registered informal settlements and 1 non-registered informal settlement, receive a weekly door-to-door refuse bag waste removal service. Communal skips and mini drop-off facilities are placed in high-density and informal areas and serviced at least once a week. No services are rendered below the minimum service level by the Municipality.

**Graph 6: Solid Waste Disposal and Diversion Statistics**



**3.8.2 Service Delivery Levels**

The table below indicates that a solid waste kerbside refuse removal service is rendered at 43,321 formal households within Drakenstein, using a 240L wheelie bin. All 41 registered informal settlements and 1 non-registered informal settlement, receive a weekly door-to-door black bag waste removal service. Communal skips are placed in high-density and informal areas and serviced at least once a week. No services are rendered below the minimum service level by the Municipality.



**Table 46: Solid Waste Removal Service Delivery Levels**

Solid Waste Removal Service Delivery Levels				
Serial No.	Description	2019/20 Actual Number	2020/21 Actual Number	2021/22 Actual Number
Column Ref.	A	B	C	D
<b>1</b>	<b>Solid Waste Removal (Minimum level and above)</b>			
2	Removed at least once a week (bins)	42,027	42,635	43,321
3	Removed at least once a week (black bags)	5,999	7,206	7,587
<b>4</b>	<b>Sub-Total: Minimum service level and above</b>	<b>48,026</b>	<b>49,841</b>	<b>50,908</b>
5	Minimum service level and above percentage	100%	100%	100%
<b>6</b>	<b>Solid Waste Removal: (Below minimum level)</b>			
7	Removed at least once a week	-	0	0
8	Removed less frequently than once a week	-	0	0
9	No rubbish disposal	-	0	0
<b>10</b>	<b>Sub-Total: Below minimum service level</b>	<b>-</b>	<b>-</b>	<b>0</b>
11	Below minimum service level percentage	-	0%	0%
<b>12</b>	<b>Total number of household service points</b>	<b>48,026</b>	<b>49,841</b>	<b>50,908</b>

*\*Indicating service points*

### **Waste minimisation, diversion and recycling**

A separate collection of recyclable waste is implemented in certain residential areas, contributing to waste being diverted from landfill. Clear bags are issued to participating residents and collected on the same day as refuse collection.

### **Waste picker integration**

The sorting of the recyclable material created the opportunity to implement the wastepreneurs project. This project started as an initiative to remove the illegal, informal reclaimers from the landfill and accommodate them separately where they could sort and store recyclables and then sell it to buy-back centers to generate an income.

Drakenstein Municipality is one of four (4) municipalities, identified by the Provincial Department of Environmental Affairs and Development Planning, where the best suitable model for the integration of the waste pickers, will be investigated and implemented. There is constant support for this project from the waste industry side by means of donating PPE and other hygienic commodities. This restores the dignity of the female waste pickers.

Sanitary ware were donated by UWC, DEA&DP officials and colleagues. The success of the project has triggered the need to expand the project to other areas as well. This will assist in mitigating the nuisance caused by illegal waste pickers roaming the streets on refuse collection day.

### **Chipping of green waste**

A total of 1,340 tons of green waste has been chipped at the Paarl Transfer Station. Chipped material was transported to a licensed composting facility. This enabled the Municipality to comply with the organic waste diversion target for 2022.

### **Waste Disposal**

#### **Refuse Collection**

Refuse collection services are delivered to all formal households, commercial/government properties, farms and industries according to a weekly collection schedule. This service is executed as a kerbside door-to-door or central collection point service. New development applications are assessed and requirements for the necessary waste infrastructure are identified for implementation. Businesses has the option to select different service frequencies up to seven (7) days per week.

Farms and some businesses are serviced by means of 5.5m<sup>3</sup> waste skips instead of 240l wheelie bins. High density areas and informal settlements receive a door-to-door black bag collection service at least once per week. This service is performed by means of the EPWP programme as these areas are often inaccessible to the refuse trucks because of limited space between dwellings, illegal overhead power connections and presence of backyarders. In addition, communal skips are also placed in these areas and are serviced weekly.

#### **Radio Frequency Identification system**

A Radio Frequency Identification (RFID) system will be implemented on all refuse compactors and wheelie bins. The RFID system will assist the Solid waste section in tracking stolen bins, provide proof of real time of service, report on service beat efficiency, waste collected and focused vehicle efficiency and monitoring. This system will also enable the Municipality to attend to discrepancies timeously.

#### **Wheelie bin distribution**

An increase in the reporting of stolen, has been noticed during this year. On average a total of 250 wheelie bins have been issued per month which include new, additional, broken and stolen bins.

#### **Area cleaning, street sweeping and illegal dumping**

Area cleaning and street sweeping activities are executed by EPWP and permanently employed workers. EPWP workers are sourced from the municipal central EPWP database for the various projects:

- Main entrance routes and Paarl and Wellington CBD's are cleaned daily.
- Residential areas are cleaned according to a maintenance schedule.

- An initiative has been implemented to distinguish between the various projects, teams and other municipal departments, by using different colour refuse bags. This enables management to monitor the output and performance of the various teams (green, yellow and blue).

### Ward Projects

Every Ward Councillor allocated an amount of their funds to the cleaning and greening of areas in their respective wards. These projects created work opportunities to people in the wards based on a two-week employment period during which included street sweeping, hoeing and litter picking. In addition to these activities, illegal dumping hotspots were cleaned using digger loaders and tipper trucks.

### Mini Skips

A contractor has been appointed to place and service 3m<sup>3</sup> and 4m<sup>3</sup> waste skips in high-density and informal areas, where accessibility was a challenge and excess waste was prevalent.

The smaller skips were also easier to reach in order to place the waste inside the skip rather than around it.

### 3.8.3 Capital Expenditure

The Waste Management Services Section spent R8.2 million or 98.9 % of the final adjustments budget on waste management 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 47: Capital Expenditure 2021/22 - Waste Management (Refuse Collection, Waste Disposal and Recycling)**

Capital Expenditure 2021/22: Waste Management (Refuse Collection, Waste Disposal and Recycling)					
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	Solid Waste Vehicles (IUDG)	5 000 000	4 942 964	4 942 964	0,0%
2	Solid Waste Mini Drop Offs (IUDG)	500 000	522 014	522 014	0,0%
3	Solid Waste Diversion Infrastructure	4 000 000	388 945	388 945	0,0%
4	Wheelie Bins	500 000	1 992 156	1 910 743	4,1%
5	Other Capital Projects	2 300 000	472 810	459 570	2,8%
6	<b>Total Capital Expenditure</b>	<b>12 300 000</b>	<b>8 318 889</b>	<b>8 224 235</b>	<b>1,1%</b>

### 3.8.4 Major Projects Implemented

#### Capital Projects:

- In efforts to enhance sustainable waste management and address illegal dumping, mini drop-off facilities have been constructed in high density areas, providing a facility where the community can dispose of their waste in an organised manner, instead of strewing and dumping it elsewhere. These facilities are being cleaned daily, creating a cleaner and safer environment.
- Wheelie bins were acquired in order to provide a sustainable waste collection service
- Dual polywood pavement bins were purchased and placed throughout the municipal area. These bins make provision for the separation of recyclable (dry) waste and non-recyclable (wet) waste. This promotes the Municipality's waste minimisation initiatives, assisting recyclable waste to be diverted from being landfilled.
- The following specialised vehicles were acquired: 1 refuse compactor and 2 x10 ton tippers.

### 3.8.5 Operating Expenditure

Solid waste services, as an economic service, generated an operating surplus of R104.5 million for the 2021/22 financial year.

**Table 48: Operating Revenue and Expenditure: Solid Waste Removal Services**

Operating Revenue and Expenditure: Solid Waste Management						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(183,531,516)	(186,694,707)	(188,538,612)	(192,395,927)	2.0%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(183,531,516)</b>	<b>(186,694,707)</b>	<b>(188,538,612)</b>	<b>(192,395,927)</b>	<b>2.0%</b>
3	Employee related costs	33,032,263	32,946,193	34,340,364	34,748,697	-1.2%
4	Impairment losses on financial assets	16,493,426	4,879,161	4,879,161	7,070,928	-44.9%
5	Interest paid	6,792,205	6,810,572	6,810,572	6,810,573	0.0%
6	Contracted services	7,968,464	14,062,772	9,258,521	6,769,838	26.9%
7	Depreciation and amortisation	8,946,795	8,491,930	8,491,930	8,767,841	-3.2%
8	Inventory consumed	2,942,753	3,050,779	4,002,306	3,376,288	15.6%
9	Operational Costs and Losses	13,477,015	18,322,958	21,566,216	20,313,403	5.8%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>89,652,920</b>	<b>88,564,365</b>	<b>89,349,070</b>	<b>87,857,567</b>	<b>1.7%</b>
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>(93,878,596)</b>	<b>(98,130,342)</b>	<b>(99,189,542)</b>	<b>(104,538,360)</b>	<b>5.4%</b>

### 3.8.6 Employee Statistics

The Waste Management (Refuse Collection, Waste Disposal and Recycling) Services Section has 341 posts on the organisational structure approved by Council on 30 June 2022 of which 209 posts are frozen and 132 posts funded at year-end. The section had 118 filled and 14 vacant posts at year-end, and based on the number of vacancies (14) had a vacancy rate of 10.6%.

**Table 49: Employees - Waste Management (Refuse Collection, Waste Disposal and Recycling)**

Employees: Waste Management (Refuse Collection, Waste Disposal and Recycling)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	3	0	0.0%
3	T12 - T14	1	7	5	2	2	0	0.0%
4	T09 - T11	6	23	18	5	5	0	0.0%
5	T06 - T08	22	60	35	25	19	6	24.0%
6	T03 - T05	95	248	151	97	89	8	8.2%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>127</b>	<b>341</b>	<b>209</b>	<b>132</b>	<b>118</b>	<b>14</b>	<b>10.6%</b>

### 3.9 HOUSING

The Human Settlements Division of the Municipality is located in the Department: Planning and Development. The Division is responsible for the provision of housing opportunities via a range of housing programs, including IRDP (green fields) projects, upgrade of informal settlements, emergency housing accommodation as well as social and affordable housing. In addition, the Division also manages a substantial number of rental housing units, provision and maintenance of basic services within informal settlements and eviction and housing demand (waiting list) management.

#### 3.9.1 Housing Projects

The Housing Projects Section is primarily responsible for the development of new housing opportunities, facilitate access to social and affordable housing and the upgrade of informal settlements with the ultimate aim to formalise these settlements. It further manages the municipal housing pipeline and human settlement plan.

The target for the year was the delivery of 250 housing opportunities.

Achievements/important events during the year include:

- The handover of 252 housing opportunities to beneficiaries at Schoongezicht (serviced sites), Lantana Housing Project, Vlakkeland Housing Projects and White City Housing Project;
- 50% completion of civil works for Phase 4 (last phase) of the Schoongezicht Housing Project;
- Approval of feasibility application received from the Provincial Department of Human Settlements for the upgrade of Chester Williams and Loverslane informal settlements;
- Submission of Land Use applications for rezoning and subdivision of the Paarl East IRDP, Lovers lane and Chester Williams Informal Settlement to the Planning Department;
- Commencement with the servicing of sites at Fairyland and Siyahlala that will lead the way for top structures to be built during the 2022/2023 financial year;
- Approval of funds by the Provincial Department of Human Settlements to undertake feasibility planning for Project 557 (500 potential opportunities);
- Conclusion of a Partnership Agreement between Drakenstein Municipality and Instratin for the provision of 362 Social Housing Opportunities at Mountain Ridge Estate which will be implemented during 2022/2023 (This may be the first social housing project that will be implemented in the Western Cape outside the City of Cape Town);
- Hosting of two successful Title Deed hand-over ceremonies at Saron and Amstelhof, Paarl East. ; and
- The establishment of 8 informal settlement committees to work with the municipality with the goal of improving the living conditions within these settlements and also to participate in the formalisation of these Informal Settlement areas. It is envisaged that more committees will be established during the 2022/2023 financial year.

### **3.9.2 Rental Stock and Support Services**

The Rental Support and Operational Services Section is responsible for the management and maintenance of 2,873 municipal rental housing units.

The following projects were successfully completed.

**Table 50: Rental Stock and Support Services projects implemented**

Serial No.	Projects	Comments
Column Ref.	A	B
1	Maintenance of buildings and facilities a Council's rental stock	<ul style="list-style-type: none"> <li>• Ward 24 – Urgent replacement, installation of steel stair structures and repair of existing concrete landing, pillars at A13 – A18 Kudu Flats;</li> <li>• Wards 21,24 – Supply, deliver, installation of new steel stairs, structures in Chicago Housing scheme, Paarl East (Gemsbok Flat A1 - A6, E1 – E6, Blesbok Flat C1 – C6, Ribbok Street 9A – 13A);</li> <li>• Ward 21 - Repair of fire damages Blesbok B1, B3 &amp; B5;</li> <li>• Ward 20 - Repair of fire damages – 5D Azalia Street;</li> <li>• Ward 20 – Repair of fire damages – P19 Magnolia Flat;</li> <li>• Ward 24 – Repair of fire damages – 47C Springbok Street;</li> <li>• Ward 25 – Installation of new IBR galvanised roof sheets at Disa Street, Block 6 &amp; 24;</li> <li>• Ward 20, 22,25 – Installation of steel stairs in Magnolia, Housing Scheme, N13 Magnolia Flat, Bosbok Flat E7 – E12, V22 Magnolia Flat and 24A Disa Street;</li> <li>• Ward 20 - Urgent replacement of supply, delivery and installation of steel stairs – Pointsettia Street 6F and 8A, K9 Magnolia Flat;</li> <li>• Wards 20, 21 – Repair and replace of PVC gutters and down pipes.- Springbok Flat Block A,C &amp; D, Blesbok Flat – B Block, Bauhinia Flat A Block, Magnolia Flat A-Block;</li> <li>• Wards 20,21,22,24,25 - Plastering and water proofing of outside walls – Springbok Flat E,F Block, 39A Springbok Street, Block 19 &amp; 21 Bosbok Street, S7 Magnolia Flat, Block 5 Azalia Street, 13B, 21A &amp; 19A Pointsettia Street, D9 Magnolia Flat, 4A Disa Street, L18 Magnolia Flat, 14B &amp; 16C Oleander Street, Rietbok Flat A Block (1 – 6); and</li> <li>• Ward 24 &amp; 25 – Supply and installation of IBR roof sheets at Springbok Street Block 39 &amp; 67, 51 Hibiscus Street, 2, 4 &amp; 6 Kanna Street.</li> </ul>
2	Improve access to basic services in Informal Settlements	<ul style="list-style-type: none"> <li>• Construction of 105 precast waterborne toilets and 30 water standpipes to improve access to basic services in informal settlements.</li> </ul>
3	247 Amstelhof Row houses	<ul style="list-style-type: none"> <li>• 15 Title Deeds handed over on 22 June 2022 to tenants</li> </ul>

### Challenges

- Housing Demand for 20,792 low cost houses;
- Forty one registered (41) informal settlements comprising of 7,267 structures and housing an estimated 14,902 people;

- High Rate of eviction applications and access to serviced land for evicted families;
- Access to funding to improve basic services and the maintenance of these services in Informal Settlements;
- Vandalism and theft of basic services infrastructure in the informal settlements;
- Gang violence and crime is increasing daily and workers are threatened when performing their duties; and
- Informal structures (back yarders) erected over infrastructures services.

### 3.9.3 Housing Pipeline

The business plan for the 2021/22 financial year is indicated in the table below.

**Table 51: Housing Pipeline Projects**

Housing Pipeline Projects			
Serial No.	Project	Description	Progress for 2021/22
Column Ref.	A	B	C
1	Vlakkeland Housing Development	Development of 2,556 housing opportunities in phases over multiple financial years.	The Department of Human Settlements, Supply Chain Committee awarded the tender during December 2021, but due to delays the contractor was only appointed during June 2022 for the construction of 424 Top structures.
2	Chester Williams (139 opportunities)	Upgrade of informal settlement.	Project Feasibility report approved by the Provincial Department of Human Settlements (DoHS).
3	Lovers Lane (168 opportunities)	Upgrade of informal settlement.	Project Feasibility report approved by the Provincial Department of Human Settlements (DoHS).
4	Dignified Informal Sites (360 opportunities)	Upgrade of 9 informal settlements.	Project Feasibility report submitted to the DoHS for approval.
5	Paarl East IRDP Project	Greenfields development catering for 538 housing opportunities.	Planning tribunal supported the rezoning and subdivision of the development. However, the approval was taken on appeal. The proposal is currently being refined for resubmission.
6	Simondium	Development of 1,033 opportunities.	Development rights applications are still in process.
7	Erf 557	Proposed mix use development to cater for approximately 500 opportunities.	A service level agreement has been concluded between Drakenstein Municipality and Department of Human Settlements for the release of funds for further feasibility planning.
8	Schoongezicht	Servicing of 347 sites.	50% of the Civil Works of Phase 4 (last phase) completed.



### 3.9.4 Housing Statistics

Table 52: Housing Statistics

Housing Statistics			
Serial No	Description	Totals	Remarks
Column No.	A	B	C
1	New applications captured on the WCHDDB	359	Daily capturing of new applications within 5 days.
2	Number of cancelled applications	15,988	Cancelled application involves persons who did not update their information when required.
3	Number of persons assisted	5,845	The number of persons assisted with housing opportunities.
4	Number of active persons on the waiting list	20,792	Active persons refer to persons who updated their information during the course of the year.
5	Total number of persons on the demand database	42,836	The total number of persons on the demand database (waiting list), including the active, cancelled and assisted.
6	Housing allocations	17	New allocations to Council rental units – next qualified applicants on the waiting list.
7	Transfers of rental units	111	Successfully attended to in cases where the tenant passed on, etc.
8	Exchanges	7	Tenants agreements and medical reasons.
9	Issue of starter kits for fire victims	204	Informal structures were destroyed during a fire.
10	Renewal of Lease Agreements	233	Successfully completed renewals of lease agreements..
11	Housing Consumer Education	254	Consumer Education conducted with existing and new tenants.

### 3.9.5 Evictions

At the end of the financial year, Drakenstein Municipality had approximately 1,426 evictions cases registered (ESTA 583 and PIE 843) and as a result, causing it to still remain one of the national hotspots in the country for evictions. Evictions, particularly ESTA Evictions are posing a huge risk to the municipal resources. Land and finances for resettlement are resources that are not necessarily readily available given all of the other challenges already faced by local government. Instances where land owners apply for mass evictions are especially challenging since this puts a huge strain on already dwindling resources. This is a challenge that needs to be managed very carefully.

### 3.9.5.1 Summary of Prevention of Illegal Eviction and Unlawful Occupation of Land (PIE) Data Base

- Registered cases = 843
- Cases Pending in court = 365
- Orders granted = 310
- Cases Withdrawn = 81
- Struck from roll = 75

### 3.9.5.2 Summary of Extension of Security of Tenure Act (ESTA) Data Base

- Registered cases = 583
- Cases Pending in court = 173
- Orders granted = 166
- Cases Withdrawn = 36
- Cases Struck from roll = 34

### 3.9.6 Capital Expenditure

The Housing Services Section spent R6.5 million or 43.3% of the final adjustments budget on bulk and internal infrastructure projects needed for housing projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 53: Capital Expenditure 2021/22 - Housing Services**

Capital Expenditure 2021/22: Housing 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	Basic Services : Schoongezicht Emergency Housing Project	10 800 000	12 655 779	4 452 796	64,8%
2	Fairyland Siyashlala Electrification	-	450 000	449 999	0,0%
3	Schoongezicht Electrification	-	445 206	445 206	0,0%
4	Water	-	400 000	400 000	0,0%
5	Fairyland Siyashlala Water and Sewer	-	589 492	268 196	54,5%
6	Extension of Basic Services: Informal Settlements Water	-	195 000	195 000	0,0%
7	Other Capital Projects	-	165 195	165 194	0,0%
8	Upgrade Buildings and Facilities	-	138 900	138 900	0,0%
<b>11</b>	<b>Total Capital Expenditure</b>	<b>10 800 000</b>	<b>15 039 572</b>	<b>6 515 291</b>	<b>56,7%</b>

### 3.9.7 Operating Expenditure

Housing services, a Schedule 4 of the Constitution of the Republic of South Africa functional area of concurrent national and provincial legislative competence, generated an operating

deficit of R62.1 million for the 2021/22 financial year. The deficit is subsidised through surpluses of trading services. It remains an underfunded mandate from National and Provincial Government.

**Table 54: Operating Revenue and Expenditure: Housing Services**

Operating Revenue and Expenditure: Housing Services (Housing Projects and Rental Stock)						
Serial No.	Description	2020/21 Actual Results	2021/22			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(30,454,187)	(27,642,089)	(34,584,793)	(18,354,847)	-46.9%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(30,454,187)</b>	<b>(27,642,089)</b>	<b>(34,584,793)</b>	<b>(18,354,847)</b>	<b>-46.9%</b>
3	Employee related costs	28,188,190	28,796,794	28,592,307	28,698,153	-0.4%
4	Impairment losses on financial assets	1,749,701	2,373,046	2,373,046	2,744,614	-15.7%
5	Interest paid	4,801,066	4,814,048	4,814,048	4,814,048	0.0%
6	Contracted services	18,849,177	10,230,835	14,543,133	6,828,452	53.0%
7	Depreciation and amortisation	30,021,451	31,796,824	31,796,824	32,829,932	-3.2%
8	Inventory consumed	4,077,321	1,275,923	3,816,181	2,774,753	27.3%
9	Operational Costs and Losses	358,922	2,473,323	2,115,490	1,755,748	17.0%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>88,045,828</b>	<b>81,760,793</b>	<b>88,051,029</b>	<b>80,445,699</b>	<b>8.6%</b>
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>57,591,640</b>	<b>54,118,704</b>	<b>53,466,236</b>	<b>62,090,852</b>	<b>16.1%</b>

### 3.9.8 Employee Statistics

The Housing Services Section has 141 posts on the organisational structure approved by Council on 30 June 2022 of which 69 posts are frozen and 72 posts funded at year-end. The section had 65 filled and 7 vacant posts at year-end, and based on the number of vacancies (7) had a vacancy rate of 9.7%.

**Table 55: Employees - Housing Services (Housing Projects and Rental Stock)**

Employees: Housing Services (Housing Projects and Rental Stock)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	5	4	1	1	0	0.0%
3	T12 - T14	4	4	0	4	3	1	25.0%
4	T09 - T11	13	29	16	13	12	1	7.7%
5	T06 - T08	28	64	35	29	26	3	10.3%
6	T03 - T05	24	39	14	25	23	2	8.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>70</b>	<b>141</b>	<b>69</b>	<b>72</b>	<b>65</b>	<b>7</b>	<b>9.7%</b>

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

The provision of free basic services in Drakenstein Municipality is regulated by the Indigent Support Policy. The free basic services are funded through the Equitable Share allocation to the Municipality in the Division of Revenue Act. The free basic services are provided to consumers based on qualifying criteria set out in the Indigent Support Policy. This criteria is reviewed annually to enable the provision of free basic services to all consumers who are eligible. For the 2021/2022 financial year the free basic services were provided to qualifying pensioners and disabled persons earning less than two times the state grant plus 20%, to all unemployed consumers and to employed consumers earning less than R4,450 per month with a sliding scale to an amount of R6,500 per month.

In the 2021/2022 financial qualifying indigent consumers were classified into 4 categories, where category A consumers with earnings up R4,450 per month received a 100% subsidy, category B consumers with earnings up R4,950 per month received an 80% subsidy, category C consumers with earnings up to R6,200 per month received a 50% subsidy and category D consumers with earnings up to R6,500 received a 20% indigent subsidy.

#### **3.10.1 Access to free basic services**

Until February 2017 all consumers in Drakenstein Municipality received 6 kl of water free per month. This practise was changed by Council as a result of the drought conditions where only the qualifying indigent consumers are provided with 6 kl of free water per month. In addition to the free water, all indigent consumers on a monthly basis receive either 50 or 100 units of free electricity depending on their indigent subsidy categorisation, free refuse removal service, free sanitation services and free property rates up to a valuation of R950,000.

#### **3.10.2 Free basic services per basic service**

The statistics of the free basic services delivered per service to consumers for the 2021/22 are depicted in the table below. Notable is that Drakenstein provided free services to the amount of R171.2 million compared with the R171.3 million equitable share received from the National Fiscus during the year under review.

**Table 56: Free basic services delivered per service**

Free basic services delivered per service							
Serial No.	Service	2019/20		2020/21		2021/22	
		Number of Consumers	Rand Value Provided	Number of Consumers	Rand Value Provided	Number of Consumers	Rand Value Provided
Column Ref.	A	B	C	D	E	F	G
1	Property Rates and Rentals	15,120	44,844,242	10,399	22,600,128	12,662	24,921,292
2	Refuse Removal and Sanitation	17,987	48,898,139	21,218	68,419,785	17,682	79,686,025
3	Water	17,987	11,731,103	21,218	16,880,819	17,682	16,655,390
4	Electricity	19,437	46,983,740	21,588	47,704,175	20,837	50,452,024
5	<b>Total</b>		<b>152,457,224</b>		<b>155,604,907</b>		<b>171,714,731</b>

## COMPONENT C: ROAD TRANSPORT

### 3.11 ROADS AND STORMWATER

In accordance with the principles of Key Performance Area 4: Physical Infrastructure and Services as well as Key Focus Area 26 relating to Transport, Traffic Engineering, Roads and Stormwater, the activities of this section focuses on the development and maintenance of infrastructure for the conveyance of people and goods in all its forms. Further functions include the installation and maintenance of regulatory items to effectively safeguard residents and users of the infrastructure as well as the maintenance and installation of infrastructure to mitigate risk resulting from adverse weather conditions.

#### 3.11.1 Transport

The main means of public transport are minibus taxis for both local and long distance commuting as well as train and bus for long distance travel.

#### 3.11.2 Traffic Engineering

The Traffic Engineering Section is responsible for the maintenance of all traffic light installations, traffic signage, road markings as well as directional and tourism signage as may be required.

On provincial roads of mutual interest, the installation of traffic signals is executed in collaboration with the Provincial Department of Transport, with the municipality being responsible for all maintenance and burning costs.

As flouting of rules and regulations are becoming the order of the day, the section also determines whether traffic calming installations are warranted and installs the infrastructure as determined in accordance with available budget in support of law enforcement actions.

The section performed very well during the year. In total approximately 19,011.98 square metres of general road markings were maintained in Paarl; 378 intersections; 787 parking spaces, 1,363 stop signs; 336 yield signs were remarked.

#### 3.11.3 Roads

The function of the roads section is to attend to the upgrade of the existing roads and streets, to extend and improve the network, and maintain all classes of roads.

The Pavement Management System has been utilised to determine the required actions in preventative maintenance of the network in order to reduce the need for major reconstruction of streets. It is currently planned to advice Pavement Management system to determine the future major maintenance and reconstruction requirements of streets.

Provincial main roads of mutual interest are maintained and upgraded in collaboration with the Provincial Department of Transport whereby that department provides 80% of funding required.

The Integrated Transport Plan (ITP) has been upgraded to a Comprehensive Integrated Transport Plan (CITP) whereby future planning for the transport systems and network is determined.

**3.11.3.1 Roads Statistics**

The upgrading of Oosbosch Street between Berg Rivier Boulevard and Jan van Riebeeck Drive to a divided four lane road, including the widening of the bridges over the Berg River Boulevard and the railway line, is completed in this financial year.

A total of 3,103m of streets were resealed; 11,410 potholes were repaired; and 3732m<sup>2</sup> of tarring work was done.

The Roads Section performed very well during the year and managed to mitigate most of the formation of potholes and surface breakdowns.

Budgetary constraints is resulting in a serious backlog in attending to the preventative maintenance of the roads infrastructure which could result in the deterioration of service levels.

**Table 57: Gravel Road Infrastructure**

Gravel Road Infrastructure					
Serial No	Kilometres				
	Year	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar Roads	Gravel Roads Graded / Maintained
Column Ref.	A	B	C	D	E
1	2019/20	36.85	0.00	0.00	36.85
2	2020/21	36.85	0.00	0.00	36.85
3	2021/22	36.85	0.00	0.00	36.85

**Table 58: Asphalted Road Infrastructure**

Asphalted Road Infrastructure						
Serial No	Kilometres					
	Year	Total Asphalted roads	New Asphalt roads	Existing Asphalt Roads Re-asphalted	Existing Asphalt Roads Re-sheeted	Asphalt Roads Maintained
Column Ref.	A	B	C	D	E	F
1	2019/20	510.23	2.46	0.00	7.436	507.77
2	2020/21	510.23	0.00	0.00	10.326	507.77
3	2021/22	510.23	0.00	0.00	3.103	507.77

### 3.11.4 Stormwater Drainage

The Stormwater Section is responsible for the planning of expansion, installation and maintenance of the storm water network, including ±350 km of existing pipelines and culverts, manholes, catch pits and 40 km of rivers and streams.

Within the budgetary constraints, the system is kept free of obstructions as far as possible in order to mitigate possible flooding during high intensity downpours. The section endeavours to clean the complete system at least twice annually, with quarterly actions at known hotspots. Continued and increasing irresponsible littering and intentional dumping of rubbish in the storm water systems remains a major cause of blocked drains. This illegal action results in flooding of property especially in low lying areas.

The compilation of the Storm Water Master Plan and floodlines remains an absolute critical aspect which will have to be attended to, to provide for the maintenance and upgrading of the existing system, and planning of storm water system requirements in terms of the SDF.

#### 3.11.4.1 Stormwater Statistics

Upgrading of the aging pipe stormwater system is required in many instances. Where pipes have deteriorated to such an extent that they need replacing, the upgrading is done by slip-lining the pipelines instead of replacing the pipelines. This work is done in situ with no need for excavation, thereby reducing the negative effect of construction work on the residents and their movements. The cost of this method is dramatically less than conventional replacement of pipes, thereby enabling more rehabilitation work within the limited budget available.

No slip-lining of pipelines of varying diameters were instigated in the financial year. All 350 km of the system was cleaned at least twice; 7,980 manholes were cleaned; 1,527 blockages attended to; 683 repairs to installations undertaken; and 43 sinkholes repaired. Taking cognisance of the limited resources, the section performed very well.



**Table 59: Stormwater Infrastructure**

Stormwater Infrastructure					
Serial No.	Kilometres				
	Year	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Column Ref.	A	B	C	D	E
1	2019/20	356.77	1.02	0.480	355.27
2	2020/21	356.77	0	0	356.77
3	2021/22	377.18	0	0	377.18

### 3.11.5 Capital Expenditure

The Roads and Stormwater Section spent R35.9 million or 99.9% of the final adjustments budget on roads and stormwater infrastructure projects (traffic engineering included) for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 60: Capital Expenditure 2021/22 - Roads & Stormwater (Traffic Engineering included)**

Capital Expenditure 2021/22: Roads & Stormwater (Traffic Engineering Included)					
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	Upgrading Of Oosbosch Street	14 288 000	24 813 567	24 813 466	0,0%
2	Reseal of Streets/Road Network Paarl	4 000 000	3 999 545	3 999 545	0,0%
3	Upgrading of Areas Around Paarl East Aprons	3 000 000	2 866 034	2 866 033	0,0%
4	Intersection Wellington Industrial Park Upgrade	1 203 404	1 203 404	1 203 404	0,0%
5	Upgrading of Sidewalks	2 500 000	2 495 945	2 495 944	0,0%
6	Other Capital Projects	490 000	553 246	509 690	7,9%
<b>7</b>	<b>Total Capital Expenditure</b>	<b>25 481 404</b>	<b>35 931 741</b>	<b>35 888 081</b>	<b>0,1%</b>

### 3.11.6 Major Projects Completed

- No major storm water systems were undertaken.

### 3.11.7 Operating Expenditure

Roads and stormwater services, as a community service, generated an operating deficit of R126.4 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 61: Operating Revenue and Expenditure: Roads and Stormwater Services**

Operating Revenue and Expenditure: Roads and Stormwater Services						
Serial No.	Description	2020/21 Actual Results	2021/22			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(59,367,928)	(16,551,404)	(18,981,414)	(17,525,127)	-7.7%
2	<b>Total Operating Revenue</b>	<b>(59,367,928)</b>	<b>(16,551,404)</b>	<b>(18,981,414)</b>	<b>(17,525,127)</b>	<b>-7.7%</b>
3	Employee related costs	38,750,632	41,900,413	40,301,487	39,602,146	1.7%
4	Interest paid	28,527,245	28,604,386	28,604,386	28,604,385	0.0%
5	Contracted services	6,850,440	8,049,561	7,279,381	6,056,930	16.8%
6	Depreciation and amortisation	48,072,485	51,177,304	51,177,304	52,812,410	-3.2%
7	Inventory consumed	2,910,251	1,849,530	3,193,654	3,180,071	0.4%
8	Operational Costs and Losses	3,430,296	13,678,148	13,945,854	13,596,218	2.5%
9	<b>Total Operating Expenditure</b>	<b>128,541,348</b>	<b>145,259,342</b>	<b>144,502,066</b>	<b>143,852,161</b>	<b>0.4%</b>
10	<b>Operating (Surplus) / Deficit</b>	<b>69,173,420</b>	<b>128,707,938</b>	<b>125,520,652</b>	<b>126,327,034</b>	<b>0.6%</b>

### 3.11.8 Employee Statistics

The Roads and Stormwater Services Section has 262 posts on the organisational structure approved by Council on 30 June 2022 of which 101 posts are frozen and 161 posts funded at year-end. The section had 153 filled and 8 vacant posts at year-end, and based on the number of vacancies (8) had an 5% vacancy rate.

**Table 62: Employees - Roads and Stormwater Services**

Employees: Roads and Stormwater Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	3	1	2	2	0	0.0%
3	T12 - T14	4	6	2	4	3	1	25.0%
4	T09 - T11	7	13	6	7	7	0	0.0%
5	T06 - T08	27	52	24	28	25	3	10.7%
6	T03 - T05	119	188	68	120	116	4	3.3%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>158</b>	<b>262</b>	<b>101</b>	<b>161</b>	<b>153</b>	<b>8</b>	<b>5.0%</b>

## COMPONENT D: PLANNING AND DEVELOPMENT

### 3.12 INTRODUCTION

The Planning and Development Department includes Building Control, Land Surveying, Land Use Planning, Spatial Planning, Heritage, Geographical Information Services, Environmental Management, Rural Development and Economic Growth and Tourism. The Department is responsible for sustainable and pro-active planning and compliance monitoring of the natural and built environment. The Department facilitates physical, social and economic development and growth.

### 3.13 PLANNING SERVICES

The Division: Planning Services is responsible to ensure the orderly and sustainable development and compliance management of the built environment within the Drakenstein Municipal area, through creating an enabling environment in order to give effect to the Municipality's vision of creating "A city of excellence". Spatial development frameworks, design guidelines and spatial development orientated policy documents are generated to guide appropriate sustainable development at the appropriate spatial location.

The Division: Planning Services attends to spatial planning, geographical information services, heritage, building control, land use planning and land surveying matters.

#### 3.13.1 Section: Spatial Planning, Heritage and Geographical Information Services (GIS)

The Spatial Planning, Heritage and Geographical Information Services Section consists of a Spatial Planning Sub-Section, a Heritage Sub-Section and a Geographical Information Services Sub-Section.

##### 3.13.1.1 Sub-Section: Spatial Planning

The purpose of the sub-section is to formulate and implement policies and frameworks in order to achieve the spatial vision and form of Drakenstein Municipality.

The Sub-Section Spatial Planning is responsible for:

- Formulating, amending and/or reviewing a Municipal Spatial Development Framework;
- Formulating Local Spatial Development Frameworks for certain identified geographical areas within Drakenstein Municipality;
- Developing spatial planning related policies, guidelines and strategies in order to guide the long-term development of the Municipality;

- Providing inter-departmental support, from a town planning and land development perspective, on projects execution;
- Providing comment on land use applications and environmental applications; and
- Participating in the process of formulating provincial and national town planning policies, strategies, guidelines and legislation.

The Sub-Section Spatial Planning initiated the following project during the 2021/22 year:

- Compilation of a vacant municipal land audit;
- The compilation of several land development applications in order to render numerous vacant municipal properties investment ready; and
- Compilation of the 2022/2027 Drakenstein Spatial Development Framework.

### **3.13.1.2 Sub-Section: Heritage**

The purpose of the sub-section is to identify, protect and manage the heritage resources and cultural landscapes of the Drakenstein Municipality. The afore-mentioned are achieved through the implementation of heritage policies and legislation at a municipal level, in conjunction with Heritage Western Cape.

The Sub-Section Heritage initiated the following projects during the 2021/22 year:

- Compilation of an application for heritage competency in terms of the National Heritage Resources Act, for submission to Heritage Western Cape; and
- Compilation of a code of conduct for members of the Drakenstein Heritage Committees; and
- Compilation of the rules and procedures for meetings of the Drakenstein Heritage Committees.

### **3.13.1.3 Sub-Section: Geographical Information Services (GIS)**

The main purpose of the GIS Sub-Section is to provide and maintain Geographic Information System services and products for the department, provide GIS related guidance and support to managers and staff, and to take an active role in the development and maintenance of organisational Geographic Information System services.

### **3.13.1.4 Major Projects Completed**

Major projects undertaken during the year under review include:

- Amendment of the 2020 Drakenstein Spatial Development Framework (SDF): The compilation of a new 5-year Municipal SDF was initiated in September 2021 and concluded in May 2022. The SDF was approved, as part of the Drakenstein Integrated

Development Plan (IDP), by Council on 30 May 2022. The 2022 SDF will be reviewed annually as part of the IDP.

- Devolution of heritage competency: Drakenstein Municipality is engaging in a process with Heritage Western Cape to devolve certain provincial heritage competencies towards the Municipality in terms of the National Heritage Resources Act, Act 25 of 1999. An application for declaring the Municipality competent to perform certain function in terms of the Act has been provided by Heritage Western Cape and is currently being completed.
- Identification of municipal land for development and investment purposes: A process of identifying vacant municipal land for development and investment purposes was initiated during the 2021/22 financial year. Several properties were identified and approved by Council in order to commence with the staggered release of the identified properties for possible lease or alienation transactions within the next five years.

### **3.13.2 Section: Building Control**

Municipalities' bylaws must inter alia manage the way in which land within their area of jurisdiction is used, inter alia how buildings are erected. The Building Control Section deals with building activities, which entails new buildings, additions and alterations to existing buildings and temporary structures.

All municipalities administer the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977), the Regulations embodied in the act and the South African Standard Code of Practice (SANS 10400 for the application of the Regulations). The purpose thereof is to ensure that buildings are designed and built in such a manner that people can live, learn, work and play in a healthy and safe built environment.

The National Building Regulations require that no person may erect, alter, add on or convert a building without the prior written approval of the local authority. Building plans are assessed against the requirements of the building standards, regulations, any other applicable legislation, and 23 sections of the SANS 10400, that deal with various aspects of a building.

Once building plans are approved, the building inspectors carry out three compulsory inspections, namely:

- The inspection of all foundation trenches and the positioning of the building on-site;
- The inspection of all new drainage installations; and
- On completion of a building, a final inspection (completion) is carried out as no building may be occupied without a certificate of occupation.

Prior to the issuing of the certificate of occupation, the building inspector ensures compliance with the structural aspects, fire installation, health requirements, electrical installation, roads and storm water requirements, drainage installation, energy efficiency of the structure and compliance with the approved building plan.

Furthermore, it is the responsibility of the building inspector to address illegal structures and 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 related matters 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 work. There is thus no obligation on the Council's building inspectors to control the quality of workmanship and materials, but the owner may be informed by Council of poor quality workmanship and/or materials when observed.

#### **3.13.2.1 Building Control Statistics**

A total of 1,614 new building plan applications, for various types of projects, have been submitted for consideration over the year under review. This amounts to a total of 303,234 m<sup>2</sup> of potential development area with an estimated value of R3,033,245,774 billion, which amounts to an 84% increase in square meters and a 97% increase in estimated value. This can thus be seen as a clear indication of the upturn of the local economy.

Although 1,614 new applications were received, a total of 3,596 determinations, consisting of 1,729 approvals and 1,867 non-approvals requiring amendment and resubmission, were made. Determinations consists of approvals, non-approvals of plans submitted during the financial year and plans of the previous financial year which was not finalised during the financial year submitted.

Due to non-approvals, thus requiring amendments, numerous plans were assessed more than once. R7,569,421 of revenue was created due to building plan applications, which is a 98% increase from the previous year.

**Table 63: Applications for Land Use Development**

Applications for Land Use Development										
Serial No.	Detail	Formalisation of Townships			Rezoning			Building Environment		
		2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022	2019/2020	2020/2021	2021/2022
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	Planning applications received	16	11	14	14	20	12	1,330	1,184	1,614
2	Determination made in year of receipt	4	2	4	1	2	0	1,300	1,140	3,596
3	Determination made in following year	-	-	0	-	-	0	848	30	44
4	Applications withdrawn	-	0	0	-	1	0	452	0	0
5	Applications outstanding at year end	0	9	10	0	17	12	2	44	159

Below is a breakdown of new building plan applications approved during the financial year:

**Table 64: Building Plan Applications Approved 2021/22**

Building Plan Applications Approved 2021/22					
Serial No.	Application Type	Total	%	Floor Area	Value ®
Column Ref.	A	B	C	D	E
1	Residential	1,444	83.5	206,445 m <sup>2</sup>	R2,085,555,579.00
2	Non-Residential	285	16.5	97,925 m <sup>2</sup>	R623,172,744.40
3	<b>Total</b>	<b>1,729</b>	<b>100</b>	<b>304,370 m<sup>2</sup></b>	<b>R2,708,728,323.40</b>

Over the past 12 months the municipal Building Inspectors were responsible for carrying out 5,600 building inspections throughout the Municipality. These include beacon inspections (1,718), commencement/foundation inspections (1,025), drainage inspections (467), completion inspections (1,572) as well as certificate of occupation applications (818). A total of 711 certificates of occupation were issued during the financial year.

Furthermore, a total of 11 demolition applications were processed during the financial year and 227 building control related complaints were received and addressed at an average of 19 complaints per month.

### **3.13.2.2 Major Projects Completed**

No major projects have been completed that relates to Building Control.

### **3.13.3 Section: Land Use Planning and Surveying**

The Land Use Planning and Surveying Section is responsible to ensure the orderly and sustainable development and management of the built environment.

Land-use planning refers to a wide range of activities that direct the future use of land and manage the current use thereof in order to ensure the optimal use of land within a political, social, cultural, environmental and economic context.

The section is mainly responsible for the processing of applications for land use changes (by means of township establishment, rezoning, consent uses, departures, temporary departures, amendment of conditions of approval and removal of restrictive title conditions), as well as farm subdivisions, urban subdivisions and exempted subdivisions. The section is furthermore responsible for the scrutinising of building plans for compliance with zoning parameters and site dimensions, as well as attending to illegal land uses.

The most important instruments used in land use management is the Zoning Scheme Bylaw and the Bylaw on Municipal Land Use Planning, which have been adopted for the whole of the Municipal area. In terms of these bylaws, more streamlined application processes have been catered for and more types of land use rights have been allocated under specific zoning categories. This has proved to be beneficial in unlocking development, as the normally complex and time consuming change of land use right applications, are not required.

In order to cater for more streamlined application processes an electronic land use planning application processing system has been developed and implemented. The system consists of an external internet portal for application submission purposes and an electronic on-premises solution for processing purposes, within the framework of the existing Collaborator platform. 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. In order to further streamline the process a project to further refine the processes have been embarked upon.

With regard to the year's performance it needs to be noted that there were a 33% increase in rezoning approvals and a 31% increase in Consent Use approvals which is a sign of the recovery of the local economy. Departures as part of Building Plans increased by 26%. The process of the amendment of the Zoning Scheme will commence during the 2022/23 financial year and



the simplification of zoning parameters will be investigated in order to reduce the need of departures where appropriate, thereby assisting with red-tape reduction.

### 3.13.3.1 Service Statistics

Table 65: Service Statistics - Land Use Planning & Surveying

Service Statistics – Land Use Planning and Surveying				
Serial No.	Applications	2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Simultaneous rezoning and subdivision (inclusive of township establishment)	8	10	10
2	Rezoning	13	12	16
3	Consent Uses	13	13	17
4	Temporary Departures	0	1	0
5	Removal of restrictive Title conditions	2	2	3
6	Amendment of Conditions of Approval	11	14	5
7	Farm Subdivisions	1	1	0
8	Urban Subdivisions	15	20	22
9	Exempted Subdivisions	35	29	24
10	Consolidations	5	3	3
11	Home Owners Association Constitution approval / amendments	1	9	2
12	Zoning determinations	0	0	0
13	Extension-of-time	6	7	3
14	Site Development plan approvals	1	2	4
15	House Shops	10	17	3
16	Departures/Technical approval	8	16	16
17	Departures as part of Building Plan approvals	98	106	134

### 3.13.3.2 Major Projects Completed

- The Draft Land Use Contravention Penalty Policy has been adopted for public participation purposes.

### 3.13.4 Capital Expenditure

The Planning Services Department spent R19.7 thousand or 100% of the final adjustments budget on machinery, equipment and professional fees for infrastructure for the year under review.

**Table 66: Capital Expenditure 2021/22 - Planning Services**

Capital Expenditure 2021/22: Planning 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	Other Capital Projects	11 500	19 738	19 737	0,0%
2	<b>Total Capital Expenditure</b>	<b>11 500</b>	<b>19 738</b>	<b>19 737</b>	<b>0,0%</b>

### 3.13.5 Operating Expenditure

Planning services, as a community service, generated an operating deficit of R27.4 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 67: Operating Revenue and Expenditure: Planning Services**

Operating Revenue and Expenditure: Planning Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(4,957,161)	(4,525,450)	(6,590,450)	(8,594,656)	30.4%
2	<b>Total Operating Revenue</b>	<b>(4,957,161)</b>	<b>(4,525,450)</b>	<b>(6,590,450)</b>	<b>(8,594,656)</b>	<b>30.4%</b>
3	Employee related costs	35,008,443	36,378,062	35,344,448	34,481,449	2.4%
4	Contracted services	783,008	1,144,044	909,836	800,268	12.0%
5	Depreciation and amortisation	198,079	216,991	216,991	210,114	3.2%
6	Inventory consumed	271,699	202,717	185,602	78,113	57.9%
7	Operational Costs and Losses	331,155	1,293,716	984,358	468,467	52.4%
8	<b>Total Operating Expenditure</b>	<b>36,592,383</b>	<b>39,235,530</b>	<b>37,641,235</b>	<b>36,038,411</b>	<b>4.3%</b>
9	<b>Operating (Surplus) / Deficit</b>	<b>31,635,222</b>	<b>34,710,080</b>	<b>31,050,785</b>	<b>27,443,755</b>	<b>-11.6%</b>

### 3.13.6 Employee Statistics

The Planning Services Division has 82 posts on the organisational structure approved by Council on 30 June 2022 of which 31 posts are frozen and 51 posts funded at year-end. The section had 45 filled and 6 vacant posts at year-end, and based on the number of vacancies (6) had a 11.8% vacancy rate.

**Table 68: Employees - Planning Services**

Employees: Planning Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	1	1	0	1	1	0	0.0%
2	T15 - T17	8	14	6	8	7	1	12.5%
3	T12 - T14	7	17	8	9	9	0	0.0%
4	T09 - T11	18	32	12	20	15	5	25.0%
5	T06 - T08	11	16	5	11	11	0	0.0%
6	T03 - T05	2	2	0	2	2	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>47</b>	<b>82</b>	<b>31</b>	<b>51</b>	<b>45</b>	<b>6</b>	<b>11.8%</b>

### 3.14 ECONOMIC GROWTH (INCLUDING TOURISM AND MARKET PLACES)

Despite continued sluggish economic growth during the 2021/22 financial year the municipality remained resolute to work towards rebuilding the economy through collaboration, co-operation and enhanced business efficiency.

To achieve this we focused on the following:

- Continue to build internal capacity to innovate through automation to become more agile within the constraints of the municipal legislative environment;
- Build business confidence and assurance;
- Facilitate effective and efficient service delivery to stimulate the economy; and
- Continue to strengthen the Eco-system to build SMME capability to increase their contribution towards local economic growth.

#### 3.14.1 Economic Growth

The municipality remains committed to achieve its economic vision to become a globally competitive and innovative city that provides opportunities for all its residents despite the ongoing socio-economic challenges.

To do so the municipality continues to focus on enhancing strategic economic growth enablers such as facilitating the ease of doing business, building institutional capacity to respond to the diverse needs of the investor and entrepreneur and ensuring improved efficiencies in service delivery in order to grow the economy. All of these economic recovery enablers serve as key pillars to drive further investment into the area.

### **3.14.1.1 Economic Growth Environment**

Some of the key divisional highlights for the 2021/22 financial year include the following:

- Continued with the implementation of Drakenstein Connects with a focused approach on addressing sector specific needs to grow the economy and building partnerships with the business community and civil society.
- Establishment of the Investment Area Management Section that focuses on business retention and facilitation.
- Development of an online informal trading permitting system to improve business efficiency in supporting the local Informal sector.
- The establishment of Joint Marketing Agreements to promote Sports Tourism as a focus area to promote our destination as a leading sports tourism destination.

### **3.14.1.2 Economic Growth Achievements**

The highlighted achievements below are indicative of the municipality's commitment to focus on rebuilding the investors' confidence to improve municipal competitiveness and build SMMEs capability to broaden participation in order to achieve inclusive growth:

- The implementation of the Investment Area Management function to facilitate business retention and expansion to improve the municipality's competitiveness.
- Facilitation of business linkages and ongoing business support between SMMEs, the private sector and other state entities.
- Held 6 SMME Outreach Sessions and reached 117 beneficiaries.
- Investor Facilitation in targeted sectors which include Agro-processing , Advanced Manufacturing, Transport and Logistics, Financial, Insurance, Real Estate and Business Services, Tourism and Renewable Energy to stimulate re-industrialisation and job intensive economic development;
- Investment promotion;
- Public sector infrastructure investment to enable the growth of the economy;
- Maintain the focus on red tape reduction interventions;
- Small business linkages; and
- Demand driven skills for the future and SMME development.

### **3.14.1.3 Economic Growth Challenges**

- Scarcity of job opportunities and lack of economic opportunities;
- Insufficient access to available and investment ready land to promote economic growth; additional sufficient built infrastructure to facilitate access to trading spaces;
- SMME and Entrepreneurship Development

- Too much red tape which prevents the acceleration of sustainable economic growth in the Municipality;
- Access to free and Wi-Fi;
- Localising procurement opportunities to ensure the localisation of the global value chain;
- Vandalism of economic infrastructure built to enable economic growth;
- Macro-economic impact on local economy;
- Lack of affordable broadband and water security are important to ensure large scale investment;
- The matching of relevant skills to the market and high youth unemployment remain major risks;
- A need for a Social Contribution Framework to drive Corporate Social Investment;
- Lack of a one stop business support service center to serve investors and SMMEs; and
- Reliable and Integrated Public Transport System.

#### **3.14.1.4 EPWP Job Creation**

The Municipality obtained a conditional grant from the National Department of Public Works and topped it up with own funding to impact more beneficiaries. Based on the performance on the programme and the need after COVID for more job opportunities, Drakenstein Municipality successfully applied for additional Local Government Public Employment Support Grant. In order to extend job creation further, Drakenstein Municipality also allocate a large portion of the ward project budgets to short term work opportunities. Our own funding contribution in 2021/22 was R 13.34 million while the grants amounted to R5.2 million. Over the last five years Drakenstein Municipality contributed 3 times that of the grant allocations towards job creation.

During 2021/22, 901 new and 536 existing contracts were either started or concluded from the EPWP grant and municipal funding, Over and above these, 939 people were appointed on the ward projects for short term local interventions.

The following table depicts the number of EPWP Projects, funding and the number of jobs created through EPWP projects over the last three financial years.

**Table 69: Job creation through EPWP Projects**

Job creation through Expanded Public Works Programme (EPWP) Projects					
Serial No.	Financial Year	DTPW EPWP & Local Government Grant allocation	Drakenstein Municipal Funding	Number of EPWP Projects	Number of new jobs created through EPWP Projects
Column Ref.	A	B	C	D	E
1	2019/20	R5,185,000	R5,305,000	17	1,026
2	2020/21	R4,093,000	R15,263,357	21	2,487
3	2021/22	R3,287,000 R2,000,000	R13,342,868	21	1,840

### 3.14.2 Tourism and Market places

Drakenstein’s Tourism sector is on the path to recovery with a serious focus on rethinking and reshaping the way we do Tourism locally. With this said we acknowledge that we had to maximise our efforts to enhance our focus on destination marketing, product development, skills development and strengthening partnerships.

There is a renewed focus to prioritise Tourism sector interventions and the achievements below demonstrates municipality’s commitment.

#### 3.14.2.1 Tourism Achievements

Below are some of the highlights we achieved during the 2021/22 financial year:

- The municipality provided funding to enhance the official destination marketing organisation online presence in an attempt to encourage domestic tourism.
- Continuous enhancement of business process efficiency in respect of tourism signage applications and successfully facilitated 8 tourism signage applications.
- Tourism Skills Development Programmes. The municipality successfully implemented the second phase of two national tourism skills development programmes which include the Tourism Safety Monitor and Wine Skills Training Programmes. 72 Youth from Drakenstein have benefited from the respective programmes.
- We continue to reap the rewards of our efforts in developing the municipality as a film friendly destination. This year we successfully hosted two Youth in Film Workshops which set the scene to introduce local youth to the film sector.

### 3.14.2.2 Tourism Challenges

The following challenges prevail:

- The need for transformation in the tourism industry;
- The continued negative impact of the existing tourism flows on the destination due to COVID-19;
- Additional tourism signage infrastructure to enhance the visitor’s experience was initiated;
- A need to improve the tourism digital marketing platforms;
- A suitable Film Locations Policy;
- A need to diversify the Tourism offering;
- A need to promote a more responsible tourism focus;
- COVID-19, the uncertainty in the duration of this pandemic globally;
- A need to increase revenue, visitor numbers and length of stay;
- A need for sufficient statistical data to better understand the local Tourism sector value chain locally; and
- A need to provide specific Tourism SMME business support.

### 3.14.3 Capital Expenditure

The Economic Growth Division spent R16.3 thousand or 100% of the final adjustments budget on capital items for the year under review.

**Table 70: Capital Expenditure 2021/22 - Economic Growth (Tourism & Market Places Included)**

Capital Expenditure 2021/22: Economic growth (Tourism & Market Places Included)					
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	Other Capital Projects	130 000	16 282	16 282	0,0%
2	<b>Total Capital Expenditure</b>	<b>130 000</b>	<b>16 282</b>	<b>16 282</b>	<b>0,0%</b>

### 3.14.4 Major Projects Completed

- Development of the Informal Trading online permitting system to enhance business efficiency.
- Successful implementation of SMME Outreach sessions to facilitate an inter-governmental approach to provide business support to SMMEs in Drakenstein.
- Successful establishment of the Investment Area Management function to facilitate business retention and facilitation.

### 3.14.5 Operating Expenditure

Economic growth and tourism services, as a community service, generated an operating deficit of R17.9 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 71: Operating Revenue and Expenditure: Economic Growth and Tourism**

Operating Revenue and Expenditure: Economic Growth and Tourism						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(4,168,820)	(3,296,375)	(5,577,175)	(5,613,388)	0.6%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(4,168,820)</b>	<b>(3,296,375)</b>	<b>(5,577,175)</b>	<b>(5,613,388)</b>	<b>0.6%</b>
3	Employee related costs	22,814,330	20,591,565	23,050,081	21,342,997	7.4%
4	Contracted services	561,931	2,441,650	335,780	334,980	0.2%
5	Depreciation and amortisation	46,394	49,642	49,642	51,255	-3.2%
6	Inventory consumed	168,430	119,781	275,061	192,972	29.8%
7	Operational Costs and Losses	2,801,829	3,581,630	1,687,962	1,583,112	6.2%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>26,392,914</b>	<b>26,784,268</b>	<b>25,398,526</b>	<b>23,505,316</b>	<b>7.5%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>22,224,094</b>	<b>23,487,893</b>	<b>19,821,351</b>	<b>17,891,928</b>	<b>-9.7%</b>

### 3.14.6 Employee Statistics

The Economic Growth Division has 13 posts on the organisational structure approved by Council on 30 June 2022 of which 5 posts are frozen and 8 posts funded at year-end. The section had 7 filled posts at year-end and based on the number of vacancies (1) had a 12.5% vacancy rate.

**Table 72: Employees - Economic Growth (including Tourism and Market Places)**

Employees: Economic Growth (including Tourism and Market Places)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	3	1	2	2	0	0.0%
3	T12 - T14	1	1	0	1	1	0	0.0%
4	T09 - T11	2	5	2	3	2	1	33.3%
5	T06 - T08	2	4	2	2	2	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>7</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>12.5%</b>



### 3.15 RURAL DEVELOPMENT

With the recent pressures placed on our economy as a result of the pandemic and environmental disasters which have affected jobs and the availability of key goods to the country. South Africa has emphasised the need for the division to focus on how to build a resilient enabling environment that will enable the communities we serve to develop mechanisms on how best to deal with catastrophic social and economic shocks.

The Rural Development Division adopted some post-COVID interventions to increase investor confidence in the rural sphere by focussing on the following:

- Ensuring that each project focuses on skills development which could ultimately leads to increasing jobs in rural areas;
- Developing of projects that focused on entrepreneurial development and support. Healthy SMMEs are resilient and can create sustainable jobs within the rural hinterland; and
- Strengthen the relationship with critical partners in the rural sphere, like the Department of Agriculture, Rural Development and Land Reform, Department of Basic Education, the Department of Social Services, etc. to jointly address common challenges, eg. food security and enhance enterprise development.

**Table 73: Rural Development Projects/ Initiatives**

Rural Development Projects Initiatives		
Serial No.	Project/Initiative	Description/Value added to improve service delivery
Column Ref	A	B
1	Establishing Drakenstein as a Fairtrade City	Fairtrade is a global movement, which addresses the injustices of conventional trade by supporting small-scale producers, businesses, manufacturers and workers to secure better terms of trade. It is based upon building trade relationships that are based on dialogue, values, transparency and respect. Drakenstein Municipality became the first Fair Trade City in South Africa and 3rd in Africa. Some of the initiative explored are Fair Trade Schools and Campus, SMME incubation, Fair Fridays (consumer awareness), Fair Trade Day and business support in terms of market access.
2	Relocation of Vlakkeland Small Farmers.	Jubelie Services appointed by the Human Settlements Division is facilitating the relocation of Vlakkeland small farmers. The establishment of a sustainable farming enterprise is enabling beneficiaries to farm commercially.
3	Food gardens	The Division facilitated the implementation of 14 backyard gardens in Simona in Simondium (Ward 1) in a bid to

Rural Development Projects Initiatives		
Serial No.	Project/Initiative	Description/Value added to improve service delivery
Column Ref	A	B
		promote healthy living and encourage vegetable production for own consumption to improve food security.
4	Bursaries allocated to rural matriculants.	Bursaries allocated to a total of 11 rural matriculants to further their studies. The purpose is to focus on access to financial assistance to enable rural learners to further their studies to reduce the risk of unemployment.
5	Rural entrepreneurial initiatives	The Division implemented numerous initiatives that focused on encouraging the development and support of rural entrepreneurs. SMME Outreach sessions were held in Saron, Gouda and Hermon to offer financial and non-financial support to 75 SMMEs in the rural hinterland. Fair Trade day 2022 offered a food vendor from Hermon an opportunity to showcase her skills to an estimated 150 attendees. Furthermore, in collaboration with the South African Revenue Services a total of 240 businesses and individuals was assisted with tax related issues in Gouda, Saron, Hermon and Simondium. Within the textile sector, the Division hosted a slow fashion workshop for 7 CMTs (Cut, Make and Trim), this is done to encourage the sustainable use of garments and promote environmentally friendly technics.

### 3.16 INTRODUCTION

This part of the report deals with library services, cemeteries and crematoria, community halls and facilities, and Thusong centres, services to childcare, aged care and social programmes rendered during the year under review

### 3.17 LIBRARY SERVICES

There are currently 19 libraries across Drakenstein Municipality providing a range of services for reading development, community interaction and educational support. Seventeen libraries are in full operation however upgrades to the Bergendal Library are not completed yet and Wagenmakersvallei Library only provides roving services. Drakenstein Libraries are spaces where our communities can grow and develop to their full potential and become what they dream to be, with the help of a librarian always available to them.

At the time the 2021-2022 municipal cycle started uncertainty about the existence of COVID - 19 in and around the workplace created some service delays. This situation hampered the planning of projects, programmes, and library-focused events for the year, because we did not know when situations might change.

The South African Library Week Theme 2022 : **Re-Image, Re-Purpose and Re-Discover Libraries**, formed the basis and the incorporation of the Mayor's Theme that focused on: Safety, Job Creation, and Clean City in all library program planning for the year.

We still have many rural communities that are suffering without a good library service near their homes. It is important that town planners include spaces for libraries in all our human settlement developments.

#### 3.17.1 Service Statistics

Drakenstein has 97,644 library members and all libraries accounted for 562,546 library visits during the year under review. A total of 316,503 library items were circulated and ICT computer usages amounted to 9,500 times.

**Table 74: Service Statistics for Libraries 2021/22**

Service Statistics for Libraries 2021/22						
Serial No.	Programme	Q1	Q2	Q3	Q4	Full Year
Column Ref.	A	B	C	D	E	F
1	Displays	168	140	127	183	618
2	Storytelling Sessions	144	156	129	193	622
3	Reading and Literacy Sessions facilitated	1,218	702	793	1,548	4,261
4	Book Education, Book Discussions Library Orientation, Book Talks and Book Clubs, Class Visits and Bibliographic Instruction	152	131	118	130	531
5	Library Centred Activities	195	272	286	290	1,043
6	Community and Outreach Programmes	229	159	139	347	874
7	Developmental Reading Programmes	25	43	132	89	289
8	ICT computer usages	1,680	1698	2,663	3,459	9,500
9	Learner support	892	229	566	1,044	2,731
10	Circulation	74,023	75,281	81,254	85,945	316,503
11	New members added	648	553	1268	1,065	3,534
12	Total library visits	93,567	104,828	145,795	218,356	562,546
13	Library space usage	15	52	81	75	223
14	Membership			2019/20	2020/21	97,644
				101,174	94,382	
15	Library stock			Province	Own	Total
				273,969	66,200	340,169

### 3.17.2 Service Delivery Levels

Drakenstein Libraries and Information Services always provide effective, efficient and quality informational and recreational services to all library users in our communities within the framework of the norms and standards of the Western Cape Library Services.

### 3.17.3 Capital Expenditure

The Library Services Section spent R270.1 thousand or 100% of the final adjustments budget on library services 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 75: Capital Expenditure 2021/22 - Library Services**

Capital Expenditure 2021/22: Library 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	Other Capital Projects	-	270 818	270 817	0,0%
2	<b>Total Capital Expenditure</b>	-	<b>270 818</b>	<b>270 817</b>	<b>0,0%</b>

### 3.17.4 Major Projects Completed

There was no major projects for libraries

### 3.17.5 Operating Expenditure

Library services, as a subsidised service, generated an operating deficit of R9.3 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services. This remains an underfunded mandate from the Provincial Department of Library Services.

**Table 76: Operating Revenue and Expenditure: Library Services**

Operating Revenue and Expenditure: Library Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(18,807,651)	(16,070,500)	(20,265,500)	(17,820,978)	-12.1%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(18,807,651)</b>	<b>(16,070,500)</b>	<b>(20,265,500)</b>	<b>(17,820,978)</b>	<b>-12.1%</b>
3	Employee related costs	20,783,516	22,453,270	24,787,342	20,368,075	17.8%
4	Contracted services	457,209	500,489	1,015,456	470,630	53.7%
5	Depreciation and amortisation	4,719,030	4,371,818	4,371,818	4,513,862	-3.2%
6	Inventory consumed	189,566	110,764	207,134	142,840	31.0%
7	Operational Costs and Losses	1,587,969	88,766	124,974	1,601,535	-1181.5%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>27,737,290</b>	<b>27,525,107</b>	<b>30,506,724</b>	<b>27,096,942</b>	<b>11.2%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>8,929,640</b>	<b>11,454,607</b>	<b>10,241,224</b>	<b>9,275,963</b>	<b>-9.4%</b>

### 3.17.6 Employee Statistics

The Library Services Section has 130 posts on the organisational structure approved by Council on 30 June 2022 of which 54 posts are frozen and 76 posts funded at year-end. The section had 68 filled posts at year-end and based on the number of vacancies (8) had a 10.5% vacancy rate.

**Table 77: Employees - Library Services**

Employees: Library Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	6	11	3	8	5	3	37.5%
4	T09 - T11	3	30	25	5	2	3	60.0%
5	T06 - T08	51	60	9	51	49	2	3.9%
6	T03 - T05	11	28	17	11	11	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>72</b>	<b>130</b>	<b>54</b>	<b>76</b>	<b>68</b>	<b>8</b>	<b>10.5%</b>

### 3.18 CEMETERIES AND CREMATORIA

Drakenstein Municipality has 13 cemeteries. The COVID 19 epidemic has placed a heavy burden on Parys Cemetery especially as a result of the overflow of burials from Wellington and Simondium. Before COVID 19, most funerals took place in Parys Cemetery. More burial space, smaller roads, and footpaths have been closed to allow for extra burials in certain blocks. Parys, Saron (73km from Paarl) and Hermon Cemeteries (43 km from Paarl) have reasonable space available.

Due to the heavy burden on our cemeteries and COVID 19 pandemic, the Municipality has identified Nieuwedrift as a potential new cemetery

Environmental Authorisation was granted by Department of Environmental Affairs and Development Planning (DEADP), received on 7 December.

Subsequent to the Environmental Authorisation as obtained, Drakenstein Municipality were still obliged to disseminate the document to all relevant stakeholders to lodge any further appeals. We still await the outcome of the appeals.

The Environmental Authorisation as granted was also submitted on 13 December 2021 for the attention of Cape Winelands District Municipality who must submit the application to the National Department of Health.

Regular follow-ups will be directed to Cape Winelands to check on the progress of the submission to the National Department of Health. The exemption application has been approved by the Cape Winelands District Municipality. Drakenstein Municipality is now

awaiting approval from National Government. Bylaw to Burial Policy was revised and served before Council in April 2022 and was approved.

The Department is currently busy doing Alien clearing project in Parys Cemetery which will allow up to 1,300 new grave sites. Studies are also being done in Hillcrest to create more burial space for up to 2 years.

### 3.18.1 Service Statistics

During the year under review, 1,754 burials took place at an average of 138 burials per month. Drakenstein Municipality does not have a municipal crematorium.

The State of Disaster was lifted in March 2022

**Table 78: Summary of burials and cremation**

Summary of burials and cremation				
Serial No	Month	Year		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	July	155	126	297
2	August	155	190	529
3	September	139	175	282
4	October	144	180	194
5	November	181	131	137
6	December	179	164	178
7	January	215	337	212
8	February	168	644	165
9	March	151	538	200
10	April	116	507	146
11	May	108	111	157
12	June	155	160	145

Drakenstein Crematorium which is under private ownership have received permission to operate 24 hours a day and can perform up to 30 cremations per day.

### 3.18.2 Service Delivery Levels

The aim is to perform maintenance at cemeteries every 6 to 8 weeks. This includes horticultural maintenance and minor grave maintenance.

### 3.18.3 Capital Expenditure

The Cemeteries Section spent R3.061 million or 100% of the final adjustments budget on cemetery services infrastructure projects for the year under review.

Table 79: Capital Expenditure 2021/22 - Cemeteries & Crematoria

Capital Expenditure 2021/22: Cemeteries & Crematoria					
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	Cemeteries (IUDG)	2,391,304	3,060,552	3,060,551	0.0%
2	<b>Total Capital Expenditure</b>	<b>2,391,304</b>	<b>3,060,552</b>	<b>3,060,551</b>	<b>0.0%</b>

### 3.18.4 Major Projects Completed

No major projects although the Division Cemetery other than the appointed of a consultant for the new proposed Nieuwedrift Cemetery.

### 3.18.5 Operating Expenditure

Cemeteries services, as a community service, generated an operating deficit of R1.0 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 80: Operating Revenue and Expenditure: Cemeteries & Crematoria

Operating Revenue and Expenditure: Cemeteries & Crematoria						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(3,874,842)	(3,206,173)	(4,363,142)	(4,131,672)	-5.3%
2	<b>Total Operating Revenue</b>	<b>(3,874,842)</b>	<b>(3,206,173)</b>	<b>(4,363,142)</b>	<b>(4,131,672)</b>	<b>-5.3%</b>
3	Employee related costs	3,817,290	4,285,513	3,822,207	3,952,193	-3.4%
4	Contracted services	607,176	893,704	1,400,646	843,847	39.8%
5	Depreciation and amortisation	6,544	7,003	7,003	7,231	-3.2%
6	Inventory consumed	327,299	370,288	226,488	181,914	19.7%
7	Operational Costs and Losses	183,247	298,000	154,000	138,099	10.3%
8	<b>Total Operating Expenditure</b>	<b>4,941,556</b>	<b>5,854,508</b>	<b>5,610,344</b>	<b>5,123,284</b>	<b>8.7%</b>
9	<b>Operating (Surplus) / Deficit</b>	<b>1,066,714</b>	<b>2,648,335</b>	<b>1,247,202</b>	<b>991,612</b>	<b>-20.5%</b>



### 3.18.6 Employee Statistics

The Cemeteries Services function has 44 posts on the organisational structure approved by Council on 30 June 2022 of which 22 posts are frozen and 22 posts funded at year-end. The section had 19 filled at year-end and based on the number of vacancies (3) had 13.6% vacancy rate.

**Table 81: Employees - Cemeteries and Crematoria**

Employees: Cemeteries and Crematoria								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	1	0	1	1	0	0.0%
3	T12 - T14	1	2	1	1	1	0	0.0%
4	T09 - T11	0	0	0	0	0	0	0.0%
5	T06 - T08	7	7	1	6	5	1	16.7%
6	T03 - T05	14	34	20	14	12	2	14.3%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>24</b>	<b>44</b>	<b>22</b>	<b>22</b>	<b>19</b>	<b>3</b>	<b>13.6%</b>

*Note: The vacancy rate includes seasonal worker posts that will only be filled during holiday season.*

### 3.19 COMMUNITY HALLS, FACILITIES AND THUSONG CENTRES

The Community Development Section manages two town halls, eight community halls, two Multi-Purpose Thusong Centres and 16 public ablution facilities. The Multi-Purpose Thusong Centres are one-stop facilities that provide opportunities to access a compendium of government services to surrounding communities. These services include social services, service point access social pension and grants, consumer protection and numerous municipal services. The municipal halls are also managed by this section, and these include the Wellington Town Hall and Paarl City Hall, as well as the Huguenot, Gouda, Fairyland, Mbekweni and Colibri Community Halls.

#### 3.19.1 Service Statistics

The total number of people that accessed services for the year under review from the Paarl East Thusong Centre is 32,642 and the total number for Mbekweni Thusong Centre is approximately 11,330 people. The facilities are open for hire and service statistics are being developed for these new facilities. Other relevant information includes the number of functions at the halls and Thusong Centres as reflected below.

**Table 82: Town Halls, Community Halls and Thusong Centres**

Town Halls, Community Halls and Thusong Centres				
Serial No	Facility	Number of Functions		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Paarl Town Hall	45	10	30
2	Wellington Town Hall	62	6	43
3	Huguenot Community Hall	90	21	72
4	Fairyland Community Hall	54	7	36
5	Mbekweni Community Hall	68	42	34
6	Colibri Community Hall	45	8	37
7	Safmarine Community Hall	0	0	0
8	Simondium Community Hall	41	14	37
9	Gouda Community Hall	41	0	31
10	Saron Community Hall	33	0	39
11	Paarl-East Thusong Service Centre	69	45	69
12	Mbekweni Thusong Service Centre	66	31	74

### 3.19.2 Service Delivery Levels

The halls are frequently used, and this has an impact on the standard times of readiness in terms of minimum quality standards required at such facilities. The current staff shortages also influence the turnaround times for readiness. Upgrades at the halls and Thusong Centres will ensure that service delivery will improve. The Thusong of Mbekweni and Paarl East have a provincial compliance evaluation of 75%.

Irrespective the above-mentioned challenges, there was a significant increase in the use of all our facilities post the COVID-19 pandemic.

### 3.19.3 Capital Expenditure

The Community Development Section spent R1,737 or 100% of the final adjustments budget on capital projects for the year under review.

**Table 83: Capital Expenditure 2021/22 - Community Halls, Facilities and Thusong Centres**

Capital Expenditure 2021/22: Community Halls, Facilities and Thusong Centres					
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	Other Capital Projects	160 000	1 737	1 737	0,0%
2	<b>Total Capital Expenditure</b>	<b>160 000</b>	<b>1 737</b>	<b>1 737</b>	<b>0,0%</b>

### 3.19.4 Major Projects Completed

No major projects have been completed for Community Halls.

### 3.19.5 Operating Expenditure

Community halls, facilities and Thusong centres, as a community service, generated an operating deficit of R11.12 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 84: Operating Revenue and Expenditure: Community Halls, Facilities and Thusong Centres**

Operating Revenue and Expenditure: Community Halls, Facilities and Thusong Centres						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(388,394)	(234,755)	(234,755)	(305,199)	30.0%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(388,394)</b>	<b>(234,755)</b>	<b>(234,755)</b>	<b>(305,199)</b>	<b>30.0%</b>
3	Employee related costs	5,998,673	6,870,773	6,332,416	6,478,751	-2.3%
4	Contracted services	268,779	379,351	35,802	19,528	45.5%
5	Depreciation and amortisation	3,197,206	3,399,971	3,399,971	3,510,439	-3.2%
6	Inventory consumed	385,633	333,991	870,475	581,647	33.2%
7	Operational Costs and Losses	821,822	43,548	53,548	833,454	-1456.5%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>10,672,113</b>	<b>11,027,634</b>	<b>10,692,212</b>	<b>11,423,820</b>	<b>-6.8%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>10,283,720</b>	<b>10,792,879</b>	<b>10,457,457</b>	<b>11,118,620</b>	<b>6.3%</b>

### 3.19.6 Employee Statistics

The Community Halls, Facilities and Thusong Centres Services Section has 82 posts on the organisational structure approved by Council on 30 June 2022 of which 19 posts are frozen and 63 posts funded at year-end. The section had 62 filled at year-end and based on the number of vacancies (1) had a 1.6% vacancy rate.

**Table 85: Employees - Community Halls, Facilities and Thusong Centres**

Employees: Community Halls, Facilities and Thusong Centres								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	0	0	0	0	0	0	0.0%
3	T12 - T14	0	1	1	0	0	0	0.0%
4	T09 - T11	0	3	3	0	0	0	0.0%
5	T06 - T08	10	13	3	10	10	0	0.0%
6	T03 - T05	52	65	12	53	52	1	1.9%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>62</b>	<b>82</b>	<b>19</b>	<b>63</b>	<b>62</b>	<b>1</b>	<b>1.6%</b>

### 3.20 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Community Development Section is responsible for poverty relief initiatives, support to vulnerable groups, which include youth, gender, the elderly, the disabled, street people and the Early Childhood Development (ECD) Sector. The operations of Mayoral Ward Projects in the 33 wards are being facilitated by the Community Development Section.

The strategic and programmatic focus of the section is, to develop and establish social support networks and developing and promoting community livelihood. The purpose of these livelihood strategies is to improve the quality of life of affected individuals. The principles guiding the implementation of programmes and projects are based on labour-intensive job creation initiatives that sustain and support impoverished households.

The Community Development Section collaborate with the Early Childhood Development (ECD) Sector continually. The top service delivery priorities for the sector are

- To facilitate the registration of ECD with the Department of Basic Education, interact with all stakeholders in the sector located within the Drakenstein Municipal Area. This process includes mobilising all stakeholders both local and provincial, to participate in workshops that are aim in recognising the challenges and attempt to unblocking red tape and bureaucratic bottlenecks.
- To facilitate training for ECD practitioners on the ECD Forum where prioritized training needs are identified. Other training focused on health and sanitation for ECD practitioners within the context of the drought disasters;
- To renovate and upgrade the ECD facilities. Permission was granted to build an ECD facility in Hermon; and

- Support to the Elderly Forum consisted of quarterly meetings with the sector and logistical and financial support with the programmes and projects in which the elderly participated.

### **3.20.1 Service Statistics**

Some service statistics are:

- The ECD Skills Development (First Aid, Health & Hygiene and Bullying Trainings courses was held with the various ECD Forums;
- The Community Development Section held quarterly meetings with the Gender Forum and facilitated two workshops which was attended by 19 and 22 participants per workshop respectively.
- The Gender Month Programme was also managed by the Community Development Section and similarly the 16 Days of Activism Against Women and Child Abuse Programme.
- The Community Development Section supported the Elderly Golden Games by providing breakfast packs to all Drakenstein's Elderly participants.

### **3.20.2 Service Delivery Levels**

The Community Development Section planned and executed two meetings per quarter with the ECD Forums of Wellington, Paarl and Mbekweni. The meetings addressed the service needs of the different ECD Forums. The section also had to facilitate two skills development workshops with the sector and also held quarterly meetings with the gender forums.

The section also held quarterly meetings with the Elderly Forum to address the needs of the elderly in the Drakenstein municipal area.

### **3.20.3 Capital Expenditure**

The Community Development Section spent R330.8 thousand or 50.7% of the final adjustments budget on capital projects for the year under review..

**Table 86: Capital Expenditure 2021/22 - Child Care, Aged Care & Social Programmes**

Capital Expenditure 2021/22: Child Care, Aged Care & Social Programmes					
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	Other Capital Projects	170 000	185 789	93 647	49,6%
2	Upgrading of Containerised Night Shelter	-	467 216	237 160	49,2%
<b>3</b>	<b>Total Capital Expenditure</b>	<b>170 000</b>	<b>653 005</b>	<b>330 807</b>	<b>49,3%</b>

### 3.20.4 Major Projects Completed

Frequent engagements were held with the DCAS Provincial Department will continue to ensure participation of the Arts and Culture sector in provincial initiatives. The section also executed the Mayoral Ward Projects and projects was completed. The first phase of the overnight shelter was established for the Street people to provide shelter within the Drakenstein municipal area.

### 3.20.5 Operating Expenditure

Child care, aged care and social programmes, as a community service, generated an operating deficit of R10.1 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 87: Operating Revenue and Expenditure: Child Care, Aged Care & Social Programmes**

Operating Revenue and Expenditure: Child Care, Aged Care & Social Programmes						
Serial No.	Description	2020/21 Actual Results	2021/22			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	1,359	0	0	0	0.0%
<b>2</b>	<b>Total Operating Revenue</b>	<b>1,359</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
3	Employee related costs	8,071,221	9,045,796	8,718,165	8,063,182	7.5%
4	Contracted services	338,434	433,524	96,450	93,709	2.8%
5	Depreciation and amortisation	185,302	198,276	198,276	204,718	-3.2%
6	Inventory consumed	978,094	1,304,033	1,696,822	1,376,300	18.9%
7	Operational Costs and Losses	238,620	263,729	361,202	318,000	12.0%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>9,811,671</b>	<b>11,245,358</b>	<b>11,070,915</b>	<b>10,055,909</b>	<b>9.2%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>9,813,030</b>	<b>11,245,358</b>	<b>11,070,915</b>	<b>10,055,909</b>	<b>-9.2%</b>

### 3.20.6 Employee Statistics

The Child Care, Aged Care and Social Programmes Section has 8 posts on the organisational structure approved by Council on 30 June 2022 of which 1 post are frozen and 7 posts funded at year-end. The section had 5 posts filled at year-end and based on the number of vacancies (2) had a 28.6% vacancy rate.

**Table 88: Employees - Child Care, Aged Care and Social Programmes (Community Development)**

Employees: Child Care, Aged Care and Social Programmes (Community Development)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	0	1	100.0%
3	T12 - T14	0	0	0	0	0	0	0.0%
4	T09 - T11	4	5	1	4	3	1	25.0%
5	T06 - T08	0	0	0	0	0	0	0.0%
6	T03 - T05	2	2	0	2	2	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>7</b>	<b>8</b>	<b>1</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>28.6%</b>

## COMPONENT F: ENVIRONMENTAL PROTECTION

### 3.21 INTRODUCTION

Drakenstein Municipality is well known for its natural beauty and is one of the factors that sets the area apart from others in the Western Cape Province. The area forms part of the Cape Floristic Region, which is one of the most special places for plants in the world in terms of diversity, density and number of endemic species. The Berg River also plays an important economic role in the area, providing a valuable water resource to the vast agricultural community in the area.

With the increasing threat of climate change risks, it is important that the human impact on the environment is managed in a sustainable manner. While environmental protection is the responsibility of all municipal line departments, Drakenstein Municipality has a dedicated Environmental Management Division that plays a coordinating role between various departments in order to ensure that residents have access to a clean and healthy environment.

### 3.22 ENVIRONMENTAL MANAGEMENT (INCLUDING POLLUTION CONTROL)

The Environmental Management Division is placed within the Planning and Development Department. The Division consists of three sections including, Environmental Planning and Sustainability; Environmental Monitoring and Compliance; as well as Natural Resource Management. The division's service delivery focus is to ensure that residents enjoy an environment that is safe, not harmful to their well-being and is protected for future generations by managing and enhancing the Municipality's natural assets and by ensuring that natural resources are utilised sustainably.

The Environmental Planning and Sustainability Section plays a proactive role in planning for sustainable development through several initiatives including the finalisation of the Environmental Management Framework, the implementation of the Climate Change Response Plan, providing comments on development applications and coordinating the Climate Partnership with the City of Neumarkt, Germany.

The Environmental Monitoring and Compliance Section plays an active role in monitoring threats to the environment and ensuring compliance with environmental legislation. These goals are achieved through performing Environmental Management Inspector duties, managing environmental emergency incidents in accordance with Section 30 of the National Environmental Management Act 107 of 1998, and executing the air quality management and noise control functions in terms of the relevant legislation and bylaws.



The Natural Resource Management Section plays an active role in the management of natural resources by implementing projects aimed at improving the state of natural resources, for example developing and implementing management plans for municipal conservation areas and conducting environmental awareness campaigns with schools and the public in general.

**3.22.1 Service Statistics**

**Table 89: Environmental Management - Service Statistics**

Environmental Management Service Statistics				
Serial No	Description	2019/2020	2020/21	2021/22
Column Ref.	A	B	C	D
1	Environmental Education and Awareness Events	14	18	13
2	Environmental Applications commented on	19	31	32
3	Land Use Applications commented on	46	51	37
4	Noise Exemptions issued	10	1	8
5	Noise Complaints attended to	8	15	10
6	Pollution Incidents attended to	12	17	34

**3.22.2 Capital Expenditure**

The Environmental Management Division spent R123.1 thousand or 55% of the final adjustments budget on environmental management 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 90: Capital Expenditure 2021/22 - Environmental Management (Pollution Control Included)**

Capital Expenditure 2021/22: Environmental Management (Pollution Control Included)					
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	Bergriver Improvement Projects	175 000	160 798	59 978	62,7%
2	Other Capital Projects	100 000	63 083	63 083	0,0%
<b>3</b>	<b>Total Capital Expenditure</b>	<b>275 000</b>	<b>223 881</b>	<b>123 061</b>	<b>45,0%</b>

**3.22.3 Major Projects Completed**

The Environmental Management Division have environmental education and awareness events running with the general public in the Drakenstein area. The purpose of these events is to raise awareness around different environmental problems, the cause of these problems and how the community can do their part in mitigating their effects on the environment. The initiatives also raise awareness around the unique nature of the biodiversity and conservation

efforts in and around the Municipality. During 2021/22 financial year, 13 awareness events were held.

The Division implemented the Invasive Alien Vegetation Eradication, Monitoring and Eradication Plan which was adopted in 2020/2021. According to Section 76 of the National Environmental Management Biodiversity Act, 10 of 2004 (NEMBA), all municipalities are required to manage and conserve biological diversity and this includes taking steps to control and eradicate invasive alien vegetation in areas that they own or manage. This plan is used to keep track of all invasive alien species on municipal property, invasive alien clearing projects taking place throughout the municipality and assist in annual budgeting for invasive alien clearing. Various line departments undertake invasive alien clearing activities on municipal properties. An internal committee has been established in order to have a coordinated approach to invasive alien clearing. This committee meets on a quarterly basis and is chaired by the Environmental Management Division.

The Department of Environmental Affairs and Development Planning (DEA&DP) and Drakenstein Municipality initiated the review of the existing Draft Environmental Management Framework (EMF), dated 2015, for the municipal area. The revision of the existing Draft EMF is undertaken as set out by the provisions contained in the National Environmental Management Act (NEMA), No. 107 of 1998 (as amended) and the NEMA EMF Regulations (2010). The primary objective of an EMF is to support environmental decision-making, not only for authorities such as Drakenstein Municipality and the DEA&DP, but also for other authorities whose decisions could have environmental implications. The revised EMF will aim to align with the current Spatial Development Framework as far as possible. Such alignment will improve the integration of these processes and documents in future, especially in cases where the two tools are found to be in conflict with each other. The revised EMF was submitted to the Minister: Forestry, Fisheries and Environment for concurrence in April 2022, after which the Provincial Minister of Local Government, Environmental Affairs and Development Planning will adopt the tool.

Drakenstein Municipality has a climate partnership with the City of Neumarkt that focusses on various initiatives and projects that address climate change issues within the municipality. The partnership is facilitated by an organisation called Engagement Global and creates opportunities for Drakenstein to have access to international knowledge and expertise on various issues. The partnership also provides access to funding programmes that are funded by the German government. The following projects are funded through this climate partnership and implemented during the past financial year:

- FKKP Project: This project entails the upgrade of the Paarl Arboretum and implementation started in 2019. This project will conclude in August 2022 and the management thereof resorts under the Community Services Department.

- **FKPW Project:** This project involves the appointment of an international integrated expert to work within the municipality. The intension of the appointment of the integrated expert is to undertake work in terms of energy efficiency within municipal operations, strengthening the municipality's Fair Trade campaign. Engagement Global is facilitating this programme through GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and will run until August 2023.
- **NAKOPA II Project:** This project entails expanding on the work undertaken as part of the NAKOPA 1 and FKKP projects. The project includes invasive alien vegetation clearing downstream of the Paarl Arboretum and the ecological rehabilitation with indigenous vegetation along the banks of the Berg River. The project also includes an extension of the river walkway route from the Arboretum, between the Market Street and Lady Grey Street bridges in the Paarl central business district. The project will also cater for a cosmetic garden adjacent to Berg River Boulevard with picnic furniture and environmental education signage to encourage residents to utilise this space. This project will conclude in April 2024.
- **Corona Communal Package:** The project entails digitising the social safety net of the Drakenstein area for the improved response to disasters. The need for this project became apparent after the COVID-19 pandemic hit and it became evident how invaluable social safety nets are as a measure to mitigate the adverse impacts of any pandemic on a local government level. The aim of this project was to create a database of all social safety networks and services available within communities in order to support the coordination of services provided to vulnerable communities. The project was also used to assess gaps in the current system for further improvement. The project concluded in December 2021.

#### **3.22.4 Operating Expenditure**

Environmental management services (pollution control included), as a community service, generated an operating surplus of R1.9 million for the 2021/22 financial year.

**Table 91: Operating Revenue and Expenditure: Environmental Management (Pollution Control included)**

Operating Revenue and Expenditure: Environmental Management (Pollution Control included)						
Serial No.	Description	2020/21 Actual Results	2021/22			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(2,853,688)	(657,500)	(4,058,668)	(2,782,839)	-31.4%
2	<b>Total Operating Revenue</b>	<b>(2,853,688)</b>	<b>(657,500)</b>	<b>(4,058,668)</b>	<b>(2,782,839)</b>	<b>-31.4%</b>
3	Employee related costs	145,647	183,713	190,944	185,628	2.8%
4	Contracted services	116,409	1,222,000	649,394	499,829	23.0%
5	Depreciation and amortisation	10,121	10,829	10,829	11,181	-3.3%
6	Inventory consumed	141,695	184,300	19,800	29,454	-48.8%
7	Operational Costs and Losses	9,279	69,200	97,700	65,880	32.6%
8	<b>Total Operating Expenditure</b>	<b>423,152</b>	<b>1,670,042</b>	<b>968,667</b>	<b>791,972</b>	<b>18.2%</b>
9	<b>Operating (Surplus) / Deficit</b>	<b>(2,430,536)</b>	<b>1,012,542</b>	<b>(3,090,001)</b>	<b>(1,990,867)</b>	<b>-35.6%</b>

### 3.22.5 Employee Statistics

The Environmental Management Division has 17 posts on the organisational structure approved by Council on 30 June 2022 of which 11 posts are frozen and 6 posts funded at year-end. The section had 5 filled posts at year-end and based on the number of vacancies (1) had a 16.7% vacancy rate.

**Table 92: Employees: Environmental Management**

Employees: Environmental Management								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	3	9	6	3	3	0	0.0%
4	T09 - T11	1	6	5	1	1	0	0.0%
5	T06 - T08	0	1	0	1	0	1	100.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>5</b>	<b>17</b>	<b>11</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>16.7%</b>

### 3.23 BIODIVERSITY AND LANDSCAPE (INCLUDING OPEN SPACES)

Parks form an integral part of a community's health and is vital to the quality of life of its citizens. It is a valuable recreational space for people to connect to the outdoors. The section manages approximately 550 hectares parks, main routes, gardens and open spaces. The section is also responsible for tree maintenance, weed and pest control and nature

conservation. Since the transfer of open spaces to the parks function, broadleaf weed control has been prioritised to relieve the workload during the seasonal peaks of March and September.

During the year under review, all 195 parks have been spatially plotted on the geographical information systems (GIS). An application (app) was also developed for loading the GIS information of newly planted trees, as well as hazardous trees. This information helps us to spatially view where trees have been planted and where the maintenance of dangerous trees must be prioritised.

### **3.23.1 Service Statistics**

Drakenstein Municipality services 195 parks which are divided into three main categories, namely a regional (Paarl Arboretum); five (5) heritage parks which include the Victoria Parks in Paarl and Wellington, and one hundred and eighty-nine (189) play parks located inside the neighbourhoods.

For the year under review, 118 trees were planted as part of programmes and various projects undertaken by the Parks Section. A total of 20 trees were again donated to the community and schools. It is envisaged that the Arboretum upgrades will play a vital role in the local communities investing in local tree planting by establishing a centre for greening initiatives. The prioritising of tree planting of avenues remains a priority consideration for greening the region. The threat posed by the Polyphagous Shothole Borer to the urban forest has influenced decision-making in terms of tree species selection of avenues. Monocultures of the same species can no longer be planted. The traditional oak tree avenues will slowly be replaced with mixed species to avoid the threat of losing complete avenues due to the insect infestation. The insect was not recorded in this area yet.

Invasive Alien Plants (IAPs) pose a direct threat not only to South Africa's biological diversity, but also to water security, the ecological functioning of natural systems and the productive use of land. The eradication of invasive alien plants was limited to the Paarl Mountain Nature Reserve and forms part of the Invasive Alien Plant Eradication Strategy. For the year under review, 593.8 hectares IAP's were eradicated, and 16.5km firebreak were attended to, which includes follow-up sites. Various wood permits were also sold to local wood harvesters. These permits serve to assist the Municipality with addressing backlogs in the eradication of invasive alien plants. Parts of the Jan Philips Road was also graded and reinstated. Various requests for alien eradication on open spaces were also attended to outside of the nature reserve boundaries. EPWP workers were actively engaged in this project The historic Paarl Rock cannon was relocated to a safer and more visible location on Paarl Rock.

### 3.23.2 Service Delivery Levels

Three service levels are applied in terms of park maintenance depending on the infrastructure which exists on the park. In general, routine maintenance involves 6 weekly grass cutting, tree pruning when needed, weed control, and painting of equipment when needed.

### 3.23.3 Capital Expenditure

The Biodiversity & Landscape (Open Spaces Included) Section spent R4.6 million or 78% of the final adjustments budget on capital projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 93: Capital Expenditure 2021/22 - Biodiversity & Landscape (Open Spaces Included)**

Capital Expenditure 2021/22: Biodiversity & Landscape (Open Spaces Included)					
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	Upgrading of parks and main routes	2,804,348	1,721,933	1,721,932	0.0%
2	Arboretum upgrading and climate park	-	3,657,688	2,360,262	35.5%
3	Other capital projects	500,000	516,933	516,933	0.0%
4	<b>Total Capital Expenditure</b>	<b>3,304,348</b>	<b>5,896,554</b>	<b>4,599,126</b>	<b>22.0%</b>

### 3.23.4 Major Projects Completed

The upgrades for the year under review were focussed on the main routes of Klein Drakenstein and Van der Stel Roads. Both roads were upgraded using hard landscaping as the funding source was IUDG funds which limited soft landscaping components. The section used operational funds to supplement the softer components. Wellington Main Road also received new planter troughs with colourful annuals and perennials. New landscape installations were done at the entrance to Mbekweni, and Stokery and Church Streets in Wellington. Zeederberg Square Park in Paarl was upgraded with the installation of a water fountain installed by the local residents. Various smaller beautification improvements were done on main routes of Drakenstein. These will be expanded in the new financial year. Parks upgrades involved the installation of fencing: Beet, De Vries; Pholani Street parks in the Wellington and Mbekweni areas.

The Paarl Arboretum Smart Park eco classroom, signage and forecourt projects have also taken shape and it is envisaged that the park will be a much valued and appreciated green space for tourism.

### 3.23.5 Operating Expenditure

Biodiversity and landscaping, as a community service, generated an operating deficit of R1.7 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 94: Operating Revenue and Expenditure: Biodiversity and Landscaping**

Operating Revenue and Expenditure: Landscaping and Biodiversity						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Employee Related Costs	1,658,762	1,688,566	1,702,444	1,691,432	0.6%
2	<b>Total Operating Expenditure</b>	<b>1,658,762</b>	<b>1,688,566</b>	<b>1,702,444</b>	<b>1,691,432</b>	0.6%
3	<b>Operating (Surplus) / Deficit</b>	<b>1,658,762</b>	<b>1,688,566</b>	<b>1,702,444</b>	<b>1,691,432</b>	0.6%

### 3.23.6 Employee Statistics

The Biodiversity and Landscaping Section has 340 posts on the organisational structure approved by Council on 30 June 2022 of which 183 posts are frozen and 157 posts funded at year-end. The section had 149 filled at year-end and based on the number of vacancies (8) had a 5.1% vacancy rate.

**Table 95: Employees - Biodiversity and Landscaping (Parks)**

Employees: Biodiversity and Landscaping (Parks)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	4	5	1	4	4	0	0.0%
4	T09 - T11	1	8	8	0	0	0	0.0%
5	T06 - T08	25	65	39	26	24	2	7.7%
6	T03 - T05	122	261	135	126	120	6	4.8%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>153</b>	<b>340</b>	<b>183</b>	<b>157</b>	<b>149</b>	<b>8</b>	<b>5.1%</b>

## COMPONENT G: SECURITY AND SAFETY

### 3.24 INTRODUCTION

This part of the report deals with the traffic, licensing, law enforcement, and fire and disaster management services rendered for the year under review.

### 3.25 TRAFFIC, LICENSING AND LAW ENFORCEMENT

During 2021/22, a large number of offences were dealt with. The main purpose of this section is not only to prosecute, but also to educate offenders. The main activities undertaken were:

- Apprehending offenders talking on cell phones while driving, red light and stop street violations, failure to wear seatbelts, excessive speeding, taxis, red and yellow line offences, illegal number plates and driving under the influence of alcohol – all of the aforementioned contributed to a high accident rate;
- Corrective measures taken inter alia include selective law enforcement on safety belts, cell phones, number plates and public transport enforcement;
- The appointment of a new service provider for automatic speed enforcement is effective in dealing with excessive speed;
- Traffic safety talks at various institutions to address irresponsible driver behavior and pedestrian safety; and
- We've launched drag racing operations in Paarl and Wellington with the assistance of SAPS and Provincial Traffic with fairly huge successes.

#### 3.25.1 Service Statistics

Table 96: Traffic, Licensing and Law Enforcement Service Data

Traffic, Licensing and Law Enforcement Service Data				
Serial No.	Details	2019/20 Actual	2020/21 Actual	2021/22 Actual
Column Ref.	A	B	C	D
1	Number of road traffic accidents during the year	3,228	3,356	3,599
2	Number of bylaw infringements attended	2,553	3,523	8,743
3	Number of traffic officers in the field on an average day	8 – Early Shift 8 – Late Shift 16 = officers per day	5 – Shift One 6 – Shift Two 11 = officers per day	4 – Early Shift 4 – Late Shift 8 = officers per day
4	Number of traffic officers on duty on an average day	8 – Early Shift 8 – Late Shift 16 = officers per day	11 – Testing Station 5 – Shift One 6 – Shift Two 22 = officers per day	10 – Testing Station 4 – Early Shift 4 – Late Shift 18 = officers per day



### 3.25.2 Service Delivery Levels

The mission of Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic services, and in rendering a service to the community of Drakenstein and its visitors by ensuring the free flow of traffic and creating a safe environment to make Drakenstein “A City of Excellence”.

### 3.25.3 Capital Expenditure

The Traffic Section spent R1.9 million or 93.8% of the final adjustments budget on traffic, licensing and law enforcement services 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 97: Capital Expenditure 2021/22 - Traffic, Licensing and Law Enforcement**

Capital Expenditure 2021/22: Traffic, Licensing and Law Enforcement					
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	CCTV Camers	500 000	1 132 902	1 132 901	0,0%
2	Traffic HQ	310 000	313 237	313 237	0,0%
3	Radios	750 000	170 179	170 179	0,0%
4	Protective Clothing	550 000	129 640	129 640	0,0%
5	Other Capital Projects	-	239 761	117 151	51,1%
<b>6</b>	<b>Total Capital Expenditure</b>	<b>2 110 000</b>	<b>1 985 719</b>	<b>1 863 108</b>	<b>6,2%</b>

### 3.25.4 Major Projects Completed

No major projects were completed.

### 3.25.5 Operating Expenditure

Traffic, licensing and law enforcement, as a community service, generated an operating deficit of R50.8 million for the 2021/22 financial year.

**Table 98: Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement**

Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(149,171,312)	(99,196,569)	(102,786,569)	(125,450,684)	22.0%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(149,171,312)</b>	<b>(99,196,569)</b>	<b>(102,786,569)</b>	<b>(125,450,684)</b>	<b>22.0%</b>
3	Employee related costs	40,538,505	42,442,717	44,001,085	44,640,828	-1.5%
4	Impairment losses on financial assets	108,297,890	69,604,000	88,004,000	88,557,866	-0.6%
5	Interest paid	521,046	522,454	522,454	522,454	0.0%
6	Contracted services	40,294,918	39,038,403	43,631,305	41,961,855	3.8%
7	Depreciation and amortisation	123,519	132,166	132,166	182,026	-37.7%
8	Inventory consumed	516,252	473,757	616,356	226,995	63.2%
9	Operational Costs and Losses	662,512	407,000	375,588	229,962	38.8%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>190,954,643</b>	<b>152,620,497</b>	<b>177,282,954</b>	<b>176,321,987</b>	<b>0.5%</b>
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>41,783,331</b>	<b>53,423,928</b>	<b>74,496,385</b>	<b>50,871,303</b>	<b>-31.7%</b>

### 3.25.6 Employee Statistics

The Traffic, Licensing and Law Enforcement Section has 320 posts on the organisational structure approved by Council on 30 June 2022 of which 207 posts are frozen and 113 posts funded at year-end. The section had 107 filled posts at year-end and based on the number of vacancies (6) had a 5.3% vacancy rate.

**Table 99: Employees - Traffic, Licensing and Law Enforcement**

Employees: Traffic, Licensing and Law Enforcement								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	3	1	2	2	0	0.0%
3	T12 - T14	1	5	3	2	2	0	0.0%
4	T09 - T11	52	188	135	53	50	3	5.7%
5	T06 - T08	10	33	23	10	10	0	0.0%
6	T03 - T05	46	91	45	46	43	3	6.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>111</b>	<b>320</b>	<b>207</b>	<b>113</b>	<b>107</b>	<b>6</b>	<b>5.3%</b>

## 3.26 FIRE AND DISASTER MANAGEMENT SERVICES

### 3.26.1 Fire and Rescue Services

The Fire Department is divided into five functional areas, namely: Operations, Training, Support Services, Fire Safety and the Disaster Risk Management Unit. Within these functional areas focus on the following:

- **Operations**: The division operates a 24-hour service and an emergency control centre, which responds to all incidents in the municipal area immediately within the predetermined response times. The Municipality is proud to report that it achieved these goals more than 85% of the time due to the geographical location of all fire stations. The Fire Service has four fire stations that are located in Paarl, Wellington, Mbekweni and Saron.
- **Training: 1. Professional**- Drakenstein Municipality is accredited as a Fire Training Centre and provides professional firefighting training to all appointed Fire Service personnel and to neighboring fire services. The training centre also complements other accredited training centres in the region. The objective of continuous training is to improve the skills and development of the firefighting personnel in order to provide a professional service to the communities we serve. COVID 19 placed a damper on our continuous professional training programme.
- **Public and Life Safety training and awareness sessions** - A total of 1,062 children from primary and pre-primary schools were part of the Fire and Life Safety Programme: Stop, Drop and Roll, Learn Not to Burn and Crawl Low under Fire. These programmes are aimed at fire and life safety and to reduce the number of incidents within at-risk communities.
- **Support Services**: The Fire Service operates a 24-hour emergency control and dispatch centre. All emergency calls received by the centre and depending on the emergency, the relevant vehicles are dispatched to attend to the incidents. The incidents are not limited to fire calls only. Professionally trained firefighters respond to rescue and medical incidents, chemical incidents, and other special service calls such as flooding, natural incidents etc.
- **Fire Safety**: This section focuses on risks, and building inspections, in compliance with the National Building Regulations and the Building Standards Act, and related bylaws.

### 3.26.1.1 Service Statistics

Table 100: Fire Service Data

Fire Service Data				
Serial No.	Detail	2019/20 Actual	2020/21 Actual	2021/22 Actual
Column Ref.	A	B	C	D
1	Total fires attended to in the year	965	1,024	1,097
2	Total of other incidents attended to in the year	124	165	184
3	Average turnout time – urban areas (minutes)	10-12	10-12	10-12
4	Average turnout time – rural areas	20	20	20
5	Firefighters in post at year end	76	71	68
6	Total fire appliances at year end	12	11	9
7	Average number of appliances on the road during the year	10	10	8

Table 101: Fire Safety – Activities/Inspections

Fire Safety Activities/Inspections				
Serial No	Description	2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Fire safety inspections	987	116	143
2	Inspections of overgrown erven and property	1,256	1,065	297
3	Lectures and demonstrations	65	48	2,273
4	Buildings plans scrutinised and approved	2,578	2,785	109
5	Events Management and risk visits	81	78	143

The following training was conducted and attended by fire service personnel:

Table 102: Fire Fighter Training

Firefighter Training				
Serial No	Description	Number of Officials Attended		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Practical Pump Operations and Driving	9	6	12
2	Advanced Fire Safety Course	2	2	2
3	Daily drills and instruction per shift	67	55	42
4	Breathing Apparatus refresher course	67	55	15
5	Fire Investigation Course	-	-	1
6	Chainsaw Operator Course	-	-	7
7	First Aid level 3 course	-	-	16
8	Firefighter 2 Course	-	6	7

### **3.26.1.2 Service Delivery Levels**

- Responding to emergency calls within predetermined times, constantly striving to achieve this standard 85% or more at a time.
- Conducting public and life safety-awareness session within our municipal area with the aim to create and have safer communities with specific focus in informal settlement areas.
- Scrutinised building plans and provide fire service comments within 5 days for plans smaller than 500 square metres.
- Scrutinised building plans and provide fire service comments within 10 days for plans bigger than 500 square metres.
- Conducting of 48 fire risk building inspections per annum in our municipal area focusing on compliance to fire safety requirements as legislatively required.
- Conducting of 42 continuous professional firefighter-training sessions as prescribed by SANS 10090.
- Annual review and update of the Corporate Disaster Management Plan.
- Ensuring Stakeholder Engagements with intergovernmental parastatals.

As an accredited training centre, a serious focus is placed on continuous professional firefighter training for our own firefighters as well as neighbouring fire services. The table above indicates the number of training activities and programmes that were conducted over the past year. Our aim is to become a Fire Training Academy of excellence in providing quality training and skills development.

### **3.26.2 Disaster Management**

This service delivery priority is aimed at the annual review of the Corporate Disaster Management Plan, which was reviewed and submitted for final approval and implementation. All Senior Managers were updated and informed of the plan regarding their specific functional responsibilities.

The Municipality renders relief services to fire victims by handing out food parcels and blankets. During 2021/22, 1,426 blankets and 489 food parcels were handed out. Shack fires remain a challenge. The Fire Service continued their smoke alarm project, which involved the installation of 708 smoke alarms in the informal settlements' areas of Paarl East, Mbekweni and Gouda and Simondium.

COVID-19 Preparedness and operational plans: The announcements of the State President and the continuous adjusted levels of lockdown necessitated a continuous emergency response plan to manage the effects of the COVID-19 Pandemic in our municipal area. The plan focused on the following key areas:

- Fire Services continued their service as an essential services provider. Staff were reasonably successful in complying with COVID safety rules and regulations and as a result allowed a reasonable fire service to be rendered to the community at large. All fire stations could be manned and be in a state of emergency preparedness to respond at any given time.
- Local Joint Operating Centre (JOC) meetings were held and reduced to twice a month to discuss operational activities and provide support services to important role-players.
- District JOC meetings conducted twice a week to provide feedback of operational plans implemented.
- Stakeholder engagement continued to promote good interdepartmental working relationships and to share knowledge and resources.

Law Enforcement together with Fire Services continued to focus much on enforcement of the regulations at hot spot areas in specific shopping centres to ensure social distancing etc. Loud hailing and awareness campaigns by all role-players in the communities were critical and well executed.

The Department of Health actively engaged in community screening daily throughout the municipal area. The scheduled vaccination programme was high priority and it was driven by a very dynamic and committed team of the Department of Health.

### 3.26.2.1 Service Delivery Levels

The fire service aims to attend to all emergencies within the prescribed attendance times.

### 3.26.3 Capital Expenditure

The Fire and Disaster Section only spent R1.3 million or 100% of the final adjustments budget on fire and disaster capital projects for the year under review. The capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 103: Capital Expenditure 2021/22 - Fire & Disaster Management**

Capital Expenditure 2021/22: Fire & Disaster Management					
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	CCTV Cameras	495 000	894 845	894 844	0,0%
2	Machinery and Equipment	400 000	198 577	198 577	0,0%
3	Other Capital Projects	-	197 554	197 553	0,0%
<b>4</b>	<b>Total Capital Expenditure</b>	<b>895 000</b>	<b>1 290 976</b>	<b>1 290 974</b>	<b>0,0%</b>

### 3.26.4 Major Projects Completed

- Smoke alarm project: Installation of smoke alarms in the informal settlements of Paarl East, Mbekweni and Simondium respectively.
- Stakeholder engagement: A Memorandum of Understanding entered and signed by Drakenstein Farm Watch and Cape Winelands District for their important role they play in community safety.
- DSSN: An integral partner for the establishment of a Centralised Control Centre located at 60 Breda Street and the phased-in approach is still ongoing.

### 3.26.5 Operating Expenditure

Fire and disaster management services, as a community service, generated an operating deficit of R42.7 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 104: Operating Revenue and Expenditure: Fire and Disaster Management Services**

Operating Revenue and Expenditure: Fire and Disaster Management Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(399,467)	(435,000)	(135,000)	(201,081)	48.9%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(399,467)</b>	<b>(435,000)</b>	<b>(135,000)</b>	<b>(201,081)</b>	48.9%
3	Employee related costs	40,055,759	41,705,300	40,254,288	41,130,447	-2.2%
4	Contracted services	332,194	382,676	364,518	234,478	35.7%
5	Depreciation and amortisation	204,886	219,308	219,308	226,648	3.3%
6	Inventory consumed	1,152,357	795,606	417,407	367,983	11.8%
7	Operational Costs and Losses	869,337	1,005,528	934,794	892,341	4.5%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>42,614,533</b>	<b>44,108,418</b>	<b>42,190,315</b>	<b>42,851,897</b>	-1.6%
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>42,215,066</b>	<b>43,673,418</b>	<b>42,055,315</b>	<b>42,650,816</b>	1.4%

### 3.26.6 Employee Statistics

The Fire and Disaster Management Section has 176 posts on the organisational structure approved by Council on 30 June 2022 of which 90 posts are frozen and 86 posts funded at year-end. The section had 78 filled posts at year-end and based on the number of vacancies (8) had a 9.3% vacancy rate.

**Table 105: Employees - Fire and Disaster Management**

Employees: Fire and Disaster Management								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	3	0	0.0%
3	T12 - T14	6	13	4	9	6	3	33.3%
4	T09 - T11	10	35	23	12	9	3	25.0%
5	T06 - T08	58	113	55	58	56	2	3.4%
6	T03 - T05	4	12	8	4	4	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>81</b>	<b>176</b>	<b>90</b>	<b>86</b>	<b>78</b>	<b>8</b>	<b>9.3%</b>



## COMPONENT H: SPORT AND RECREATION

### 3.27 INTRODUCTION

The Sport and Recreation Section's mandate is to maintain Holiday Resorts, Swimming Pools, and Sport Facilities and to coordinate recreation activities.

#### 3.27.1 Holiday Resorts

Drakenstein Municipality has three resorts. Orleans Resort situated in Paarl, Antoniesvlei Resort in Wellington and Saron Resort. During the off-season Antoniesvlei is closed. (May to September). Orleans and Saron Resorts are open to the public all year round however, the swimming pool at the resort in Saron and the splash Pool at Orleans stay closed for off-season maintenance.

Orleans Park is currently being used for temporary emergency housing for the evictees.

##### 3.27.1.1 Service Statistics

Below are the statistics for the number of visitors per resort

Table 106: Population utilisation of holiday resorts

Population utilisation of holiday resorts				
Serial No.	Resorts	Number of Visitors 2019/2020	Number of Visitors 2020/2021	Number of Visitors 2021/22
Column Ref.	A	B	C	D
1	Orleans Park	41,761	18,125	8,468
2	Saron Holiday Resort	14,100	10,421	11,284
3	Antoniesvlei Holiday Resort	28,985	10,817	19,366

##### 3.27.1.2 Service Delivery Levels

The resorts are maintained to ensure service delivery and maximum use of the facilities to the public in general as well as residents from neighbouring towns.

#### 3.27.2 Sport Grounds and Halls

Sports fields and halls in Drakenstein were prepared for 2,432 events/games for the year under review. The following table provides a comparison between 2019/20, 2020/21 and 2021/22 of the different sports codes' utilisation of the facilities.

### 3.27.2.1 Service Statistics

Table 107: Sport codes utilisation of sport facilities

Serial No	Sport Code	2019/20	2020/21	2021/22	Number of fields
Column Ref.	A	B	C	D	E
1	Rugby	281	100	193	21
2	Cricket	472	378	409	12
3	Soccer	47	223	475	13
4	Cycling	17	118	16	1
5	Hockey	68	0	0	4
6	Athletics	134	78	109	4
7	Netball	748	107	115	14
8	Other Events (Including 38 Park runs in the Arboretum)	281	-	-	-

*Please note: Significant variance in 2020/21 numbers are due to the impact of the COVID-19 pandemic lockdown regulations that started on 26 March 2020 resulted in the decrease of sports events as all sport facilities were ordered to be closed with immediate effect.*

### 3.27.2.2 Service Delivery Levels

Due to the implementation of coordinated maintenance and upgrade, plans service delivery levels automatically improved as we now could provide more playable surfaces to the various sporting codes. We have constructed two new netball courts at Pelikaan Sports Field and have upgrade two tennis courts at the David Samaai Tennis Facility.

### 3.27.3 Swimming Pools

Upgrades were done at Pentz Street swimming pool therefore this pool was under construction for the 2021/22 swimming season.

These upgrades included:

- The tiling of the entire swimming pool, the upgrade of the pipes and filters, the installation of new motors and pumps and the installation of a chlorchip system.

### 3.27.3.1 Service Statistics

Serial No.	Swimming Pool	Number of patrons 2019/20	Number of patrons 2020/21	Number of patrons 2021/22
Column Ref.	A	B	C	
1	Drakenstein	10,541	Under construction	14,889
2	Pentz Street	5,000	9,568	Under Construction
3	Faure Street	22,513	5,6074	18,750
4	Mbekweni	6,482	Under construction	14,031
5	Weltevrede	21,661	11,870	15,172

### 3.27.3.2 Service Delivery Levels

All four swimming pools under the ambit of the Sport and Recreation Section was operational during the 2021/22 financial year.

### 3.27.4 Capital Expenditure

The Sport and Recreation Section spent R12.3 million or 99.9% of the final adjustments budget on sport and recreation 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 108: Capital Expenditure 2021/22 - Holiday Resorts, Sport Facilities and Swimming Pools**

Capital Expenditure 2021/22: Holiday Resorts, Sport Facilities and Swimming Pools					
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	Development of De Kraal Sport Complex	5,086,957	3,887,736	3,887,736	0.0%
2	Upgrade Swimming Pools	1,934,783	2,753,014	2,753,014	0.0%
3	Construct Fairyland Sport Facility	1,300,000	1,300,000	1,300,000	0.0%
4	Dal Sport Stadium: Upgrading Facility	1,608,696	1,238,332	1,238,332	0.0%
5	Zandrift Fencing (IUDG)	1,000,000	985,533	985,533	0.0%
6	Pelikaan Park Upgrade Facility	-	916,199	916,199	0.0%
7	Fence at New Orleans Sportfield	600,000	600,000	599,999	0.0%
8	Tennis Court Huguenot	900,000	521,740	521,646	0.0%
9	Other Capital Projects	-	153,022	135,021	11.8%
<b>10</b>	<b>Total Capital Expenditure</b>	<b>12,430,436</b>	<b>12,355,576</b>	<b>12,337,479</b>	<b>0.1%</b>

### 3.27.5 Major Projects Completed

Various capital projects were undertaken by Community Services during the 2021/22 financial year:

- Fairyland sports field: Construction of netball courts, installation of fencing, installation of soccer field.
- De Kraal: Installation of two rugby fields, installation of irrigation, construction of a ticket office.
- Upgrading of Pentz Street Swimming Pool: The total replacement of the entire pool's tiles, the installation of two new pumps; the installation of a chlorine chip system; the installation of new filters.
- Upgrade of New Orleans Sport Field: Construction of brick fence. Painting of perimeter fence.
- Upgrading of Dal Josaphat Stadium: Heightening of perimeter fence. Fencing around athletics warm-up area. Paint of perimeter fence.

### 3.27.6 Operating Expenditure

Holiday resorts, sport facilities and swimming pools services, as a community service, generated an operating deficit of R66.6 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 109: Operating Revenue and Expenditure: Holiday Resorts, Sport Facilities and Swimming Pools**

Operating Revenue and Expenditure: Holiday Resorts, Sport Facilities and Swimming Pools						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(3,218,770)	(6,472,440)	(5,997,426)	(4,479,707)	-25.3%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(3,218,770)</b>	<b>(6,472,440)</b>	<b>(5,997,426)</b>	<b>(4,479,707)</b>	<b>-25.3%</b>
3	Employee related costs	50,490,232	59,769,286	55,310,160	55,287,997	0.0%
4	Contracted services	4,329,565	6,993,537	4,558,098	3,495,572	23.3%
5	Depreciation and amortisation	6,903,425	7,497,858	7,497,858	7,741,470	-3.2%
6	Inventory consumed	2,633,647	2,348,867	4,013,640	3,318,382	17.3%
7	Operational Costs and Losses	4,072,694	1,617,848	1,295,032	1,186,293	8.4%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>68,429,564</b>	<b>78,227,396</b>	<b>72,674,788</b>	<b>71,029,714</b>	<b>2.3%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>65,210,793</b>	<b>71,754,956</b>	<b>66,677,362</b>	<b>66,550,007</b>	<b>-0.2%</b>

### 3.27.7 Employee Statistics

The Sport and Recreation Section has 204 posts on the organisational structure approved by Council on 30 June 2022 of which 83 posts are frozen and 121 posts funded at year-end. The section had 64 filled and 57 vacant post at year-end which resulted in a 47.1% vacancy rate.

**Table 110: Employees - Sport and Recreation**

Employees: Sport and Recreation								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	1	1	0	1	0	1	100.0%
4	T09 - T11	1	2	1	1	1	0	0.0%
5	T06 - T08	19	46	21	25	18	7	28.0%
6	T03 - T05	47	154	61	93	44	49	52.7%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>69</b>	<b>204</b>	<b>83</b>	<b>121</b>	<b>64</b>	<b>57</b>	<b>47.1%</b>

### 3.28 INTRODUCTION

In terms of Section 4(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), a municipal council must, within the Municipality's financial and administrative capacity, and having regard for practical considerations:

- Exercise the Municipality's executive and legislative authority and use the resources of the Municipality in the best interests of the community;
- Provide, without favour or prejudice, democratic and accountable government;
- Encourage the involvement of the community;
- Strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner;
- Consult the community on the level, quality, range and impact of municipal services and the available options for service delivery;
- Give members of the community equitable access to the municipal services to which they are entitled;
- Promote and undertake development in the Municipality;
- Promote gender equity in the exercise of the Municipality's executive and legislative authority;
- Promote a safe and healthy environment in the Municipality; and
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

### 3.29 EXECUTIVE AND COUNCIL SUPPORT

A council must annually review:

- The needs of the community;
- Its priorities to meet those needs;
- Its processes for involving the community;
- Its organisational and delivery mechanisms for meeting those needs; and
- Its overall performance in achieving the objects of local government as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

In terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), the municipal council must elect an executive mayor and other office-bearers. The executive mayor appoints a mayoral committee to assist the executive mayor. The municipal council

may establish committees to assist the municipal council and/or the executive mayor. The Executive Mayor of Drakenstein Municipality, Ald CJ Poole, and the Council have made substantial strides towards implementing the revised vision of Drakenstein, “A city of excellence” throughout the operations of Council and the Administration in the year under review.

### 3.29.1 Service Statistics

The Municipal Council adopted priorities for the Municipality, Executive Mayor and other political structures to meet on a regular basis in order to ensure that decision-making takes place in an efficient and effective manner.

Regular performance reports in terms of the Performance Management System, together with monthly reports to the Mayoral Committee and Council, provide these structures with continuous information on progress made with the achievement of targets as well as the implementation of decisions taken by them. These systems have been further enhanced by the issuing of electronic devices to Councillors and the procurement of an electronic system generating reports to the Portfolio Committees, the Mayoral Committee and Council.

**Table 111: Service Statistics for the Executive and Council**

Service Statistics for the Executive and Council				
Serial No	Council and Committee Structures	No. of meetings		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Mayoral Committee	17	20	19
2	Special Mayoral Committee	2	0	0
3	Council	10	11	12
4	Special Council	4	2	3
5	Special Confidential Council	1	0	0
6	Corporate Services Portfolio Committee	6	8	6
7	Community Services Portfolio Committee	6	6	6
8	Finance Portfolio Committee	10	12	9
9	Engineering Services Portfolio Committee	5	5	6
10	Planning and Development Portfolio Committee	5	6	5
11	Governance and Compliance Portfolio Committee	N/A	N/A	1
12	Municipal Public Accounts Committee (MPAC)	3	2	4
13	Appeal Committee	1	2	0
14	Audit Committee	7	9	7
15	Fraud and Risk Management Committee	4	4	4
16	Budget Steering Committee	10	8	6

### 3.29.2 Service Delivery levels

All agendas are in terms of the approved Standard Operating Procedures of Administration distributed at least three calendar days before a meeting and in the case of minutes within five working days after the meeting was held.

### 3.29.3 Capital Expenditure

The Executive and Council section spent R55.1 thousand or 75.6% of the final adjustments budget on executive and council 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 112: Capital Expenditure 2021/22 - Executive and Council

Capital Expenditure 2021/22: Executive & Council Support					
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	Other Capital Projects	-	72 787	55 050	24,4%
2	<b>Total Capital Expenditure</b>	-	<b>72 787</b>	<b>55 050</b>	<b>24,4%</b>

### 3.29.4 Major Projects Completed

In order to promote virtual political meetings, all councillors have been given access to electronic platforms to facilitate virtual meetings.

### 3.29.5 Operating Expenditure

Executive and Council generated an operating deficit of R135.6 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.



**Table 113: Operating Revenue and Expenditure: Executive and Council**

Operating Revenue and Expenditure: Executive and Council						
Serial No.	Description	2020/21 Actual Results	2021/22			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,636,659)	(436,663)	(1,923,043)	(1,769,668)	-8.0%
2	<b>Total Operating Revenue</b>	<b>(1,636,659)</b>	<b>(436,663)</b>	<b>(1,923,043)</b>	<b>(1,769,668)</b>	<b>-8.0%</b>
3	Employee related costs	68,373,274	66,083,006	68,453,588	51,019,045	25.5%
4	Contracted services	5,730,417	16,388,039	22,898,907	22,586,206	1.4%
5	Councillor related costs	31,101,146	33,640,385	33,640,385	31,654,070	5.9%
6	Depreciation and amortisation	510,081	482,168	482,168	583,755	-21.1%
7	Inventory consumed	153,401	17,949,267	25,589,375	25,981,988	-1.5%
8	Operational Costs and Losses	2,605,219	7,529,421	6,182,695	5,603,938	9.4%
9	<b>Total Operating Expenditure</b>	<b>108,473,538</b>	<b>142,072,286</b>	<b>157,247,118</b>	<b>137,429,001</b>	<b>12.6%</b>
10	<b>Operating (Surplus) / Deficit</b>	<b>106,836,879</b>	<b>141,635,623</b>	<b>155,324,075</b>	<b>135,659,333</b>	<b>-12.7%</b>

### 3.29.6 Employee Statistics

The Executive and Council Support Section has 11 posts on the organisational structure approved by Council on 30 June 2022. The section had 11 filled posts at year-end and based on the number of vacancies (0) had a 0% vacancy rate.

**Table 114: Employees - Executive and Council Support**

Employees: Executive and Council Support								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	0	0	0	0	0	0	0.0%
3	T12 - T14	0	0	0	0	0	0	0.0%
4	T09 - T11	1	0	0	0	0	0	0.0%
5	T06 - T08	10	11	0	11	11	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0.0%</b>

### 3.30 FINANCIAL SERVICES

The major key performance area is the focus on long-term financial sustainability. It is imperative that the generated revenue base is of such a nature that the Municipality is able to fund its short-, medium- and long-term operations in order to ensure continuity and a financially sound and stable organisation. The major key functional areas that have been identified and linked to financial sustainability are revenue enhancement, credit control measures and expenditure management.

The debtors' payment period for the 2021/22 financial year (before considering the provision for impairment) was 61.8 days, which is below the targeted number of 70 days. The number of days for the 2020/21 financial year (before considering the provision for impairment) was 64.5 days, which is below the targeted number of 70 days.

The Municipality's debtors' collection period in days (after impairment) increased to 44.3 days at 30 June 2022 compared with the 41.1 days as at 30 June 2021. The Municipality's debtors' collection period in days (before impairment) decreased by 2.7 days and the Municipality's debtors' collection period in days (after impairment) regressed by 3.2 days during the financial year under review.

The ability of Council to finance the capital programme from internally generated funds remains a big challenge. This challenge has an inverse relationship with the increasing external loan debt of Council, which amounted to 62.3% of total operating revenue (conditional capital and operational grants excluded) at the end of the 2021/22 financial year. Although Council policy wise has capped the gearing ratio percentage at 50%, urgent upgrades in revenue generating bulk infrastructure to enable increased development and therefore an increased revenue base necessitated that we accelerate our capital programme in prior years. It is envisaged that the gearing ratio will decrease to about 54.9% in the 2022/23 financial year and to about 32.3% in accordance with the Long Term Financial Plan by the 2026/27 financial year.

### 3.30.1 Service Statistics

Table 115: Debt Recovery

Debt Recovery							
Serial No.	Revenue Service	2020/21 (R'000)			2021/22 (R'000)		
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	347,999	322,242	92.6%	521,799	511,065	97.9%
2	Electricity	1,072,406	1,013,015	94.5%	1,113,577	1,095,399	98.4%
3	Water	158,513	164,884	104.0%	190,284	171,933	90.4%
4	Sanitation	121,786	112,442	92.3%	158,353	149,916	94.7%
5	Refuse	127,660	119,386	93.5%	191,944	178,367	92.9%
6	Other	82,439	186,533	226.3%	5,248	3,243	61.8%
7	<b>Totals</b>	<b>1,910,803</b>	<b>1,918,502</b>	<b>100.4%</b>	<b>2,181,206</b>	<b>2,109,922</b>	<b>96.7%</b>

### 3.30.2 Service Delivery levels

Service delivery levels are determined in the Standard Operating Procedures for every service rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

### 3.30.3 Capital Expenditure

The Financial Services Department spent R848.8 thousand or 80.9% of the final adjustments budget on financial services 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 116: Capital Expenditure 2021/22 - Financial Services

Capital Expenditure 2021/22: Financial 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	Computer Hardware	-	626 336	625 985	0,1%
2	Computer Equipment	-	184 288	184 288	0,0%
3	Other Capital Projects	-	238 546	38 546	83,8%
4	<b>Total Capital Expenditure</b>	-	<b>1 049 170</b>	<b>848 819</b>	<b>19,1%</b>

### 3.30.4 Major Projects Completed

No major capital projects were completed in the Department of Financial Services.

### 3.30.5 Operating Expenditure

Financial Services, as a support service, generated an operating surplus of R377.5 million for the 2021/22 financial year. The surplus, due to property rates revenue, is subsidising other community services operating at a loss.

**Table 117: Operating Revenue and Expenditure: Financial Services (Procurement Services excluded)**

Operating Revenue and Expenditure: Financial Services (Procurement Services excluded)						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(424,645,078)	(430,080,298)	(446,193,323)	(470,466,935)	5.4%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(424,645,078)</b>	<b>(430,080,298)</b>	<b>(446,193,323)</b>	<b>(470,466,935)</b>	5.4%
3	Employee related costs	56,772,885	60,804,443	61,102,344	58,938,006	3.5%
4	Impairment losses on financial assets	3,382,241	8,264,706	5,764,706	807,770	86.0%
5	Interest paid	-	0	0	0	0.0%
6	Contracted services	4,888,476	4,494,585	3,974,660	3,842,705	3.3%
7	Depreciation and amortisation	695,368	754,489	754,489	724,678	4.0%
8	Inventory consumed	1,123,705	1,545,185	1,972,363	1,643,103	16.7%
9	Operational Costs and Losses	27,132,923	28,602,532	28,524,332	27,031,139	5.2%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>93,995,598</b>	<b>104,465,940</b>	<b>102,092,894</b>	<b>92,987,401</b>	8.9%
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>(330,649,480)</b>	<b>(325,614,358)</b>	<b>(344,100,429)</b>	<b>(377,479,534)</b>	9.7%

### 3.30.6 Employee Statistics

The Financial Services Department (Procurement Services Division excluded) has 215 posts on the organisational structure approved by Council on 30 June 2022 of which 146 approved posts was funded. The section had 131 filled posts at year-end and based on the number of vacancies (15) had a 10.3% vacancy rate.

**Table 118: Employees - Financial Services (Procurement Services Excluded)**

Employees: Financial Services (Procurement Services Excluded)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	2	2	0	2	2	0	0.0%
2	T15 - T17	3	5	0	5	4	1	20.0%
3	T12 - T14	14	23	9	14	13	1	7.1%
4	T09 - T11	2	7	2	5	2	3	60.0%
5	T06 - T08	71	116	41	75	67	8	10.7%
6	T03 - T05	42	62	17	45	43	2	4.4%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>134</b>	<b>215</b>	<b>69</b>	<b>146</b>	<b>131</b>	<b>15</b>	<b>10.3%</b>

### 3.31 HUMAN RESOURCE SERVICES

The Human Resources Division consists of four sections namely, Training and Development, Personnel administration, Benefits and Recruitment services, Labour Relations, OHS and Employee Assistance services and Organisational Efficiency services. The total number of current staff is thirty five.

The Human Resources Section coordinated the appointment of 99 employees inclusive of seasonal workers and promotions. The Municipality is committed to the principles of employment equity legislation and will continue to strive to appoint suitably qualified applicants while ensuring that the workforce is representative of the clients it serves. The Municipality also recognises the skills that our internal staff possesses hence it has embarked on a process of promoting internal staff through advertising some posts internally.

The HR Division has driven the Staff Optimisation process to ensure that skills are utilised effectively from one department to the other. We are still embarking and encourage departments to be effectively involved in promoting Succession Planning, coaching and mentoring and transferral of skills. We believe in capacitating staff, as a result when the LGSETA offered HR study opportunities, we registered our interested officials. We have seven staff members are studying towards a qualification in Human Resources.

HR is continuously playing a vital role in terms of the Extended Public Works Programme by assisting various departments by creating all appointed EPWP employees on the HR/Payroll System, we also provide them with the UI19 forms when their contracts end so that they can go and register as unemployed with the department of Home Affairs.

The Municipality has complied with the Employment Equity Act (EEA) by ensuring that the Employment Equity Report was prepared and electronically submitted to the Department of

Labour on 15 January 2022. The Workplace Skills Plan and Annual Report were also submitted on 30 April 2022.

We pride ourselves with contributing positively to “A city of excellence” vision.

### 3.31.1 Service Statistics

**Table 119: Service Statistics for Human Resources Services**

Serial No.	Submission Date	To	Document
Column Ref.	A	B	C
1	30 April 2022	LGSETA	Workplace Skills Plan
2	30 April 2022	LGSETA	Annual Training Report
3	30 June annually	Office of the City Manager	A report on the numbers of employees that are appointed on the first three levels of management
4	15 January annually	Department of Labour	Employment Equity Report
5	Monthly	Department. of Local Government	Municipal Finance Management Programme Reports
	Monthly	Corporate Services Committee	Monthly Human Resources Report

### 3.31.2 Service Delivery Levels

A significant number of job descriptions have been re-evaluated and a few new job descriptions were evaluated in the financial year 2021/22. Staff from different departments have been trained to write job descriptions as per the prescribed format.

The organisational structure has been reviewed and adopted by Council on 30 June 2022.

### 3.31.3 Capital Expenditure

The Human Resources Division spent R25.2 thousand or 100% of the final adjustments budget on capital projects for the year under review.

**Table 120: Capital Expenditure 2021/22 - Human Resource Services**

Capital Expenditure 2021/22: Human Resources					
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	Other Capital Projects	-	25 160	25 160	0,0%
2	Extension of Basic Services: Informal Settlements Water	-	25 160	25 160	0,0%

### 3.31.4 Major Projects Completed

Internal and External Bursary awards, the grading of filled job descriptions and additional training of personnel to assist with TASK processes. Implementation of Municipal Staff Regulations, change management sessions, reviewal of policies in line with the Municipal Staff Regulations, ICT Learnership and implementation of Work Integrated Learning.

### 3.31.5 Operating Expenditure

Human Resource Services, as a support service, generated an operating deficit of R32.9 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 121: Operating Revenue and expenditure: Human Resource Services**

Operating Revenue and Expenditure: Human Resources Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(705,178)	(650,000)	(2,474,169)	(1,106,570)	-55.3%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(705,178)</b>	<b>(650,000)</b>	<b>(2,474,169)</b>	<b>(1,106,570)</b>	<b>-55.3%</b>
3	Employee related costs	16,872,734	17,399,622	17,882,191	17,875,071	0.0%
4	Contracted services	1,932,760	2,122,190	3,160,509	2,093,032	33.8%
5	Depreciation and amortisation	397,874	435,392	435,392	422,253	3.0%
6	Inventory consumed	353,685	183,000	181,679	124,294	31.6%
7	Operational Costs and Losses	11,227,779	14,929,602	14,211,018	13,501,716	5.0%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>30,784,832</b>	<b>35,069,806</b>	<b>35,870,789</b>	<b>34,016,367</b>	<b>5.2%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>30,079,654</b>	<b>34,419,806</b>	<b>33,396,620</b>	<b>32,909,796</b>	<b>-1.5%</b>

### 3.31.6 Employee Statistics

The Human Resources Division has 66 posts on the organisational structure approved by Council on 30 June 2022 but only 35 of those are budgeted for. The section had 35 filled posts at year-end and based on the number of budgeted vacancies had a 0% vacancy rate in terms of budgeted positions.

**Table 122: Employees - Human Resources**

Employees: Human Resources								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	5	5	0	5	5	0	0.0%
3	T12 - T14	5	11	6	5	5	0	0.0%
4	T09 - T11	9	13	4	9	9	0	0.0%
5	T06 - T08	13	24	11	13	13	0	0.0%
6	T03 - T05	3	13	10	3	3	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
<b>8</b>	<b>Total</b>	<b>35</b>	<b>66</b>	<b>31</b>	<b>35</b>	<b>35</b>	<b>0</b>	<b>0.0%</b>

### 3.32 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Senior Manager Information and Communication Technology is responsible for the effective management and functional supervision of the following three sections:

- ICT Governance and Administration;
- Information Systems; and
- ICT Operations and Support.

#### 3.32.1 ICT Governance and Administration

The section is responsible for the:

- Administration of the ICT Division;
- Processing of financial data;
- Technical management of the processes related to the SOLAR financial system; and
- Development and implementation of governance mechanisms and controls for the management of information and communication technology.
- Hessequa Municipality in the development and implementation of ICT Risk Register;
- Assisted the Department of Public Service and Administration in the revision of the Public Service Corporate Governance of ICT Policy Framework with its related implementation guideline and assessment standard;
- Presented at the South African chapter of the Association of African Public Administration and Management (AAPAM) seminar on the use of technology in ICT Research Methodology;



- Assisted Western Cape Province CoGTA with research on and development ICT Manager/Chief Information Officer Job Descriptions;
- Coordinated and drafted the Western Cape municipal-wide inputs into the Draft Corporate Governance of ICT Policy Framework on behalf of CoGTA; and
- Assisted Western Cape Province CoGTA with research into and development of a Data Management Framework.

The following audits were conducted by independent auditors as part of the ICT audit plan with a positive outcome.

Review the adequacy and effectiveness of ICT general controls covering the following areas:

#### **User Access Controls**

- Application-level access controls;
- Security configuration reviews of the operating system and database; and
- User access roles and segregation of duties and privileged user access.

#### **Program Change Control**

- System development life cycle controls;
- Program change controls;
- Developer access and segregation of environments;
- Measures to manage key man developer dependencies; and
- Monitoring of security updates/ patches.

#### **Availability Controls**

- Incident management; and
- Service level agreements.

#### **Interface Controls**

- Programmed controls over interfaces to ensure completeness and accuracy of transmission; and
- Security controls over system interfaces.

Evaluate ICT project governance controls designed, implemented and operated by management with focus on the following areas:

- Municipal program and project governance structures;
- Program and project governance framework;
- Project management methodology and standards;
- Enterprise PMO capabilities;
- Development of business/ benefits cases and approval;
- Stakeholder management;

- Value Management; and
- Contract and vendor management.

Review the adequacy and effectiveness of Data Governance and Records Management with specific focus on:

- Formalised data governance policies and procedures (data classification, retention and protection); and
- ICT enablement of archiving and retention requirements.

### **3.32.2 Information Systems**

Information Systems are primarily responsible for:

- Business process redesign and optimisation;
- Managing all business system changes as part of Business-As-Usual or new systems development projects.
- Developing and managing business application systems and user access.
- Developing and managing MS SQL databases and user access.
- Management of business application systems and databases, developed both internally as well externally;
- Development and maintenance of an Enterprise Architecture in Business Application Systems; and
- Strategic oversight of municipal GIS.

In the 2021/22 this section spearheaded the review of the Municipality's mission critical systems.

### **3.32.3 Service Statistics**

Operationally the section provides continuous support for the development, enhancement and maintenance of more than 110 information systems and databases throughout the Municipality.

### **3.32.4 Operations and Support**

This section is responsible for:

- Planning, implementing and managing the ICT operations environment;
- Providing facilities to ensure the secure and optimal availability of all ICT infrastructure; telecommunications systems and data;
- ICT service desk and support function; and
- All ICT hardware deployed within Drakenstein Municipality resides under this section.

All ICT service infrastructure are currently hosted in a server room with a backup site to ensure continuity of service. This includes:

- Five host servers that houses the virtual server farm consisting of 80 virtual servers;
- 7 Physical servers for production and backups are also in use;
- 87 Tb storage unit containing all data that is generated and stored;
- Core network node that provides connectivity to 69 sites using 132 switches and 55 wireless links;
- 30 Wi-Fi Access Points;
- Voice over internet protocol to all connected offices;
- Firewall and connectivity to the internet service provider; and
- Backup equipment with off-site storage and data replication.

Currently there are 986 users connecting to the network using the various systems. These users are supported from the ICT service desk. Support is provided online as well as through physical intervention. During the period under review, a total of 595 calls were resolved.

**3.32.5 Capital Expenditure**

The ICT Division spent R2.4 million or 99.8% of the final adjustments budget on ICT 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 123: Capital Expenditure 2021/22 - Information and Communication Technology (ICT) Services**

Capital Expenditure 2021/22: Information and Communication Technology (ICT) 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	ICT Equipment Computer Related	1 500 000	1 745 673	1 740 672	0,3%
3	ICT Infrastructure	500 000	641 698	641 698	0,0%
4	Other Capital Projects	530 000	61 667	61 664	0,0%
<b>4</b>	<b>Total Capital Expenditure</b>	<b>2 530 000</b>	<b>2 449 038</b>	<b>2 444 034</b>	<b>0,2%</b>

**3.32.6 Major Projects Completed**

- Upgrade of various wireless network links to municipal buildings.
- Obsolete computer equipment was replaced and upgraded as part of our ICT infrastructure replacement program.
- Security assessment on our ICT environment was completed by Microsoft and remedial actions followed.
- Migrated from VMWare to Hyper-V in our virtual environment.

- Security assessment on our ICT environment was completed by Microsoft and remedial actions followed.
- We migrated our current MS Office users to Office E365. This included moving Exchange (Email) server to the cloud.

### 3.32.7 Operating Expenditure

Information and communication technology services, as a support service, generated an operating deficit of R22.6 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 124: Operating Revenue and Expenditure: Information and Communication Technology (ICT) Services**

Operating Revenue and Expenditure: Information and Communication Technology (ICT) Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	22,591	(1,000,000)	(1,000,000)	(1,000,000)	0.0%
2	<b>Total Operating Revenue</b>	<b>22,591</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>	0.0%
3	Employee related costs	9,447,095	10,124,328	9,979,648	9,575,719	4.0%
4	Contracted services	951,596	1,152,744	1,172,794	1,170,329	0.2%
5	Depreciation and amortisation	3,224,892	4,436,024	4,436,024	4,363,243	1.6%
6	Inventory consumed	132,015	120,270	269,092	251,840	6.4%
7	Operational Costs and Losses	6,757,235	6,142,981	7,309,170	8,193,971	-12.1%
8	<b>Total Operating Expenditure</b>	<b>20,512,833</b>	<b>21,976,347</b>	<b>23,166,728</b>	<b>23,555,101</b>	-1.7%
9	<b>Operating (Surplus) / Deficit</b>	<b>20,535,424</b>	<b>20,976,347</b>	<b>22,166,728</b>	<b>22,555,102</b>	1.8%

### 3.32.8 Employee Statistics

The ICT Division has 15 posts on the organisational structure approved by Council on 30 June 2022 of which 4 post are frozen and 11 posts funded at year-end. The section had 9 filled posts at year-end and based on the number of vacancies (2) had a 18.2% vacancy rate.

**Table 125: Employees - Information and Communication Technology (ICT) Services**

Employees: Information and Communication Technology (ICT) Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	4	4	1	3	2	1	33.3%
3	T12 - T14	4	7	2	5	4	1	20.0%
4	T09 - T11	3	3	0	3	3	0	0.0%
5	T06 - T08	0	1	1	0	0	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>11</b>	<b>15</b>	<b>4</b>	<b>11</b>	<b>9</b>	<b>2</b>	<b>18.2%</b>

### 3.33 PROPERTY SERVICES

The activities of this section contribute towards economic growth and development as well as social and community development by making properties available through the sale or lease thereof, and thereby creating economic opportunities while also providing for the development and empowerment of the poor and most vulnerable.

The main objective of the section is however, to administer Council's property portfolio and to ensure that the Municipality's property transactions are well administered, which include the lease or hire of immovable assets, the granting or obtaining of rights in properties as well as the alienation or acquisition thereof.

#### 3.33.1 Service Statistics

**Table 126: Properties sold**

Properties for which final approval was granted from 1 July 2021 – 30 June 2022			
Serial No.	Properties sold	To	Purpose
Column Ref	A	B	C
1	Erf 30260 Nontaka Street, Drommedaris, Paarl	Sun Rise Educare	ECD
2	Erf 26491, Paarl	Elitha Lethu Creche	ECD
3	Portion of road serve, Keerom Street, Wellington	Wellington Varsity Lodge (Pty) Ltd	Parking
4	Portion of road serve, Macebo Street, Mbekweni	Adjacent landowner of Erf 2491 Mbekweni	For consolidation with existing property
5	Portion of Erf 1799, Wellington	Adjacent landowner of Erf 9173, Wellington	For consolidation with existing property/expansion of existing business premises

Properties for which final approval was granted from 1 July 2021 – 30 June 2022			
Serial No.	Properties sold	To	Purpose
Column Ref	A	B	C
6	Remainder Erf 4403 Wellington	Beveratech Properties (Pty) Ltd	For consolidation with existing property/expansion of existing business premises
7	Portion of Erf 13259, Paarl	Qweli Developers (Pty) Ltd	Commercial/Industrial

**Table 127: Properties leased**

Serial No	Properties leased	To	Purpose
Column No.	A	B	C
1	Erf 19511 Berlyn Street	Berlyn Sentrum PTY(LTD)	Parking
2	Erven 123 &124 Hermon	Wi-fi Africa (Isizwe)	Free Wifi
3	Erf 3952 Paarl	IEC	Office space
4	Portion of erf 29318 Paarl	Gratefullness Soup Kitchen	Soup Kitchen

### 3.33.2 Service Delivery Levels

Service delivery levels are determined in the Standard Operating Procedures for every key activity or service being rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

### 3.33.3 Capital Expenditure

The Property Services Section spent R1.2 million or 112.6% of the final adjustments budget on municipal property 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 128: Capital Expenditure 2021/22 - Property Services**

Capital Expenditure 2021/22: Property 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	Corporate Facility Aircons	250,000	446,213	446,213	0.0%
2	Renovation to Market Street Building	-	328,668	328,668	0.0%
3	Buildings: Upgrade of Civic Centre	-	-	131,174	0.0%
4	Network Points	-	120,164	120,164	0.0%
5	Bar Fence at Wellington Museum	-	117,472	117,472	0.0%
6	Other Capital Projects	1,000,000	25,884	25,883	0.0%
7	<b>Total Capital Expenditure</b>	<b>1,250,000</b>	<b>1,038,401</b>	<b>1,169,572</b>	<b>-12.6%</b>

### 3.33.4 Major Projects Completed

The Facilities and Building Maintenance section is responsible for the maintenance of Corporate Buildings and offices, as well as maintaining the Municipality's leased properties. This maintenance and upgrades are financed through the capital and operational budgets. Table 129 below reflects the capital projects completed, and table 130 below the maintenance done from the operational budget.

**Table 129: Capital and Maintenance Projects**

Capital, Operational and Maintenance Projects		
Serial No.	Project Description	Rand
Column Ref.	A	B
1	Paarl Townhall gutters - Supply and install	75,376.00
2	Supply and install blinds - Civic Centre	19,253.00
3	Network points at Mill Street and IT	15,000.00
4	UPS system for Paarl Tourism Building	57,000.00
5	Construction of a Soup Kitchen Ward 25	92,140.42
6	Construction of new roof at Bergendal Library	189,033.36
7	Councill chambers - Replace downlights	R15 500,00
8	Directional signs - Supply and install	R13 472,00
9	Electric DB board for new aircons - 60 Breda	R195 100,00
10	Nedbank move project	R1 100 000,27
11	Civic Centre Waterproofing project	R949 171,48
12	Nedbank maintenance project	R418 984,71
13	Fire remedial work on existing partioning walls at Markets Street building	R191 687,50
14	Upgrading of main stores building phase 1	R1 191 530,97

### 3.33.5 Operating Expenditure

Property services, as a community service, generated an operating deficit of R31.3 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 130: Operating Revenue and Expenditure: Property Management Services**

Operating Revenue and Expenditure: Property Management						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(6,477,472)	(1,833,998)	(1,836,998)	(11,154,874)	507.2%
2	<b>Total Operating Revenue</b>	<b>(6,477,472)</b>	<b>(1,833,998)</b>	<b>(1,836,998)</b>	<b>(11,154,874)</b>	507.2%
3	Employee related costs	17,791,576	18,574,818	19,155,692	19,112,079	0.2%
4	Contracted services	2,045,794	3,499,593	3,816,763	3,575,695	6.3%
5	Depreciation and amortisation	10,217,174	11,265,486	11,265,486	11,301,331	-0.3%
6	Inventory consumed	345,958	567,080	532,624	404,780	24.0%
7	Operational Costs and Losses	8,052,261	9,717,925	7,725,818	8,067,261	-4.4%
8	<b>Total Operating Expenditure</b>	<b>38,452,763</b>	<b>43,624,902</b>	<b>42,496,383</b>	<b>42,461,146</b>	0.1%
9	<b>Operating (Surplus) / Deficit</b>	<b>31,975,290</b>	<b>41,790,904</b>	<b>40,659,385</b>	<b>31,306,272</b>	-23.0%

### 3.34 LEGAL SERVICES

Legal Services within the Municipality supports the Council and Administration with legal advice and support. In addition to general legal support, administering of own legislation, vetting of contracts and litigation management, the Legal Services Section also administers immovable property transactions which are governed in terms of the Asset Transfer Regulations. Property transactions are administered in close co-operation and consultation with technical line departments in order to ensure that these transactions play a key role in the implementation of strategic goals that align with the constitutional duties of local government. The section therefore does not only play a role in protecting the interests of the Municipality in relation to legal matters, but also fulfil a facilitating role in furthering developmental goals such as the promoting of social and economic development through property transactions, in collaboration with other divisions of the Municipality.

The administrative support of the section is currently performed by one permanent staff member.

#### **Legal compliance supporting ethical conduct and good citizenship:**

- Through the general legal support and advice provided by the Legal Services Section, the section supports ethical conduct by the administration as well as the political arm of the Municipality. Similarly these processes foster good governance in general since it provides the necessary guidance to ensure that policies, processes and procedures as well as applicable legislation are complied with.
- Good citizenship is furthermore also promoted by supporting the law enforcement processes of the Municipality. Consistent and effective law enforcement compels citizens to acknowledge and adhere to legislation and thereby a culture of good citizenship is instilled.



## Municipal Court:

- The Municipal Court was promulgated during March 2022 and will be operationalised during the first quarter of 2022/2023.

### 3.34.1 Service Statistics

The following statistics reflect activities in the Legal Services Section in respect of litigation matters:

Table 131: Service Statistics - Legal Services

Serial No.	Category of litigation matters	Total cases registered		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Eviction Cases	51	81	54
2	Evictions lodged out of municipal property	1	1	0
3	Litigation against Drakenstein	11	19	16
4	Litigation initiated by Drakenstein	4	5	1

### 3.34.2 Capital Expenditure

The Legal Services Section spent R8.7 million or 100% of the final adjustments budget on capital projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information

Table 132: Capital Expenditure 2021/22 - Legal Services

Capital Expenditure 2021/22: Legal 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	Purchase of 60 Breda	8,500,000	8,500,000	8,500,000	0.0%
2	Other Capital Projects	196,000	203,767	203,765	0.0%
3	<b>Total Capital Expenditure</b>	<b>8,696,000</b>	<b>8,703,767</b>	<b>8,703,765</b>	<b>0.0%</b>

### 3.34.3 Major Projects Completed

In view of the nature of the service, being an internal legal support service, no capital projects were undertaken.

### 3.34.4 Operating Expenditure

Legal Services, as a support service, generated an operating deficit of R6.7 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 133: Operating Revenue and Expenditure: Legal Services**

Operating Revenue and Expenditure: Legal Services						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(703)	(20,571,690)	(20,572,190)	(459)	-100.0%
2	<b>Total Operating Revenue</b>	<b>(703)</b>	<b>(20,571,690)</b>	<b>(20,572,190)</b>	<b>(459)</b>	<b>-100.0%</b>
3	Employee related costs	6,875,138	7,873,786	6,192,215	5,864,184	5.3%
4	Interest paid	260,524	261,228	261,228	261,228	0.0%
5	Contracted services	44,750	55,000	205,000	152,947	25.4%
6	Depreciation and amortisation	311,278	332,505	332,505	343,841	-3.4%
7	Inventory consumed	20,841	139,000	59,090	11,708	80.2%
8	Operational Costs and Losses	2,908,555	187,900	165,900	78,645	52.6%
9	<b>Total Operating Expenditure</b>	<b>10,421,086</b>	<b>8,849,419</b>	<b>7,215,938</b>	<b>6,712,553</b>	<b>7.0%</b>
10	<b>Operating (Surplus) / Deficit</b>	<b>10,420,383</b>	<b>(11,722,271)</b>	<b>(13,356,252)</b>	<b>6,712,094</b>	<b>-150.3%</b>

### 3.34.5 Employee Statistics

The Legal Services Section has 20 posts on the organisational structure approved by Council on 30 June 2022 of which 8 post are frozen and 12 posts funded at year-end. The section had 9 filled posts at year-end and based on the number of vacancies (3) had a 25% vacancy rate.

**Table 134: Employees - Legal Services (Legal Services and Property Administration)**

Employees: Legal Services (Legal Services and Property Administration)								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	1	1	0	1	1	0	0.0%
2	T15 - T17	3	6	3	3	2	1	33.3%
3	T12 - T14	0	2	1	1	0	1	100.0%
4	T09 - T11	5	5	0	5	5	0	0.0%
5	T06 - T08	3	6	4	2	1	1	50.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>12</b>	<b>20</b>	<b>8</b>	<b>12</b>	<b>9</b>	<b>3</b>	<b>25.0%</b>

### 3.35 RISK MANAGEMENT

The Risk Management Division consists of two main functions, the Integrated Risk Management Section (IRM) as well as the Fraud Risk Management Section (FRM).

The IRM Section is responsible for the risk management function at Drakenstein Municipality through a process of facilitation and providing advice to all stakeholders.

The IRM section is also responsible for the Combined Assurance function and during the 2021/22 Financial year the Business Continuity function was added.

The FRM Section is based on four pillars, Prevention, Detection, Investigation and Feedback with regards to lessons learned.

### **3.35.1 Service Statistics**

A Fraud and Risk Management Committee (FARMCO) meeting, providing an oversight over the division's function, is scheduled for each quarter of the financial year and took place as scheduled.

A total of 26 Risk Champions were nominated from current employment during the 2017/18 financial year and formally appointed. Training was provided by a representative of the Governance Department of Provincial Government and follow up training provided by the IRM Section.

One Annual Risk Identification and Assessment Workshop was performed for each of the five directorates and four divisions reporting to the City Manager, to compile a register where tactical risks were identified. Quarterly risk assessment updates were performed with the above directorates and divisions.

The Strategic Risk Register is revised towards on an annual basis at the strategy session during the first Quarter of each calendar year.

### **3.35.2 Service Delivery Levels**

All of the Division's service levels were fully complied with.

### **3.35.3 Capital Expenditure**

The Risk Management Services Section had no capital projects for the 2021/22 year.

### **3.35.4 Major Projects Completed**

The revised Combined Assurance Policy as well as the first Business Continuity policy were approved by Council in the 2021/22 financial year.

Further to that a comprehensive Business Continuity plan was drafted.

### 3.35.5 Operating Expenditure

Risk management services, as a support service, generated an operating deficit of R2.0 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services..

**Table 135: Operating Revenue and Expenditure: Risk Management Services**

Operating Revenue and Expenditure: Risk Management						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(204,442)	0	0	0	0.0%
2	<b>Total Operating Revenue</b>	<b>(204,442)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
3	Employee related costs	1,858,941	2,042,309	1,989,719	1,973,018	0.8%
4	Contracted services	226,620	53,000	53,000	30,823	41.8%
5	Depreciation and amortisation	7,681	5,008	5,008	8,171	-63.2%
6	Inventory consumed	9,925	11,500	11,500	4,406	61.7%
7	Operational Costs and Losses	6,595	24,877	24,877	6,522	73.8%
8	<b>Total Operating Expenditure</b>	<b>2,109,762</b>	<b>2,136,694</b>	<b>2,084,104</b>	<b>2,022,938</b>	<b>2.9%</b>
9	<b>Operating (Surplus) / Deficit</b>	<b>1,905,320</b>	<b>2,136,694</b>	<b>2,084,104</b>	<b>2,022,938</b>	<b>-2.9%</b>

### 3.35.6 Employee Statistics

The Risk Management Division has 6 posts on the organisational structure approved by Council on 30 June 2022 of which 3 post are vacant and 3 posts funded at year-end. The section had 3 filled posts at year-end and based on the number of frozen vacancies (3) had a 50% vacancy rate.

**Table 136: Employees - Risk Management**

Employees: Risk Management								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	1	2	1	1	1	0	0.0%
4	T09 - T11	1	3	2	1	1	0	0.0%
5	T06 - T08	0	0	0	0	0	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0.0%</b>

**3.36 PROCUREMENT SERVICES**

The Supply Chain Management Division resorts under the direct supervision of the Chief Financial Officer.

**3.36.1 Service Statistics**

For the 2021/22 financial year, purchase orders to the value of R512,479,386 were generated. The total value of deviations from the official procurement process decreased with 20.61% from the previous financial year from R12,962,430 to R10,290,450. Deviations that were regarded as being impractical or impossible to follow the official procurement process (included in the totals above) decreased with 83,29% from the previous financial year from R795,695 to R132,945.

**3.36.2 Service Delivery Levels**

Service delivery levels are determined in the Standard Operating Procedures for every service rendered by this division. A number of standard operating procedures were drafted, approved and rolled out to departments for implementation. This improved efficiencies and reporting requirements.

**3.36.3 Capital Expenditure**

The Supply Chain Management Division spent R367.6 thousand or 100% of the final adjustments budget on supply chain management 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 137: Capital Expenditure 2021/22 - Procurement Services**

Capital Expenditure 2021/22: Procurement 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	Buildings: New Stores	-	145 052	145 052	0,0%
2	Electronic Contract Management System	250 000	123 664	123 663	0,0%
3	Other Capital Projects	-	98 893	98 892	0,0%
<b>3</b>	<b>Total Capital Expenditure</b>	<b>250 000</b>	<b>367 609</b>	<b>367 607</b>	<b>0,0%</b>

**3.36.4 Major Projects Completed**

No major projects have been completed that relates to Supply Chain Management.

### 3.36.5 Operating Expenditure

Procurement services generated an operating deficit of R15.1 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 138: Operating Revenue and Expenditure: Procurement Services**

Operating Revenue and Expenditure: Procurement						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(465,239)	(525,000)	(3,725,500)	(3,844,389)	3.2%
2	<b>Total Operating Revenue</b>	<b>(465,239)</b>	<b>(525,000)</b>	<b>(3,725,500)</b>	<b>(3,844,389)</b>	3.2%
3	Employee related costs	15,206,398	16,040,625	15,469,707	15,226,345	1.6%
4	Interest paid	233,235	233,235	233,235	78,537	66.3%
5	Contracted services	57,104	985,891	1,073,652	1,051,746	2.0%
6	Depreciation and amortisation	2,224,894	2,392,337	2,392,337	2,470,066	-3.2%
7	Inventory consumed	140,317	151,155	139,084	121,271	12.8%
8	Operational Costs and Losses	21,824	21,954	49,072	43,839	10.7%
9	<b>Total Operating Expenditure</b>	<b>17,883,771</b>	<b>19,825,197</b>	<b>19,357,087</b>	<b>18,991,804</b>	1.9%
10	<b>Operating (Surplus) / Deficit</b>	<b>17,418,532</b>	<b>19,300,197</b>	<b>15,631,587</b>	<b>15,147,415</b>	-3.1%

### 3.36.6 Employee Statistics

The Procurement Division has 63 posts on the organisational structure approved by Council on 30 June 2022 of which 16 post are frozen and 47 posts funded at year-end. The section had 40 filled posts at year-end and based on the number of vacancies (7) had a 14.9% vacancy rate.

**Table 139: Employees - Procurement Services**

Employees: Procurement Services								
Serial No.	Job Level	2020/21	2021/2022					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	3	6	2	4	2	2	50.0%
4	T09 - T11	10	19	6	13	11	2	15.4%
5	T06 - T08	24	30	6	24	22	2	8.3%
6	T03 - T05	5	7	2	5	4	1	20.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>43</b>	<b>63</b>	<b>16</b>	<b>47</b>	<b>40</b>	<b>7</b>	<b>14.9%</b>

### 3.37 FLEET

The Fleet and Workshop Division resorts under the Engineering Services Department.

#### 3.37.1 Operating Expenditure

Fleet services generated an operating deficit of R35.7 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 140: Operating Revenue and Expenditure: Fleet Management**

Operating Revenue and Expenditure: Fleet Management and Workshop						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(946)	(5,000)	(5,000)	(12,501)	150.0%
2	<b>Total Operating Revenue</b>	<b>(946)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(12,501)</b>	150.0%
3	Employee related costs	6,820,401	7,164,381	7,851,805	7,817,451	0.4%
4	Interest paid	18,701,785	18,752,358	18,752,358	18,752,358	0.0%
5	Contracted services	15,935,581	1,647,095	64,191	46,407	27.7%
6	Depreciation and amortisation	5,981,988	6,358,822	6,358,822	6,565,426	-3.2%
7	Inventory consumed	20,666,190	2,412,369	183,030	162,245	11.4%
8	Operational Costs and Losses	2,278,612	1,765,312	1,540,312	2,368,656	-53.8%
9	<b>Total Operating Expenditure</b>	<b>70,384,558</b>	<b>38,100,337</b>	<b>34,750,518</b>	<b>35,712,544</b>	-2.8%
10	<b>Operating (Surplus) / Deficit</b>	<b>70,383,612</b>	<b>38,095,337</b>	<b>34,745,518</b>	<b>35,700,043</b>	2.7%

#### 3.37.2 Capital Expenditure

The Fleet Division spent R2.1 million or 68% of the final adjustments budget on capital projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 141: Capital Expenditure 2021/22 - Fleet Management**

Capital Expenditure 2021/22 Fleet Management					
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	Fleet Annual Replacement Programme	2,500,000	2,793,247	1,811,249	35.2%
2	Fleet Fuel Management Devices	75,000	313,068	297,062	5.1%
3	Other Capital Projects	265,000	16,709	16,708	0.0%
3	<b>Total Capital Expenditure</b>	<b>2,840,000</b>	<b>3,123,024</b>	<b>2,125,019</b>	<b>32.0%</b>

### 3.38 OTHER ADMINISTRATIVE SECTIONS

Other Administrative sections comprise all other sections providing support to various Directorates across the Municipality.

#### 3.38.1 Operating Expenditure

Other Administrative Sections generated an operating deficit of R48.1 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 142: Operating Revenue and Expenditure: Other Administrative Sections**

Operating Revenue and Expenditure: Other Administration						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(5,282,241)	(2,364,200)	(2,506,200)	(1,887,361)	-24.7%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(5,282,241)</b>	<b>(2,364,200)</b>	<b>(2,506,200)</b>	<b>(1,887,361)</b>	<b>-24.7%</b>
3	Employee related costs	49,471,809	52,274,103	52,255,347	51,316,659	1.8%
4	Contracted services	2,097,008	4,626,465	4,544,163	3,562,725	21.6%
5	Depreciation and amortisation	1,603,355	2,131,018	2,131,018	1,755,776	17.6%
6	Inventory consumed	814,150	1,255,499	1,087,619	1,626,470	-49.5%
7	Operational Costs and Losses	4,292,678	5,808,629	5,496,194	4,654,385	15.3%
<b>8</b>	<b>Total Operating Expenditure</b>	<b>58,279,000</b>	<b>66,095,714</b>	<b>65,514,341</b>	<b>62,916,014</b>	<b>4.0%</b>
<b>9</b>	<b>Operating (Surplus) / Deficit</b>	<b>52,996,759</b>	<b>63,731,514</b>	<b>63,008,141</b>	<b>61,028,653</b>	<b>-3.1%</b>

### 3.39 INTERNAL AUDIT

#### 3.39.1 Operating Expenditure

Internal Audit generated an operating deficit of 9.2 million for the 2021/22 financial year. The deficit is subsidised with the surpluses made by trading services.



**Table 143: Operating Revenue and Expenditure: Internal Audit**

Operating Revenue and Expenditure: Internal Audit						
Serial No.	Description	2020/21 Actual Results	2021/22			Positive / (Negative) % Variance Between Column D & E
			Original Approved Budget	Final Adjustments Budget	Actual Results	
Column Ref.	A	B	C	D	E	F
1	Employee related costs	8,129,538	8,622,301	8,636,984	8,608,158	0.3%
2	Contracted services	493,280	647,031	626,531	542,930	13.3%
3	Depreciation and amortisation	21,970	23,508	23,508	24,272	-3.2%
4	Inventory consumed	53,151	61,400	61,400	(38,028)	161.9%
5	Operational Costs and Losses	25,685	35,000	48,500	27,680	42.9%
6	<b>Total Operating Expenditure</b>	<b>8,723,623</b>	<b>9,389,240</b>	<b>9,396,923</b>	<b>9,165,012</b>	<b>2.5%</b>
7	<b>Operating (Surplus) / Deficit</b>	<b>8,723,623</b>	<b>9,389,240</b>	<b>9,396,923</b>	<b>9,165,012</b>	<b>2.5%</b>

### 3.39.2 Capital Expenditure

The Internal Audit Division spent R5.6 thousand or 100% of the final adjustments budget capital projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 144: Capital Expenditure 2021/22 -Internal Audit**

Capital Expenditure 2021/22: Internal Audit					
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	Other Capital Projects	-	5,550	5,550	0.0%
2	<b>Total Capital Expenditure</b>	<b>-</b>	<b>5,550</b>	<b>5,550</b>	<b>0.0%</b>

## 4. ORGANISATIONAL DEVELOPMENT PERFORMANCE

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

#### 4.1 INTRODUCTION

One major role that the Human Resources is tasked with is to ensure that employees are looked well after and that their morale is enhanced on a continuous basis. The following programmes are implemented annually but some could unfortunately not be implemented due to COVID-19:

- Women's Day;
- Employee Excellence Awards;
- Christmas decorations; and
- Mandela Day.

Only the following mentioned programmes could be implemented in 2021/22:

- Internal and External Bursaries;
- Long Service Ceremony; and
- Employee Assistance Program.

The Employee Assistance Program provides access to professional counselling services for its employees and those in need of professional assistance are encouraged to use the program. The EA programme also implements Trauma Debriefing for employees exposed to traumatic incidents whilst on duty and offers an Addiction Support Group to all employees that have completed their rehabilitation programme.

#### 4.2 TOTAL EMPLOYMENT

The total number of employees at the end of June is 1,705 and we have filled 99 positions in the financial year 2020/21. Terminations were mainly due to pensioners, death and very few dismissals.

##### 4.2.1 Employee Totals per GFS Classification

The total number of employees (1,706) at the end of the 2021/22 financial year is depicted per GFS classification or functional area in the table below. The organisational structure approved by Council on 30 June 2022 provides for 1,931 posts taking Drakenstein's future growth into consideration. The number of budgeted vacant positions is 225 and the number

of frozen posts is 1,721. The vacancy rate of 11.7% as at the end of the 2021/22 financial year, based on only budgeted positions.

**Table 145: Total Employees per GFS Classification**

Total Employees per GFS Classification								
Serial No.	Description of Departments/Divisions	2020/21		2021/2022				
		Number of Employees	Number of Approved Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies (Funded)	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	Water Services	78	183	98	85	76	9	10.6%
2	Wastewater (Sanitation) Services	118	193	70	123	112	11	8.9%
3	Electricity Services	132	242	97	145	129	16	11.0%
4	Waste Management	127	341	209	132	118	14	10.6%
5	Housing (Human Settlements and Rental Stock (Rural Development Excluded)	70	141	69	72	65	7	9.7%
6	Roads and Stormwater	158	262	101	161	153	8	5.0%
7	Planning Services	47	82	31	51	45	6	11.8%
8	Economic Growth	7	13	5	8	7	1	12.5%
9	Library Services	72	130	54	76	68	8	10.5%
10	Cemeteries and Crematoria	24	44	22	22	19	3	13.6%
11	Community Halls, Facilities & Thusong Centres	62	82	19	63	62	1	1.6%
12	Child Care, Aged Care & Social Programmes	7	8	1	7	5	2	28.6%
13	Environmental Management	5	17	11	6	5	1	16.7%
14	Biodiversity and Landscaping (Parks)	153	340	183	157	149	8	5.1%
15	Traffic, Licensing and Law Enforcement	111	320	207	113	107	6	5.3%
16	Fire and Disaster Management	81	176	90	86	78	8	9.3%
17	Sport and Recreation	69	204	83	121	64	57	47.1%
18	Executive and Council Support	11	11	0	11	11	0	0.0%
19	Financial Services	134	215	69	146	131	15	10.3%
20	Human Resources	35	66	31	35	35	0	0.0%
21	ICT Services	11	15	4	11	9	2	18.2%
22	Property Services	0	0	0	0	0	0	N/A
23	Legal and Administrative Services (Legal Services and Property Administration)	12	20	8	12	9	3	25.0%
24	Risk Management	3	6	3	3	3	0	0.0%
25	Procurement Services	43	63	16	47	40	7	14.9%
26	Other	203	478	240	238	206	32	13.4%
27	<b>Sub -Total</b>	<b>1,773</b>	<b>3,652</b>	<b>1,721</b>	<b>1,931</b>	<b>1,706</b>	<b>225</b>	<b>11.7%</b>
28	Finance Interns					2		
29	<b>Total</b>	<b>1,773</b>	<b>3,652</b>	<b>1,721</b>	<b>1,931</b>	<b>1,708</b>	<b>225</b>	<b>11.7%</b>

#### 4.2.2 Employee Vacancy Rate per Occupational Level

The Municipality filled a significant number of priority vacancies across all departments in the 2021/22 financial year. The vacancy rate for funded positions is 13.0% for the financial year reflected below.

**Table 146: Employee Vacancy Rate per Occupational Level**

Vacancy Rate per Occupational Level 2021/2022									
Serial No.	Designation	Total number of approved posts	Vacancies (approved posts)	Vacancy rate (approved posts)	Number of Frozen posts (unfunded)	Number of Approved Budgeted Posts	Number of Employees (Filled Vacancies)	Number Budgeted Vacancies (Unfilled Vacancies)	Vacancy rate (budgeted posts)
Column Ref.	A	B	C	D	E	F	G	H	I
1	City Manager	1	0	0%	0	1	1	0	0%
2	CFO	1	0	0%	0	1	1	0	0%
3	Section 57 Managers	4	0	0%	0	4	3	1	25%
4	Senior Management: Levels 16 - 18	74	25	34%	20	54	49	5	9%
5	Senior Management: Levels 13 - 15	126	51	40%	45	81	75	6	7%
6	Highly skilled supervision: Levels 9 - 12	773	489	63%	441	332	284	48	14%
7	<b>Total</b>	<b>979</b>	<b>565</b>	<b>58%</b>	<b>506</b>	<b>473</b>	<b>413</b>	<b>60</b>	<b>13%</b>

### 4.2.3 Employee Turnover rate

Based on the number of employees of 1,706 at year-end and the terminations of 85 for the year under review, the turnover rate is 4.98%.

**Table 147: Turnover Rate**

Turnover Rate				
Serial No.	Year	Number of Employees at year-end	Number of Terminations during the year	Turnover Rate*
Column Ref.	A	B	C	D
1	2019/20	1,858	95	5.11%
2	2020/21	1,778	81	4.6%
3	2021/22	1,706	85	4.98%

## 4.3 EMPLOYMENT EQUITY

The Employment Equity status of the Municipality is submitted on monthly basis to the Local Labour Forum, where both unions SAMWU and IMATU are present. The employer component is also represented at that forum. An Employment Equity Report is submitted to the Department of Labour on an annual basis. The Municipality also has an Employment Equity Forum that serves as a Labour Relations Forum subcommittee. This committee/forum meets on a quarterly basis.

### 4.3.1 Employment Equity Targets/Actuals by Race Classification

Based on the number of current employees in service and the target set for all races, the Municipality has not reached targets for Africans, Coloureds and Whites (in lower level positions). The reason targets not reached for white people in terms of the number reflected below is that very few white people apply for general worker positions. Although there is a significantly low number of Indians in our region, the Municipality does appoint them.

Recruitment and Selection could not fully take place as a result of the moratorium that was placed on filling of positions as well as COVID-19. Although the target was set for 5 years, a budget to fill such positions will be considered on an annual basis. The targets are revisited after the adoption of the new structure which was adopted on 30 June 2022. For the purpose of this report, the targets per gender classification will be based on the confirmed budgeted posts.

**Table 148: Employment Equity Targets/Actuals by Race Classification**

Employment Equity Targets/Actuals by Race Classification				
Serial No.	2021/22			
	Race Classification	Overall Target (as per 5 year EE Plan)	Actuals at Year-End	Target Achieved (C/B*100)
Column Ref.	A	B	C	D
1	African	759	459	60.47%
2	Coloured	1,417	1,120	79.04%
3	Indian	4	8	200.0%
4	Whites	517	118	22.82%
5	<b>Total</b>	<b>2,697</b>	<b>1,705</b>	<b>63.22%</b>

#### 4.3.2 Employment Equity Targets/Actuals by Gender Classification

**Table 149: Employment Equity Targets/Actuals by Gender Classification**

Employment Equity Targets/Actuals by Gender Classification				
Serial No.	2021/22			
	Gender Classification	Overall Target (as per 5 year EE Plan)	Actuals at Year-End	Target Achieved (C/B*100)
Column Ref.	A	B	C	D
1	Male	1,384	1,095	79.11%
2	Female	1313	610	46.45%
3	<b>Total</b>	<b>2,697</b>	<b>1,705</b>	<b>63.21%</b>

#### 4.3.3 Employment Equity by Race and Gender within Occupational Levels

The overall number of employees by race and gender within the occupational levels at year-end are depicted in the table below.

**Table 150: Number employees by Race and Gender within the Occupational Levels**

Number of Employees by Race and Gender within the Occupational Levels											
Occupational Level Description	Male					Female					Grand Totals
	A	C	I	W	Total	A	C	I	W	Total	
Top Management	0	3	0	2	5	0	1	0	0	1	6
Senior Management	4	10	0	14	28	7	8	0	3	18	46
Professionally qualified and experienced specialists and mid-management.	7	37	1	11	56	4	14	1	7	26	82
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	114	2	30	165	18	41	0	15	74	239
Semi-skilled and discretionary decision making	100	319	1	13	433	72	215	1	12	300	733
Unskilled and defined decision making	146	252	2	8	408	82	106	0	3	191	599
<b>Total Employees</b>	<b>276</b>	<b>735</b>	<b>6</b>	<b>78</b>	<b>1,095</b>	<b>183</b>	<b>385</b>	<b>2</b>	<b>40</b>	<b>610</b>	<b>1,705</b>

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.4 INTRODUCTION

All advertised posts are graded and vacant graded positions are advertised and filled. New appointed staff is inducted on a monthly basis when the recruitment process has been completed. Induction is done both organisationally and departmentally. Our staff is also encouraged to make use of bursaries, skills programmes and artisan training to ensure that they are properly skilled.

#### 4.4.1 Policies

There is a drive to review/write new or additional HR policies. The policies listed in the table below were developed and reviewed. The list includes policies that were developed and reviewed in 2021/22. The total number of policies that HR are responsible for is twenty-three (23). Two new policies have been developed and adopted in this financial year as well as two were reviewed and adopted at the end of 30 June 2022

**Table 151: HR Policies and Plans**

HR Policies and Plans			
Serial No.	Name of Policy	Reviewed/New	Date adopted by Council or comment on failure to adopt
Column Ref.	A	B	C
1	Acting Additional and Secondment Allowance Policy	To be reviewed	27 June 2018
2	Appointment of Temporary Staff Policy	To be reviewed	20 September 2013
3	Dress Code Policy	To be reviewed	30 January 2019
4	Education Training and Development Policy	To be reviewed	27 June 2018
5	External Bursary Policy	To be reviewed	27 June 2018
6	HIV AIDS Policy	To be reviewed	31 July 2019
7	Job Evaluation Policy	To be reviewed	24 August 2017
8	Leave Policy	To be reviewed	27 June 2018
9	Essential Vehicle Allowance Policy	To be reviewed	30 June 2022
10	Occupational Health and Safety Policy	To be reviewed	31 July 2018
11	Overtime Policy	To be reviewed	27 June 2018
12	Personal Protective Equipment and Clothing Policy	To be reviewed	31 July 2019
13	Placement Policy	To be reviewed	13 December 2020
14	Private Work Policy	To be reviewed	27 June 2018
15	Probation Policy	To be reviewed	24 June 2019
16	Recruitment and Selection Policy	Reviewed	30 June 2022
17	Sexual Harassment Policy	To be reviewed	30 January 2019
18	Smoking Policy	To be reviewed	27 July 2017
19	Standby Policy	Reviewed	30 June 2022
20	Substance Abuse Policy	To be reviewed	31 January 2018

HR Policies and Plans			
Serial No.	Name of Policy	Reviewed/New	Date adopted by Council or comment on failure to adopt
Column Ref.	A	B	C
21	Talent Management and Succession Planning Policy	To be reviewed	26 June 2018
22	Performance Management and Development Policy	New	30 June 2022
23	COVID 19 Policy	New	29 July 2020

#### 4.4.2 Sick Leave

The next two tables depict the sick leave information per department and occupational levels.

##### 4.4.2.1 Sick Leave per Department/Division

The following sick leave per Department/Division was taken in the 2021/22 financial year as depicted in the table below. The Department of Engineering Services (40.17%) and Community Services (34.45%) were the main contributors to sick leave as a percentage of total sick leave days taken.

Table 152: Sick Leave per Department/Division

Sick Leave per Department/Division					
Serial No.	Department/Division	2020/21		2021/22	
		Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken
Column Ref.	A	B	C	D	E
1	Office of the City Manager	27	0.13%	24	0.12%
2	Risk Management Division	15	0.07%	13	0.07%
3	Communication and Marketing Division	22	0.11%	16	0.08%
4	Internal Audit Division	115	0.58%	119	0.61%
5	Integrated Development Planning and Performance Management Division	30	0.15%	40	0.21%
6	Department of Planning and Development Services	759	3.84%	819	4.25%
7	Department of Financial Services	2,323	11.75%	2384	12.36%
8	Department of Engineering Services	8,274	41.87%	7748	40.17%
9	Department of Corporate Services	1,319	6.22%	1481	7.68%
10	Department of Community Services	6,872	34.77%	6645	34.45%
11	<b>Total</b>	<b>19,756</b>	<b>100%</b>	<b>19,289</b>	<b>100%</b>

#### 4.4.2.2 Sick Leave per Occupational Level

From the table below it is clear that the semi-skilled occupational level (46.69%) and unskilled occupational level (28.38%) were the main contributors to sick leave as a percentage of total sick leave days taken.

**Table 153: Sick Leave per Occupational Level**

Sick Leave per Occupational Level					
		2020/2021		2021/22	
Serial No	Occupational Level	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken
Column Ref.	A	B	C	D	E
1	Top Management	5	0.12%	4	0.02%
2	Senior Management	555	2.80%	349.48	1.81%
3	Professionally qualified	1,256	6.35%	1248.97	6.47%
4	Skilled technical	2,451	12.40%	3210.30	16.63%
5	Semi-skilled	10,267	51.86%	9012.97	46.69%
6	Unskilled	5,222	26.43%	5477.79	28.38%
7	<b>Total</b>	<b>19,756</b>	<b>100%</b>	<b>19,303.51</b>	<b>100%</b>

#### 4.4.3 Injuries

The number of injury leave days taken during the year under review amounts to 771 working days and the 137 employees involved represents 6.16% of the total employees (2,222) in employment as at 30 June 2022.

**Table 154: Number of injuries on duty**

Serial No.	Type of Injury	Number of Injury Leave Days Taken	Number of Employees Taking Injury Leave	Average Injury Leave Days/Employee	*Percentage of total employees using injury leave
Column Ref.	A	B	C	D	E
1	Required basic medical attention only	172	79	2.17	3.55%
2	Temporary total disablement	295	48	6.14	2.16%
3	Permanent disablement	304	10	30.40	0.45%
4	<b>Total</b>	<b>771</b>	<b>137</b>	<b>5.62</b>	<b>6.16%</b>
5	<i>*Based on total of 2,222 employees comprising of 1,705 plus 517 EPWP employees as at 30 June 2022.</i>				



#### 4.4.3.1 Injuries per Department

Table 155: Injuries per Department

Serial No.	Department	No. of injuries		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Engineering Services	60	91	71
2	Community Services	38	64	78
3	Planning and Development	1	1	17
4	Financial Services	6	9	5
5	Corporate Services	5	9	6
6	Office of the City Manager	1	0	0
7	<b>Total</b>	<b>111</b>	<b>174</b>	<b>177</b>

#### 4.4.3.2 Injuries per Occupational Level

Table 156: Injuries per Occupational Level

Serial No.	Occupational Level	No. of injuries		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Unskilled	41	79	96
2	Semi-skilled	54	76	65
3	Skilled	13	14	15
4	Professional	3	2	1
5	Senior Management	0	3	0
6	<b>Total</b>	<b>111</b>	<b>174</b>	<b>177</b>

#### 4.4.3.3 Cost of Injuries

The total cost due to injuries amounts to **R526,459.83** for the year under review.

#### 4.4.3.4 Cost of Injuries per Department

The cost of injury leave is depicted per Department in the table below. The two Departments with the most employees, Engineering Services and Community Services, have the highest cost of injuries.

**Table 157: Cost of Injuries per Department**

Serial No.	Department	Cost of Injuries (R)		
		2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Engineering Services	R251,968.40	R187,082.15	R306,923.39
2	Community Services	R117,129.50	R168,266.77	R186,829.44
3	Planning and Development	-	R452.00	R21,736.13
4	Financial Services	R9,480.70	R13,873.65	R6,864.43
5	Corporate Services	R19,683.16	R9,842.79	R4,106.44
6	Office of the City Manager	R2,756.00	-	-
<b>7</b>	<b>Total</b>	<b>R401,017.76</b>	<b>R379,517.36</b>	<b>R526,459.83</b>

#### 4.4.4 Suspensions

During the 2021/22 financial year a total of three (3) disciplinary hearings were completed of employees who were placed on precautionary suspension pending disciplinary investigations for their alleged involvement in cases of serious misconduct.

The hearings of two (2) employees who were also placed on precautionary suspension did not materialise yet since further investigation is still ongoing for one (1) case and the disciplinary hearing for the other case is not finalised yet.

##### 4.4.4.1 Suspensions per Department

The three (3) employees placed on precautionary suspension during 2021/22 comprise of two (2) employees from the Engineering Services Department and one (1) employee from the Community Services Department.

##### 4.4.4.2 Suspensions per Occupational Level

Out of the three (3) 2021/22 suspended employees one (1) was skilled, one (1) semi-skilled and one (1) unskilled employee.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.5 INTRODUCTION

In line with the National Skills Strategy, Drakenstein Municipality continuously pursue investing towards a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.

During the 2021/22 financial year, the Municipality directed funds towards employee capacity building.

#### 4.5.1 Skills Matrix

The Council has exposed 907 employees in various capacity building interventions from 1 July 2021 until 30 June 2022. The total excludes bursary recipients and professional bodies affiliation and memberships funding for officials.

The table below indicates only the number of employees at professional and management levels that received training in the year under review.

Table 158: Skills Matrix

Skills Matrix								
Serial No.	Management Level	Gender	Number of skilled employees required and actual as at 30 June 2022					
			Learnerships		Skills programmes and other short courses		Total	
			Actual 2022	Target	Actual 2022	Target	Actual 2022	Target
Column Ref.	A	B	C	D	E	F	G	H
1	CM and S57	Female	1	1	0	0	1	1
2		Male	0	0	0	0	0	0
3	Councillors, Senior Officials and Managers	Female	0	0	35	35	35	35
4		Male	0	0	49	49	49	49
5	Technicians and Associate Professionals	Female	0	0	109	109	109	109
6		Male	8	8	114	114	122	122
7	Professionals	Female	0	0	14	14	14	14
8		Male	0	0	28	28	28	28
9	Sub-Totals	Female	1	1	158	158	159	159
10		Male	8	8	191	191	199	199
11	Total		9	9	349	349	358	358

#### 4.5.2 Skills Development – Training Provided

The table below indicates the skills areas and learning programmes the employees undertook in the year under review.

**Table 159: Skills Development - Training Provided**

Serial No.	Sector Priority	Skills Areas	Learning Programmes
Column Ref.	A	B	C
1	Infrastructure and service delivery	<ul style="list-style-type: none"> <li>• Infrastructure Asset and Maintenance</li> <li>• Labour Intensive Construction</li> <li>• Electricity Reticulation</li> <li>• Water Services Roads</li> </ul>	<ul style="list-style-type: none"> <li>• First Aid L1</li> <li>• Truck Mounted Crane Full Course</li> <li>• Truck Mounted Crane Refresher Course</li> <li>• Confined Space Entry Full Course</li> <li>• Chainsaw Operator full course</li> <li>• Front End and Backhoe Loader</li> <li>• Scaffolding Erection &amp; Inspection</li> <li>• Weedeater Full Course</li> <li>• Weedeater Refresher Course</li> <li>• Forklift Full Course</li> <li>• Occupational Health and Safety Representative</li> <li>• ORHVS Entry to Substation Course</li> <li>• Fire Extinguisher Training</li> <li>• Cherry Picker Refresher Full Course</li> <li>• Cherry Picker Refresher Refresher Course</li> <li>• FETC: Water and Wastewater Treatment Process Control Supervision NQF4</li> <li>• Incident Investigation Course</li> <li>• NC: Water and Wastewater Treatment Process Operations NQF2</li> <li>• NC: Water and Wastewater Process Control NQF3</li> <li>• Fire Extinguisher Training</li> <li>• Overhead Crane Full Course</li> <li>• High Tension Medium Voltage Cable Switching Refresher Course</li> <li>• High Tension Medium Voltage Cable Switching Full Course</li> <li>• HIRAC Course</li> <li>• High Tension Medium Voltage Cable Jointing Full Course</li> </ul>

Serial No.	Sector Priority	Skills Areas	Learning Programmes
			<ul style="list-style-type: none"> <li>• Implement Safety Health &amp; Environmental Requirement In a Gas Installation Course</li> <li>• Firearm Refresher Training</li> <li>• ARPL Carpentry Programme</li> <li>• Working In Heights</li> </ul>
2	Financial Viability	<ul style="list-style-type: none"> <li>• Property Valuation;</li> <li>• Audit and Procurement;</li> <li>• Municipal Finance; and</li> <li>• Accounting Technicians.</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal Finance and Administration</li> <li>• Local Government Accounting Certificate NQF3</li> <li>• Local Government Advance Accounting Certificate NQF4</li> <li>• Chartered Certified Accountant Candidacy Programme</li> <li>• Fraud and Fraud Risk Indicators</li> </ul>
3	Community Based Participation and Planning	<ul style="list-style-type: none"> <li>• IDP;</li> <li>• LED;</li> <li>• Ward Committees; and</li> <li>• Urban Planning.</li> </ul>	<ul style="list-style-type: none"> <li>• MS Office (Word/Excel/PowerPoint) Basic- Advance</li> <li>• Advance Project Management</li> <li>• Bursaries (Internal &amp; LGSETA)</li> <li>• Internships / Graduate Placements</li> <li>• Induction &amp; Orientation Workshop</li> <li>• Introduction to Computers</li> </ul>
4	Management and Leadership	<ul style="list-style-type: none"> <li>• Municipal Leadership Development</li> </ul>	<ul style="list-style-type: none"> <li>• NC Local Government Councillor Development Programme;</li> <li>• Municipal Minimum Competency Levels;</li> <li>• Integrated Councillor Induction Programme; and</li> <li>• Diversity and Change Management.</li> </ul>
5	AET and Foundational Learning	<ul style="list-style-type: none"> <li>• AET</li> </ul>	<ul style="list-style-type: none"> <li>• AET; and</li> <li>• Driver Training Code 8, 10 &amp; 11.</li> </ul>
6	Workplace Committee Training	<ul style="list-style-type: none"> <li>• LLF Training;</li> <li>• ODETDP; and</li> <li>• OHS.</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety Act Construction Regulations</li> </ul>

#### 4.5.3 Skills Development – Budget Allocation

The table below indicates that a total amount of R700,452.00 was allocated to the workplace skills plan interventions excluding bursaries. An amount of R700,406.22 was spent equating to 99.9% of budgeted expenditure.

**Table 160: Skills Development – Budget Allocation**

Serial No.	Financial Year	Allocated Budget	Actual Expenditure	% Expenditure
Column Ref.	A	B	C	D
1	2019/2020	R925,000	R412,233	44.57%
2	2020/2021	R1,100,000	R781,525	71.05%
3	2021/2022	R700,452.00	R700,406.22	99.99%

Serial No.	Item	Allocated Budget	Actual Expenditure	Balance
Column Ref.	A	B	C	D
1	Training Vote Number 2021/22	R700,452.00	R700,406.22	R45.78
2	External Bursaries 2021/22	R400,000.00	R268,655.97	R131,344.03
3	Rural Bursaries 2021/22	R400,000.00	R71,679.97	R328,320.03
4	Internal Bursaries 2021/22	R400,000.00	R315,420.00	R84,580.00
5	Professional Bodies Affiliation and Annual Membership	R100,000.00	R30,879.44	R69,120.56

#### 4.5.4 MFMA Minimum Competencies

Twenty-five (25) municipal officials must achieve the prescribed competencies. Eighteen (18) officials comply with the regulations, one scheduled for training and six posts are vacant.

**Table 161: Financial Competency Development - Progress Report**

Financial Competency Development : Progress Report							
Serial No.	Description	B- Total number of officials employed by municipality [Regulation 14(4)(a) and (c)]	C- Total number officials employed by municipal entities [Regulation 14(4)(a) and (c)]	Consolidated Total of B and C	Consolidated: Competency assessments completed for B and C [Regulation 14(4)(b) and (d)]	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 [Regulation 14(4)(f)]	Consolidated: Total number of officials that meet prescribed competency levels [Regulation 14(4)(e)]
Column No.	A	B	C	D	E	F	G
1	<b>Financial Officials</b>						
2	Accounting Officer	1	0	1	1	1	1
3	Chief Financial Officer	1	0	1	1	1	1
4	Senior Managers	4	0	4	4	4	3
5	Any other Financial Officials	66	0	66	66	66	47
6	<b>Supply Chain Management Officials</b>						
7	Heads of Supply Chain Management Units	1	0	1	1	1	1
8	Supply Chain Management Senior Managers	2	0	2	2	2	2
9	<b>Total</b>	<b>75</b>	<b>0</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>55</b>

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

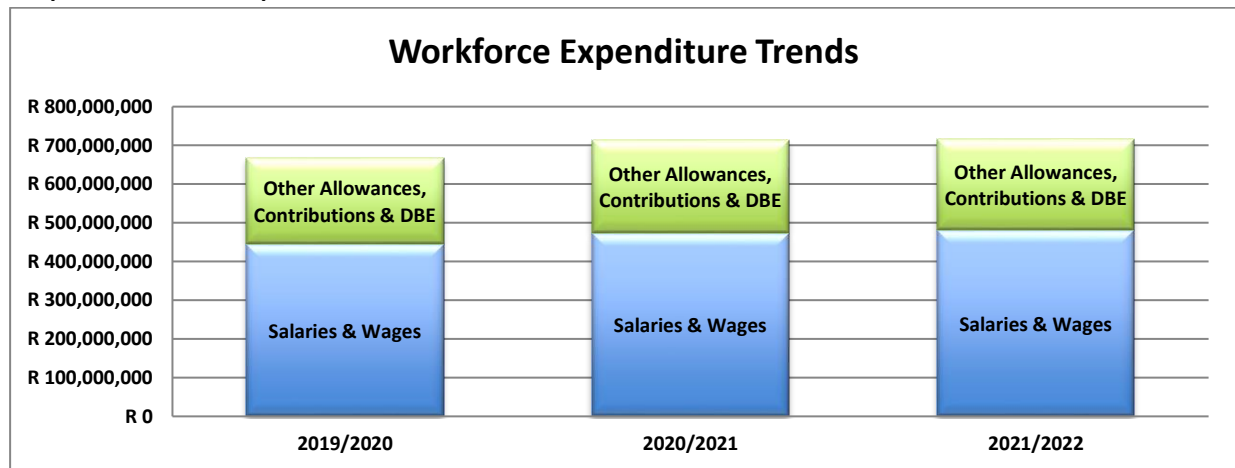
### 4.6 INTRODUCTION

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. To be effective, it is important to ensure that the Municipality plans properly. To ensure that the Municipality adheres to legislation, only approved and budgeted posts on the structure are advertised. All positions are advertised on the Municipality’s website and in the local media. Advertising in other media is based on the target market for the post. This saves on advertising costs and in the electronic age gives easy and quick access to applicants. Drakenstein strives to appoint employees who share the vision of “A city of excellence” and who will add value to the organisation. The training and development of internal staff is aimed at ensuring that they are able to perform their duties better.

#### 4.6.1 Personnel Expenditure

Drakenstein’s workforce expenditure of R716.3 million, depicted in the table below, accounted for 28.7% of the total actual operating expenditure of R2.60 billion for the 2021/22 financial year.

Graph 7: Workforce Expenditure Trends



The total workforce expenditure of R716.3 million included R27.99 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP. The 2020/21 workforce expenditure included R38.38 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP. The 2019/20 total workforce expenditure included -R19.4 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP, after taking into account R53.8 million worth of actuarial gains for post-employment healthcare benefits.

It is clear from the above that the total workforce expenditure as a percentage of the total actual operating expenditure has fluctuated over the last three financial years from 28.7 to 30.1% to 27.4%. This percentage is well within National Treasury's norm of 25% to 40% and will steadily rise over the next few years to Drakenstein's target of about 30%.

#### 4.6.2 Personnel Expenditure per Line Item

The breakdown of personnel expenditure per line item for the 2020/21 and 2021/22 years is depicted in the table below. Salaries and wages have increased with R3,402,939 year-on-year.

**Table 162: Personnel Expenditure per Line Item**

Personnel Expenditure per Line Item					
Serial No.	Description	2020/21 Actual Expenditure	2021/22 Actual Expenditure	Variance Amount	Variance %
Column Ref.	A	B	C	D	E
1	Salaries and Wages	472,757,047	481,502,170	8,745,123	1.8%
2	Salaries	472,757,047	481,502,170	8,745,123	1.8%
3	Other Allowances and contributions	201,899,119	206,939,663	5,040,544	2.5%
4	Social contributions - UIF, pensions and medical aid etc.	108,654,250	112,508,161	3,853,911	3.5%
5	Travel, accommodation and other allowances	29,048,647	29,210,676	162,029	0.6%
6	Housing benefits and allowances	4,194,525	3,501,891	(692,634)	-16.5%
7	Overtime payments	26,599,972	34,964,714	8,364,742	31.4%
8	Acting Allowance	1,872,146	1,710,542	(161,604)	-8.6%
9	Shift Allowance	2,291,930	2,290,229	(1,701)	-0.1%
10	Standby Allowance	9,232,642	9,645,665	413,023	4.5%
11	Night Shift Allowance	3,040,267	3,001,029	(39,238)	-1.3%
12	Cell Allowance	4,087,152	4,082,765	(4,387)	-0.1%
13	Workman Compensation	3,444,765	3,222,706	(222,059)	-6.4%
14	Contribution to leave reserve	1,819,097	1,759,186	(59,911)	-3.3%
15	Provision for TASK backpay	6,627,428	-	(6,627,428)	-100.0%
16	Provision for performance bonuses	986,298	1,042,099	55,801	5.7%
17	Defined Benefit Plan Expense:	38,377,549	27,994,821	(10,382,728)	-27.1%
18	Post Employment Health Care Benefits	30,311,532	18,490,023	(11,821,509)	-39.0%
19	Ex Gratia Pension Benefits	68,450	(145,274)	(213,724)	-312.2%
20	Long Service Awards	7,997,567	9,650,072	1,652,505	20.7%
21	Expenditure Recharged	-	-	-	
22	Expenditure Recharged to Capital	-	-	-	
23	Total Employee Related Costs	713,033,715	716,436,654	3,402,939	0.5%

#### 4.7 DISCLOSURES OF FINANCIAL INTERESTS

Disclosures have been made by officials and Councillors concerning their financial interests, as required by Municipal Performance Regulations 805 of 2006 and are set out in Appendix I. No transgressions due to financial interests occurred.



## 5. FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

#### 5.1 INTRODUCTION

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original budget and the final adjustments budget.

#### 5.2 FINANCIAL SUMMARY

Drakenstein Municipality generated an overall operating surplus of R143.5 million compared with budgeted operating surplus of R70.0 million for the year under review as depicted in the table below. More information on the revenue collection performance by vote and by source is included in **Appendix J** of the Annual Report.

**Table 163: Financial Summary**

Financial Summary							
Serial No.	Description	2020/2021	2021/22		Positive / (Negative) % Variance		
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
<b>1</b>	<b>Financial Performance</b>						
2	Property rates	343,711,355	403,840,831	415,978,861	416,883,724	103.23%	100.22%
3	Service charges	1,636,285,690	1,840,504,940	1,812,302,832	1,826,370,540	99.23%	100.78%
4	Investment revenue	5,215,173	6,000,000	6,000,000	9,673,336	161.22%	161.22%
5	Transfers recognised – operational	220,606,266	200,861,075	211,466,467	204,171,779	101.65%	96.55%
6	Other own revenue	198,278,783	157,591,029	175,033,244	192,770,451	122.32%	110.13%
<b>7</b>	<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,404,097,267</b>	<b>2,608,797,875</b>	<b>2,620,781,404</b>	<b>2,649,869,830</b>	<b>1.57%</b>	<b>1.11%</b>
8	Employee costs	713,033,715	743,376,564	746,599,921	720,129,769	96.87%	96.45%
9	Remuneration of Councillors	31,101,146	33,640,385	33,640,385	31,654,070	94.10%	94.10%
10	Depreciation	219,436,028	242,691,338	242,691,338	241,745,856	99.61%	99.61%
11	Finance charges	179,830,801	180,316,454	180,316,454	180,161,755	99.91%	99.91%
12	Materials and bulk purchases	834,993,491	1,034,355,079	1,037,962,113	1,037,912,149	100.34%	100.00%
13	Transfers and grants	8,534,159	18,117,842	16,224,394	15,343,997	84.69%	94.57%
14	Other expenditure	483,489,818	408,070,699	416,660,445	397,256,749	97.35%	95.34%
<b>15</b>	<b>Total expenditure</b>	<b>2,470,419,158</b>	<b>2,660,568,361</b>	<b>2,674,095,050</b>	<b>2,624,204,345</b>	<b>-1.37%</b>	<b>-1.87%</b>
16	Surplus (Deficit)	(66,321,891)	(51,770,486)	(53,313,646)	25,665,485	-49.58%	-48.14%
17	Transfers recognised – capital	177,435,677	96,382,569	123,331,683	117,812,786	122.23%	95.53%
18	Contributions recognised – capital and contributed assets	0	0	0	0	0.00%	0.00%
<b>19</b>	<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>111,113,786</b>	<b>44,612,083</b>	<b>70,018,037</b>	<b>143,478,271</b>	<b>221.61%</b>	<b>104.92%</b>
20	Share of surplus/(deficit) of associate	0	0	0	0	0.00%	0.00%
21	Surplus (Deficit) for the year	<b>111,113,786</b>	<b>44,612,083</b>	<b>70,018,037</b>	<b>143,478,271</b>	<b>321.61%</b>	<b>204.92%</b>
<b>22</b>	<b>Capital Expenditure and Fund Sources</b>						
23	Transfers recognised – capital	143,696,501	96,382,569	123,331,683	112,773,339	117.01%	91.44%
24	Public contributions and donations	0	0	0	0	0.00%	0.00%
25	Borrowing	0	0	0	0	0.00%	0.00%
26	Internally generated funds	77,949,957	31,720,000	46,443,619	44,278,112	139.59%	95.34%
<b>27</b>	<b>Total sources of capital funds</b>	<b>221,646,458</b>	<b>128,102,569</b>	<b>169,775,302</b>	<b>157,051,451</b>	<b>22.60%</b>	<b>-7.49%</b>
<b>28</b>	<b>Financial Position</b>						
29	Total current assets	594,405,285	598,313,890	604,659,007	742,555,800	124.11%	122.81%
30	Total non-current assets	6,315,153,713	6,096,797,641	6,138,470,374	6,674,145,681	109.47%	108.73%
31	Total current liabilities	536,885,151	556,198,244	556,198,244	503,754,978	90.57%	90.57%
32	Total non-current liabilities	2,040,855,700	1,999,587,355	1,999,587,355	1,997,771,319	99.91%	99.91%
33	Community wealth/ Equity	4,331,818,147	4,139,325,932	4,187,343,782	4,915,175,184	118.74%	117.38%
<b>34</b>	<b>Cash Flows</b>						
35	Net cash from (used) operating	300,606,317	212,555,358	251,035,115	278,299,104	130.93%	110.86%
36	Net cash from (used) investing	(221,025,011)	(103,941,545)	(147,203,612)	(213,448,879)	205.35%	145.00%
37	Net cash from (used) financing	(21,399,846)	(29,683,298)	(18,555,870)	(13,747,970)	46.32%	74.09%
<b>38</b>	<b>Movement in cash/cash equivalents at the year end</b>	<b>58,181,460</b>	<b>78,930,515</b>	<b>85,275,633</b>	<b>51,102,255</b>	<b>-35.26%</b>	<b>-40.07%</b>

Financial Summary							
Serial No.	Description	2020/2021	2021/22		Positive / (Negative) % Variance		
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
39	<b>Cash Backing/Surplus Reconciliation</b>						
40	Cash and investments available	229,099,916	185,974,801	427,362,416	229,099,916	123.19%	53.61%
41	Application of cash and investments	0	0	0	0	#DIV/0!	#DIV/0!
42	<b>Balance – surplus (shortfall)</b>	<b>229,099,916</b>	<b>185,974,801</b>	<b>427,362,416</b>	<b>229,099,916</b>	<b>123.19%</b>	<b>53.61%</b>
43	<b>Asset Management</b>						
44	Asset register summary (WDV)	5,744,482,878	6,133,571,704	6,059,390,926	6,122,485,223	99.82%	101.04%
45	Depreciation and asset impairment	195,752,508	201,673,156	220,426,443	210,624,362	104.44%	95.55%
46	Renewal of existing assets	108,767,779	83,450,000	86,523,302	86,523,296	103.68%	100.00%
47	Repairs and maintenance	277,143,635	181,607,473	276,101,176	263,443,796	145.06%	95.42%

### 5.3 FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

In the table below the operating expenditure performance by GFS Classification is depicted. Drakenstein Municipality has spent R2.624 billion of the final operating adjustments budget of R2.532 billion on operating activities and it represents 98.64% of the original approved budget and 98.14% of the final operating adjustments budget. This aligns to Appendix B1 to the Annual Financial Statements.

**Table 164: Financial Performance of Operating Expenditure by GFS Classification**

Financial Performance of Operational Expenditure by GFS Classification							
Serial No.	Description	2020/2021	2021/2022		Positive / (Negative) % Variance		
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	<b>Operating Cost</b>						
2	Water	114,354,768	115,228,407	122,988,555	119,247,043	3.49%	-3.04%
3	Wastewater (Sanitation)	129,168,634	126,100,942	135,697,516	135,615,610	7.55%	-0.06%
4	Electricity	1,041,990,075	1,210,061,306	1,176,574,867	1,174,148,120	-2.97%	-0.21%
5	Waste Management	89,342,197	88,564,365	89,349,070	87,857,568	-0.80%	-1.67%
6	Other	0	0	0	0	0.00%	0.00%
7	<b>Component A: Sub-total</b>	<b>1,374,855,674</b>	<b>1,539,955,020</b>	<b>1,524,610,008</b>	<b>1,516,868,341</b>	<b>-1.50%</b>	<b>-0.51%</b>
8	Roads	132,405,640	149,742,912	149,314,803	148,531,018	-0.81%	-0.52%
9	Planning	60,190,276	60,562,922	59,990,130	56,392,696	-6.89%	-6.00%
10	Environmental Protection	1,658,762	1,688,566	1,702,444	1,691,432	0.17%	-0.65%
11	<b>Component B: Sub-total</b>	<b>194,254,678</b>	<b>211,994,400</b>	<b>211,007,377</b>	<b>206,615,146</b>	<b>-2.54%</b>	<b>-2.08%</b>
13	Community and Social Services	37,800,443	38,844,069	36,653,192	36,265,115	-6.64%	-1.06%
14	Sport and Recreation	63,086,705	72,372,584	67,423,158	65,697,128	-9.22%	-2.56%
15	Security and Safety	224,228,388	185,250,764	208,211,105	208,208,200	12.39%	0.00%
16	Housing	85,877,526	79,488,219	85,810,809	78,240,886	-1.57%	-8.82%
17	Health	0	0	0	0	0.00%	0.00%
18	<b>Component C: Sub-total</b>	<b>410,993,062</b>	<b>375,955,636</b>	<b>398,098,264</b>	<b>388,411,329</b>	<b>3.31%</b>	<b>-2.43%</b>
19	Corporate Policy Offices and Other	496,097,089	532,663,305	540,379,401	512,508,803	-3.78%	-5.16%
20	<b>Component D: Sub-total</b>	<b>496,097,089</b>	<b>532,663,305</b>	<b>540,379,401</b>	<b>512,508,803</b>	<b>-3.78%</b>	<b>-5.16%</b>
21	<b>Total Expenditure</b>	<b>2,476,200,503</b>	<b>2,660,568,361</b>	<b>2,674,095,050</b>	<b>2,624,403,619</b>	<b>-1.36%</b>	<b>-1.86%</b>

## 5.4 GRANT PERFORMANCE

### 5.4.1 Grants received and its performance

Drakenstein utilised R321.2 million and 3.1% more than the R311.4 million allocated in the original budget.

**Table 165: Operating and Capital Transfers and Grants**

Operating and Capital Transfers and Grant							
Serial No.	Description	2020/2021	2021/2022		2021/2022 Variance		
		Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Column Ref.	A	B	C	D	E	F	G
<b>1</b>	<b>Operating Transfers and Grants</b>						
<b>2</b>	<b>National Government</b>	<b>275,019,067</b>	<b>254,832,000</b>	<b>254,832,000</b>	<b>254,831,998</b>	<b>0.00%</b>	<b>0.00%</b>
3	Equitable share	187,332,000	171,259,000	171,259,000	171,259,000	0.00%	0.00%
4	IUDG	57,927,000	52,326,000	52,326,000	52,325,999	0.00%	0.00%
5	Finance Management Grant (FMG)	1,550,000	1,550,000	1,550,000	1,550,000	0.00%	0.00%
6	Electrification Grant (INEP)	17,000,000	18,315,000	18,315,000	18,315,000	0.00%	0.00%
7	Electricity demandside Grant	0	4,000,000	4,000,000	4,000,000	0.00%	0.00%
8	Expanded Public Works Grant (EPWP)	4,093,000	3,287,000	3,287,000	3,287,000	0.00%	0.00%
9	IIPSAS	3,022,068	0	0	0	0.00%	0.00%
10	Water Infrastructure	4,095,000	4,095,000	4,095,000	4,094,999	0.00%	0.00%
<b>11</b>	<b>Provincial Department</b>	<b>89,522,413</b>	<b>46,796,766</b>	<b>46,796,766</b>	<b>46,023,624</b>	<b>-1.65%</b>	<b>-1.65%</b>
12	Library Personnel	18,487,632	20,004,000	20,004,000	17,394,783	-13.04%	-13.04%
13	Community Development Workers	11,619	113,000	113,000	446,676	295.29%	295.29%
14	Kinston / Lantana	2,683,930	151,981	151,981	151,981	0.00%	0.00%
15	1068 Houses	139,555	0	0	49,919	0.00%	0.00%
16	Paarl East	1,185,332	52,296	52,296	52,296	0.00%	0.00%
17	Amstelhof	0	0	0	10,348	0.00%	#DIV/0!
18	Chester Williams, Lovers Lane	0	241,231	241,231	124,700	-48.31%	-48.31%
19	Finance Management Support	0	1,000,000	1,000,000	931,383	-6.86%	-6.86%
20	Proclaimed Roads	57,247,999	17,591,909	17,591,909	17,498,009	-0.53%	-0.53%
21	Mbkweni Thusong Centre	150,000	343,332	343,332	343,332	0.00%	0.00%
22	Schoongezicht	8,118,345	2,597,017	2,597,017	4,452,796	71.46%	71.46%
23	Employee Bursaries	0	250,000	250,000	242,035	-3.19%	-3.19%
24	Public Employment	0	2,000,000	2,000,000	2,000,000	0.00%	0.00%
25	Sport Development	0	900,000	900,000	899,906	0.00%	0.00%
26	Capacity Building	0	0	0	0	0.00%	0.00%
27	Greenest Town Award	260,000	0	0	0	0.00%	0.00%
28	Accelerated Housing	238,000	252,000	252,000	125,460	-50.21%	-50.21%
29	Rsep	1,000,000	1,300,000	1,300,000	1,300,000	0.00%	0.00%
<b>30</b>	<b>Other Grants</b>	<b>5,374,116</b>	<b>5,004,170</b>	<b>5,004,170</b>	<b>4,335,430</b>	<b>-13.36%</b>	<b>-13.36%</b>
31	Traning Grant	705,178	1,251,693	1,251,693	864,535	-30.93%	-30.93%
32	Neumarkt	0	3,752,477	3,752,477	3,470,894	-7.50%	-7.50%
33	OR Thambo Emergency Kits	1,815,250	0	0	0	0.00%	0.00%
34	De Kraal	2,853,688	0	0	0	0.00%	0.00%
<b>35</b>	<b>District Municipality</b>	<b>1,647,001</b>	<b>6,226,000</b>	<b>6,226,000</b>	<b>5,545,047</b>	<b>-10.94%</b>	<b>-10.94%</b>
36	Cape Winelands	460,000	6,226,000	6,226,000	5,545,047	-10.94%	-10.94%
37	COVID 19	1,187,001	0	0	0	0.00%	0.00%
<b>38</b>	<b>Other grant providers</b>	<b>32,186,870</b>	<b>10,448,667</b>	<b>10,448,667</b>	<b>10,448,667</b>	<b>0.00%</b>	<b>0.00%</b>
39	Le Parc Estate	1,411,776	0	0	0	0.00%	0.00%
40	Jan van Riebeeck Drive	340,623	0	0	0	0.00%	0.00%
41	Lady Blake	28,588	0	0	0	0.00%	0.00%
42	Newton Development	798,884	0	0	0	0.00%	0.00%
43	The Acres	5,570,175	0	0	0	0.00%	0.00%
44	ChurchStreet Developments	96,613	0	0	0	0.00%	0.00%
45	Vlakkeland	23,940,211	0	0	0	0.00%	0.00%
46	Wind Park	0	196,238	196,238	196,238	0.00%	0.00%
47	Cummings Street	0	105,790	105,790	105,790	0.00%	0.00%
48	Val De Vie Estate	0	4,340,906	4,340,906	4,340,906	0.00%	0.00%
49	Newton	0	138,087	138,087	138,087	0.00%	0.00%
50	Bainskloof Pass	0	464,697	464,697	464,697	0.00%	0.00%
51	Wemmershoek Road (R301) and Minor Lustigan Road	0	542,985	542,985	542,985	0.00%	0.00%
52	BRB/ Cecilia Street Intersection	0	654,013	654,013	654,013	0.00%	0.00%
53	Cecilia Street	0	3,854,001	3,854,001	3,854,001	0.00%	0.00%
54	Cape Winelands District Municipality (Fire Equipment)	0	151,950	151,950	151,950	0.00%	0.00%
<b>55</b>	<b>Total Operating Transfers and Grants</b>	<b>403,749,467</b>	<b>323,307,604</b>	<b>323,307,604</b>	<b>321,184,766</b>	<b>-0.7%</b>	<b>-0.7%</b>

## 5.4.2 Grants received from sources other than DoRA

Grants received during the year under review from sources other than the Division of Revenue Act (DoRA) amounted to R66.4 million compared with the R131.8 million of the 2020/21 financial year.

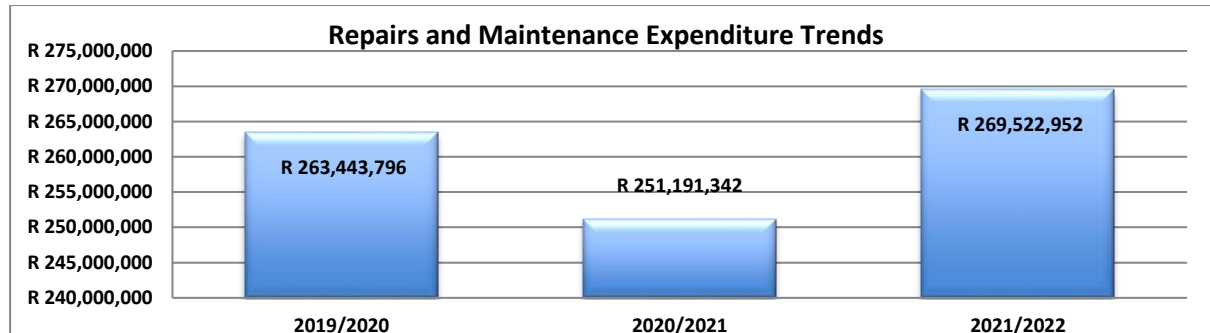
**Table 166: Grants received from sources other than the Division of Revenue Act (DoRA)**

Grants received from sources other than Division of Revenue Act (DORA)			
Serial No.	Description	2020/2021	2021/2022
Column Ref.	A	Actual	Actual
	B	C	
<b>1</b>	<b>Grants other than from DORA</b>		
<b>2</b>	<b>Provincial Department</b>	<b>89,522,413</b>	<b>46,023,624</b>
3	Library Personnel	18,487,632	17,394,783
4	Community Development Workers	11,619	446,676
5	Kingston / Lantana	2,683,930	151,981
6	1068 Houses	139,555	49,919
7	Paarl East	1,185,332	52,296
8	Amstelhof	0	10,348
9	Chester Williams, Lovers Lane	0	124,700
10	Finance Management Support	0	931,383
11	Proclaimed Roads	57,247,999	17,498,009
12	Mbekweni Thusong Centre	150,000	343,332
13	Schoongezicht	8,118,345	4,452,796
14	Employee Bursaries	0	242,035
15	Public Employment	0	2,000,000
16	Sport Development	0	899,906
17	Capacity Building	0	0
18	Greenest Town Award	260,000	0
19	Accelerated Housing	238,000	125,460
20	Rsep	1,000,000	1,300,000
<b>21</b>	<b>Other Grants</b>	<b>8,396,184</b>	<b>4,335,430</b>
22	Traning Grant	705,178	864,535
23	Neumarkt	0	3,470,894
24	OR Thambo Emergency Kits	1,815,250	0
25	De Kraal	2,853,688	0
26	IIPSAS	3,022,068	0
<b>27</b>	<b>District Municipality</b>	<b>1,647,001</b>	<b>5,545,047</b>
28	Cape Winelands	460,000	5,545,047
29	COVID 19	1,187,001	0
<b>30</b>	<b>Other grant providers</b>	<b>32,186,870</b>	<b>10,448,667</b>
31	Le Parc Estate	1,411,776	0
32	Jan van Riebeeck Drive	340,623	0
33	Lady Blake	28,588	0
34	Newton Development	798,884	0
35	The Acres	5,570,175	0
36	ChurchStreet Developments	96,613	0
37	Vlakkeland	23,940,211	0
38	Wind Park	0	196,238
39	Cummings Street	0	105,790
40	Val De Vie Estate	0	4,340,906
41	Newton	0	138,087
42	Bainskloof Pass	0	464,697
43	Wemmershoek Road (R301) and Minor Lustigan Road	0	542,985
44	BRB/ Cecilia Street Intersection	0	654,013
45	Cecilia Street	0	3,854,001
46	Cape Winelands District Municipaity (Fire Equipment)	0	151,950
<b>47</b>	<b>Total Operating Transfers and Grants</b>	<b>131,752,468</b>	<b>66,352,768</b>

## 5.5 REPAIRS AND MAINTENANCE EXPENDITURE

From the chart below, it can be seen that the investment in repairs and maintenance costs has substantially decreased from R263.4 million in the 2019/20 to R251.2 million in the 2020/21 financial year before increasing to R269.5 million. The repairs and maintenance costs of R269.5 million represents 10.3% of the total operating expenditure of R2.604 billion for the year under review.

Graph 8: Repairs and Maintenance Expenditure Trends



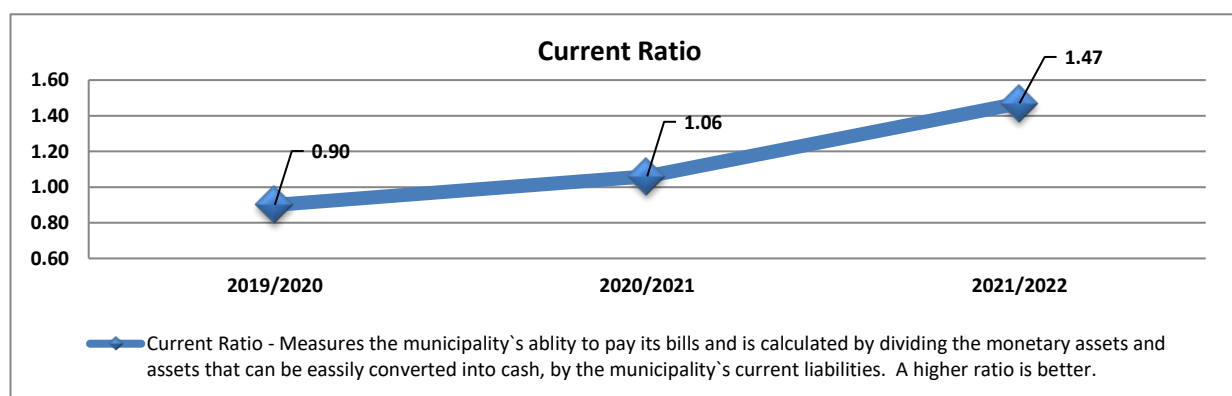
## 5.6 FINANCIAL RATIOS

The following section reflects the key financial ratios.

### 5.6.1 Current Ratio

The Current Ratio represents the ability of the Municipality's current assets to service its current liabilities. This ratio shows an upwards trend over the three years under review and the Municipality had a ratio of 1.47:1 in the 2021/22 financial year.

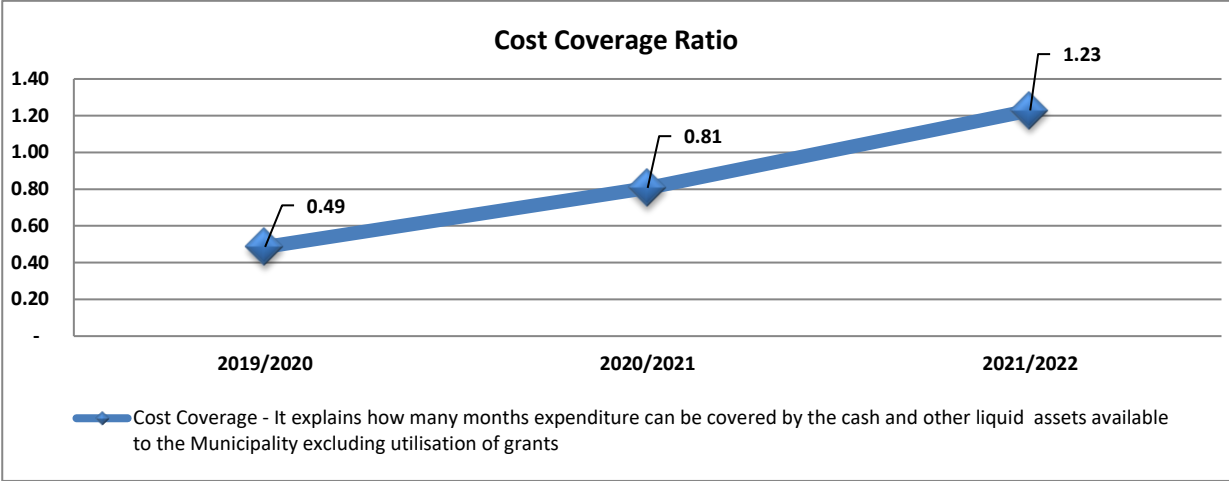
Graph 9: Current Ratio



### 5.6.2 Cost Coverage Ratio

This ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available to the Municipality. The cost coverage ratio year on year shows an upward trend from the 2019/20 year to the current 1.23 times coverage for the 2021/22 year. This is an indicator that the cash flow of the Municipality is under strain, but recovering.

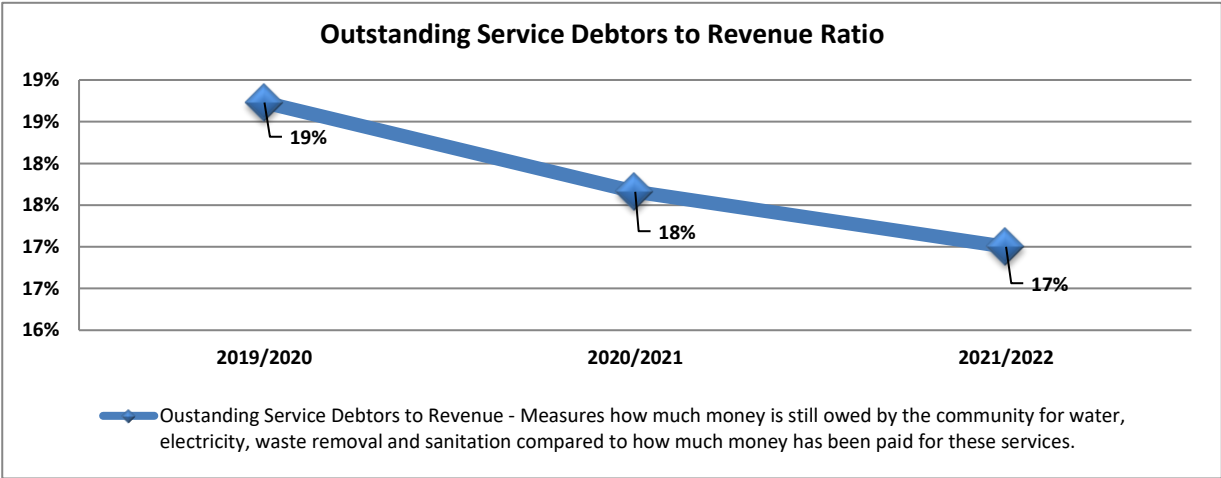
Graph 10: Cost Coverage Ratio



### 5.6.3 Outstanding Service Debtors to Revenue Ratio

This ratio measures how much money is owed by debtors when compared to the generated revenue. This is a measure of what the fraction of outstanding debt is from the total generated revenue. This ratio has decreased from 2019/20 to 2021/22, which, although not ideal is still manageable.

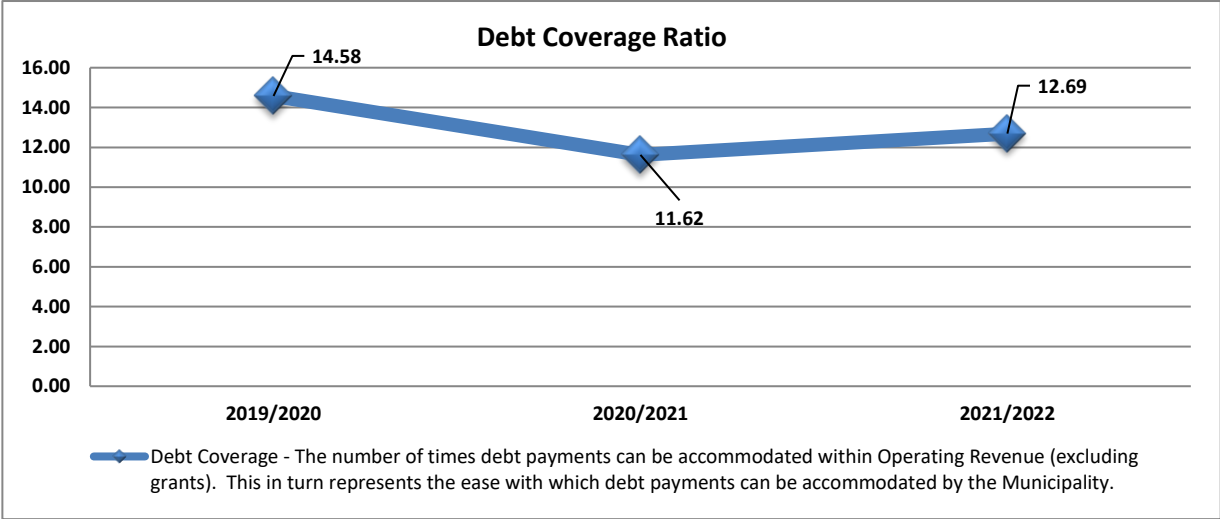
Graph 11: Outstanding Service Debtors to Revenue Ratio



**5.6.4 Debt Coverage Ratio**

This ratio shows an increase from 11.62 times at the end of the 2020/21 to 12.69 at the end of the 2021/22 financial year. The decrease is due to the repayment of loans after the payment holiday received by the Municipality.

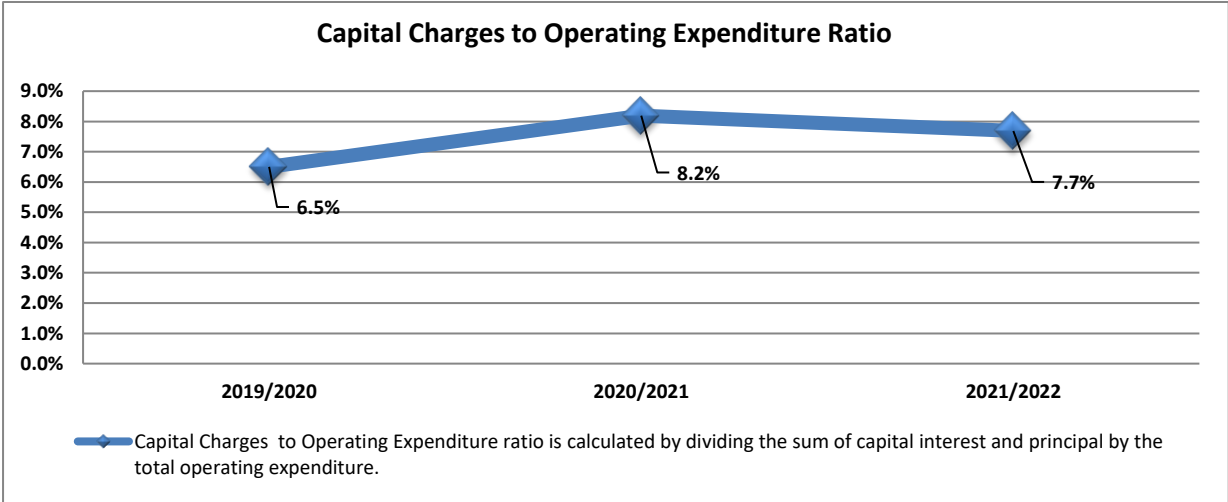
**Graph 12: Debt Coverage Ratio**



**5.6.5 Capital Charges to Operating Expenditure Ratio**

This ratio indicates the percentage that capital charges (interest and redemption on external borrowings) make out of the total operating expenditure. This is an indication of how geared the organisation is. The ratio has decreased from 8.2% in 2020/21 to 7.7% at the end of 2021/22.

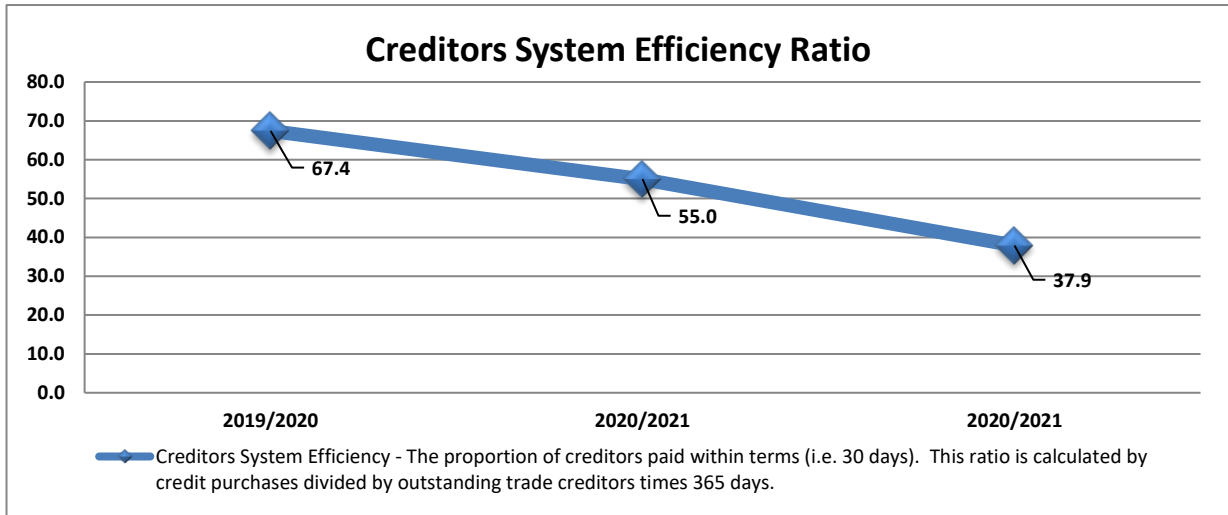
**Graph 13: Capital Charges to Operating Expenditure Ratio**



### 5.6.6 Creditors System Efficiency Ratio

The creditors' payment period has decreased from 67.4 days in the 2019/20 financial year, 37.9 days in the 2021/22 financial year, although still above the norm of 30 days, it is an improvement from the previous year.

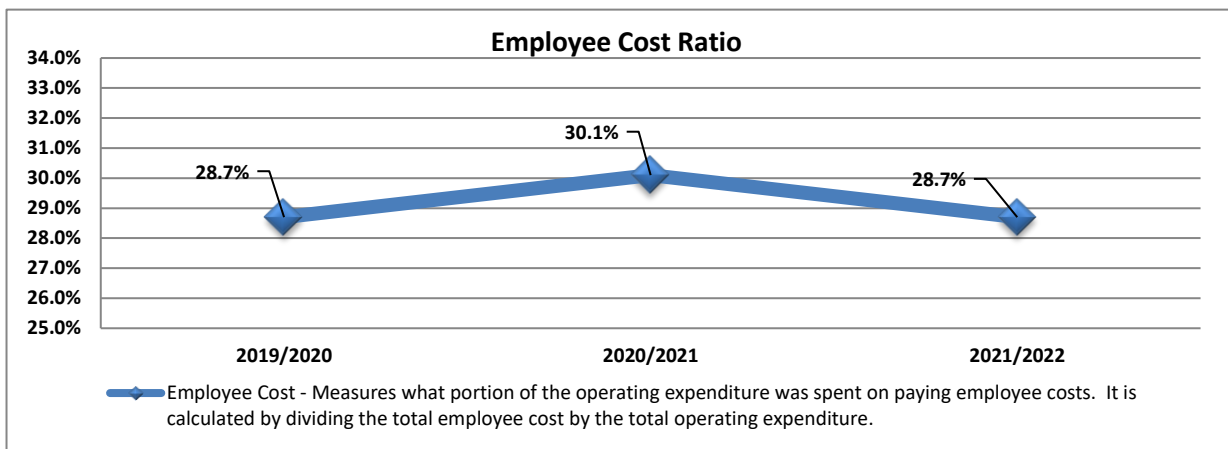
Graph 14: Creditors System Efficiency Ratio



### 5.6.7 Employee Cost Ratio

This ratio represents the percentage employee cost (including councillor remuneration) compared to the total expenditure of Council. This ratio has increased during the year under review due to higher than inflation increases. The ratio for 2021/22 28.7% is well within the norm of 25% to 40% of the industry.

Graph 15: Employee Cost Ratio

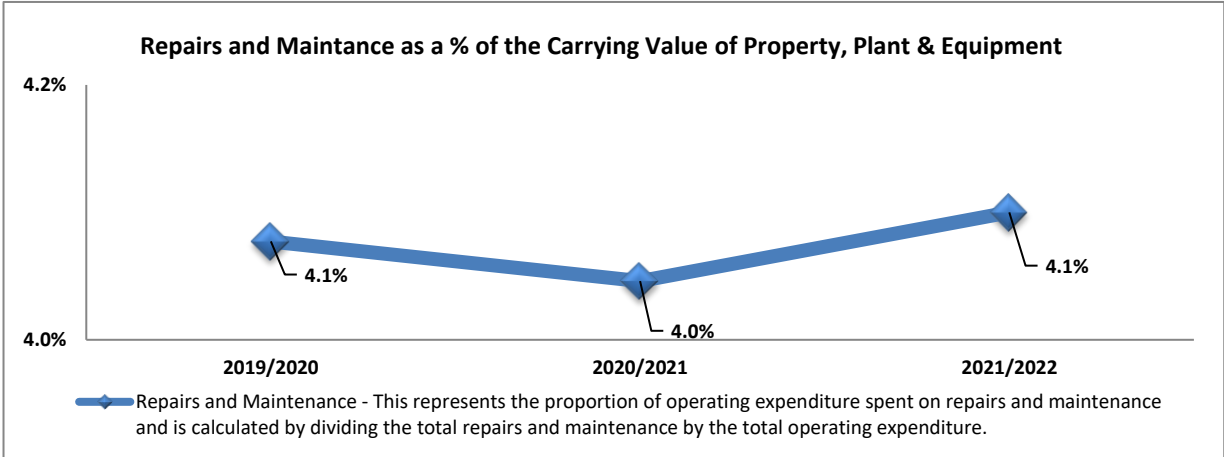




**5.6.8 Repairs and Maintenance as a Percentage (%) of the Carrying Value of Property, Plant and Equipment**

Repairs and maintenance as a percentage (%) of the carrying value of property, plant and equipment decreased from 4.1% for the 2019/20 financial year to 4.0% for the 2020/21 year, due to cost containment and expenditure management actions. For the 2021/22 financial year, this ratio stood at 4.1%. This is still well below the unreachable norm of 8% set by National Treasury for a municipality investing heavily in new and replacement infrastructure.

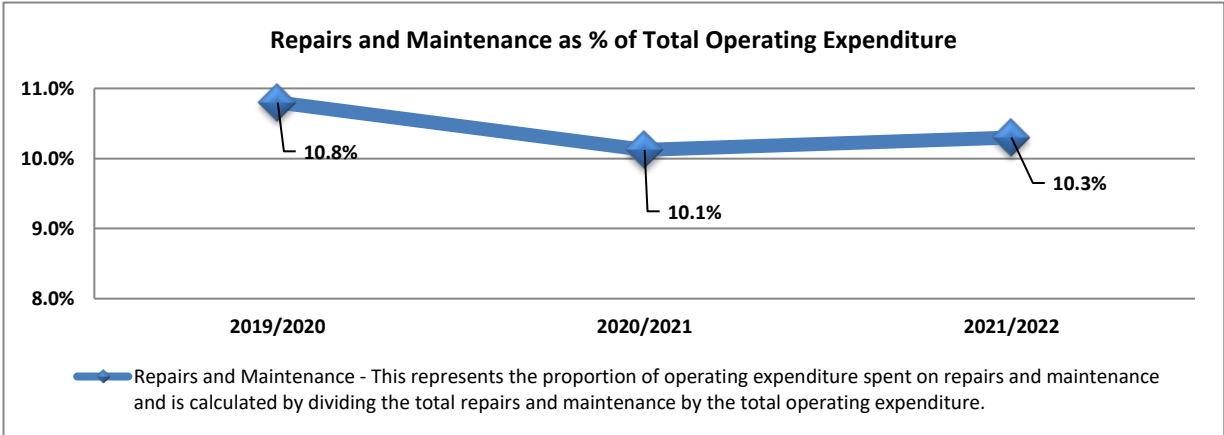
**Graph 16: Repairs and Maintenance as a % of the Carrying Value of Property, Plant & Equipment**



**5.6.9 Repairs and Maintenance Ratio as a % of Total Operating Expenditure**

The percentage amount of repairs and maintenance decreased from 10.8% in the 2019/20 financial year with 0.7% to 10.1% in the 2020/21 financial year. For the 2021/22 financial year this ratio amounted to 10.3%. This is above and better than the norm of 10% of the National Treasury. This clearly indicates that the norm of 8% in paragraph 5.6.8 above is not realistic.

**Graph 17: Repairs and Maintenance as a % of Total Operating Expenditure**



## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.7 INTRODUCTION

As depicted in the report, R221.6 million or 92.7% of the final capital adjustments budget amount of R239.1 million was spent during the year under review.. More information on the type of infrastructure spent will now be discussed below.

### 5.8 CAPITAL EXPENDITURE

The following three tables depict the information on capital spent on basic services, social services and operational services.

#### 5.8.1 Capital Expenditure on Basic Services Infrastructure

An amount of R115.6 million was invested in basic services infrastructure (electricity, water, waste water, refuse, roads and stormwater) which represents 92.2% of the R125.3 million allocated for basic services infrastructure in the final adjustments budget.

**Table 167: Capital Expenditure on Basic Services Infrastructure**

Capital Expenditure 2021/22: Basic Services and Road Infrastructure							
Serial No.	Capital Project Description	Actual 2020/21	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & E	% Variance Column D & E
Column Ref.	A	B	C	D	E	F	G
1	Basic Services and Road Infrastructure	153,074,799	89,518,981	125,300,349	115,584,383	-29.1%	7.8%
2	<b>Total Capital Expenditure</b>	<b>153,074,799</b>	<b>89,518,981</b>	<b>125,300,349</b>	<b>115,584,383</b>	<b>-29.1%</b>	<b>7.8%</b>

#### 5.8.2 Capital Expenditure on Social Infrastructure

An amount of R21.7 million was invested in social infrastructure which represents 92.2% of the R23.6 million allocated for social infrastructure in the final adjustments budget.

**Table 168: Capital Expenditure on Social and Economical Infrastructure**

Capital Expenditure 2021/22: Social and Economical Infrastructure							
Serial No.	Capital Project Description	Actual 2020/21	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & E	% Variance Column D & E
Column Ref.	A	B	C	D	E	F	G
1	Social and Economical Infrastructure	44,442,520	19,211,088	23,569,787	21,726,636	-13.1%	7.8%
2	<b>Total Capital Expenditure</b>	<b>44,442,520</b>	<b>19,211,088</b>	<b>23,569,787</b>	<b>21,726,636</b>	<b>-13.1%</b>	<b>7.8%</b>

### 5.8.3 Capital Expenditure on Operational Infrastructure

An amount of R19.7 million was invested in operational infrastructure which represents 94.4% of the R20.9 million allocated for operational infrastructure in the final adjustments budget.

**Table 169: Capital Expenditure on Operational Infrastructure**

Capital Expenditure 2021/22: Operational Equipment							
Serial No.	Capital Project Description	Actual 2020/21	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & E	% Variance Column D & E
Column Ref.	A	B	C	D	E	F	G
1	Operational Equipment	24,129,138	19,372,500	20,905,166	19,740,433	-1.9%	5.6%
2	<b>Total Capital Expenditure</b>	<b>24,129,138</b>	<b>19,372,500</b>	<b>20,905,166</b>	<b>19,740,433</b>	<b>-1.9%</b>	<b>5.6%</b>

### 5.9 CAPITAL EXPENDITURE SOURCES OF FINANCE

The funding sources of capital expenditure are depicted in the table below.

**Table 170: Capital Expenditure - Funding Sources 2021/22**

Capital Expenditure – Funding Sources 2021/2022							
Serial No.	Details	2020/2021	2021/2022				R' 000
		Actual	Original Budget (OB)	Adjustments Budget	Actual	Adjustments to OB Variance %	Actual to AB Variance (%)
Column Ref.	A	B	C	D	E	F	G
1	<b>Source of finance</b>						
2	External loans	0	0	0	0	0%	0%
3	Public contributions and donations	0	0	0	0	0%	0%
4	Grants and subsidies	143,696,502	96,382,569	123,331,683	112,773,339	-28%	9%
5	Other	77,949,955	31,720,000	46,443,619	44,278,112	-46%	5%
6	<b>Total</b>	<b>221,646,457</b>	<b>128,102,569</b>	<b>169,775,302</b>	<b>157,051,452</b>	<b>-33%</b>	<b>7%</b>
7	<i>Percentage of finance</i>						
8	External loans	0%	0%	0%	0%	0%	0%
9	Public contributions and donations	0%	0%	0%	0%	0%	0%
10	Grants and subsidies	65%	75%	73%	72%	3%	1%
11	Other	35%	25%	27%	28%	-10%	-3%
12	<b>Capital expenditure</b>						
13	Water and sanitation	28,605,716	19,695,000	22,834,238	21,724,078	-16%	5%
14	Electricity	63,721,887	22,382,577	45,041,518	45,041,508	-101%	0%
15	Housing	22,433,061	10,800,000	15,039,572	6,515,291	-39%	57%
16	Roads and storm-water	73,601,417	25,481,404	35,931,741	35,888,081	-41%	0%
17	Other	33,284,377	49,743,588	50,928,233	47,882,493	-2%	6%
18	<b>Total</b>	<b>221,646,457</b>	<b>128,102,569</b>	<b>169,775,302</b>	<b>157,051,452</b>	<b>-33%</b>	<b>7%</b>
19	<i>Percentage of expenditure</i>						
20	Water and sanitation	13%	15%	13%	14%	13%	-3%
21	Electricity	29%	17%	27%	29%	-52%	-8%
22	Housing	10%	8%	9%	4%	-5%	53%
23	Roads and storm-water	33%	20%	21%	23%	-6%	-8%
24	Other	15%	39%	30%	30%	23%	-2%

### **5.9.1 Grants**

Grants, as depicted in the table above, amounted to R112.8 million or 72% of the total capital expenditure of R157.1 million for the year under review. This is less than the R143.7 million or 65% of the total capital expenditure of R221.6 million for the 2021/22 financial year.

### **5.9.2 Own Revenue from CRR**

Own revenue, as depicted in the table above, amounted to R44.3 million or 28% of the total capital expenditure of R157.1 million for the year under review. This is less than the R77.9 million or 35% of the total capital expenditure of R221.6 million for the 2020/21 financial year.

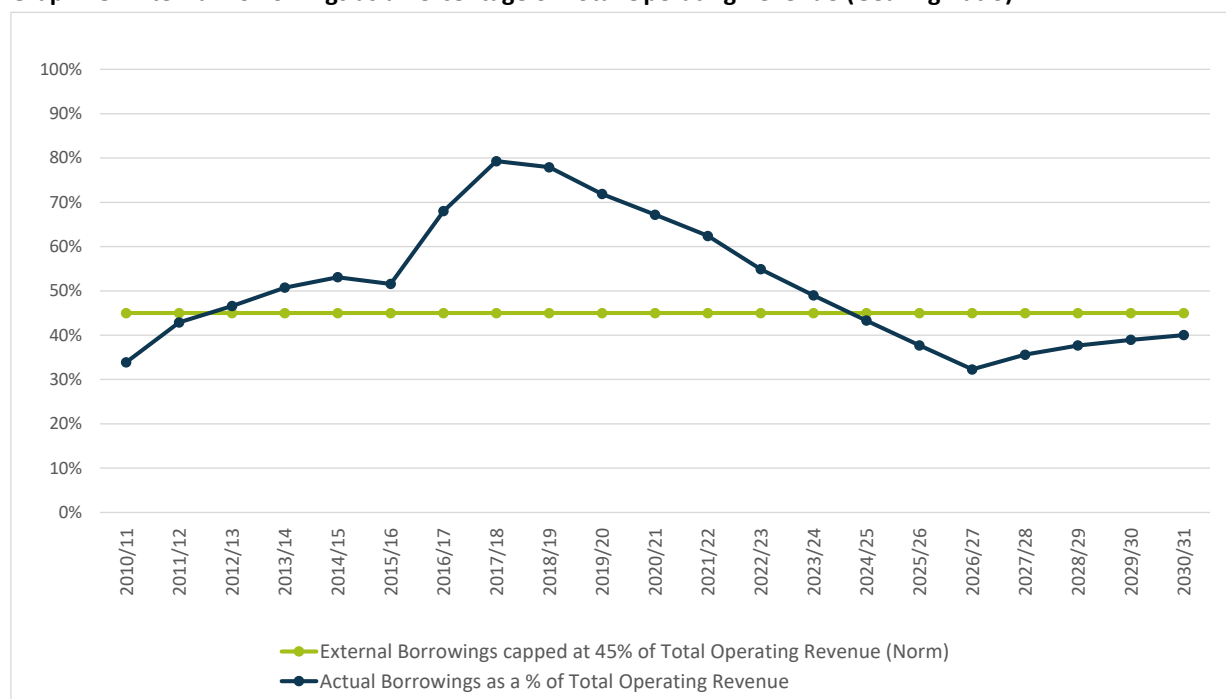
### **5.9.3 External Borrowings**

No capital expenditure was funded from external borrowings, as no new loans were taken up.

#### **5.9.3.1 Gearing Ratio**

The gearing ratio stood at 62.3% at year-end as depicted in the graph below. This is based on total revenue excluding conditional capital and operating expenditure grants. During 2019/20 the majority of ten year external loans were restructured, as it had become unaffordable for Drakenstein to service these loans in the current economic climate. 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. This will assist in decreasing the gearing ratio to 54.9% (2022/23), 49.0% (2023/24) 43.3% (2024/25) 37.7% (2025/26) and 32.3% (2026/27) as depicted Graph 18 below. This will result that the gearing ratio decrease to below the National Treasury norm of 45% and within the 50% norm of Council's External Borrowing Policy by 2023/24.

**Graph 18: External Borrowings as a Percentage of Total Operating Revenue (Gearing Ratio)**



## 5.10 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

**Table 171: Capital Spending of Five Largest Capital Projects**

Capital Expenditure of Five Largest Projects						
Serial No.	Name of project	Current year			% Variance year	
		Original Budget	Adjustments Budget	Actual Expenditure	Original Variance	Adjustments Variance
Column Ref.	A	B	C	D	E	F
1	Upgrading Of Oosbosch Street	14,288,000	24,813,567	24,813,466	-73.67%	0.00%
2	New Connection BICL's	0	13,510,590	13,510,588	100.00%	0.00%
3	Electrification Housing Projects	9,534,783	9,534,783	9,534,783	0.00%	0.00%
4	Purchase of 60 Breda	8,500,000	8,500,000	8,500,000	0.00%	0.00%
5	Replace/Upgrade Water Reticulation System	5,000,000	8,483,164	8,483,163	-69.66%	0.00%

## 5.11 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS

The Engineering Services Department render the core of basic services to the community. The Department is responsible for the supply of water, waste water, electricity and waste management services to the community.

### 5.11.1 Service Backlogs

The basic services backlogs are depicted in the table below. Drakenstein Municipality supplies basic water, waste water and waste management services to all its residents within the urban areas. Electricity is supplied to all Drakenstein's residents by the Municipality and Eskom together. Some estates are supplied with a bulk electricity connection and the home owners associations do their own internal electricity reticulation.

About 3,642 structures in the informal settlements do not have access to electricity.

**Table 172: Basic Services Backlogs**

Service Backlogs as at 30 June 2022					
Households (HHs)					
Serial No.	Basic Service	Service Level Above Minimum Standard		Service Level Below Minimum Standard	
		No. of HHs	% of HHs	No. of HHs	% of HHs
Column Ref.	A	B	C	D	E
1	Water	76 024	99.6%	*297	0.4%
2	Waste Water	74 725	97.9%	*1 596	2.1%
3	Electricity	43 321	91.6%	**3,642	8.4%
4	Waste Management	42 642	100%	0	0.0%

\*Include farms which do not form part of the municipal water reticulation system.  
 \*\*Structures in informal settlements with no access to electricity.

### 5.11.2 IUDG Expenditure on Service Backlogs

The IUDG allocations of R44.4 million were spent as depicted in the table below.

**Table 173: Integrated Urban Development Grant (IUDG) Expenditure on 2021/22 Service Backlogs**

Integrated Urban Development Grant (IUDG) * Expenditure 2021/2022 on Service Backlogs							
Serial No.	Details	Original Budget	Adjustment Budget	Actual	Positive/ (Negative) % Variance		Major conditions applied by donor (continue below if necessary)
					Original Budget	Adjustment Budget	
Column Ref.	A	B	C	D	E	F	G
1	<b>Infrastructure –Road transport</b>	<b>7,263,455</b>	<b>0</b>	<b>7,263,455</b>	<b>0.00%</b>	<b>0.00%</b>	N/A
2	Roads, pavements and bridges	7,263,455	0	7,263,455	0.00%	0.00%	N/A
3	Storm water	0	0	0	0.00%	0.00%	N/A
4	<b>Infrastructure – Electricity</b>	<b>4,927,794</b>	<b>0</b>	<b>4,927,793</b>	<b>0.00%</b>	<b>0.00%</b>	N/A
5	Generation	0	0	0	0.00%	0.00%	N/A
6	Transmission and Reticulation	4,927,794	0	4,927,793	0.00%	0.00%	N/A
7	Street lighting	0	0	0	0.00%	0.00%	N/A
8	<b>Infrastructure – Water</b>	<b>9,064,322</b>	<b>0</b>	<b>9,064,322</b>	<b>0.00%</b>	<b>0.00%</b>	N/A
9	Dams and Reservoirs	9,064,322	0	9,064,322	0.00%	0.00%	N/A
10	Water purifications	0	0	0	0.00%	0.00%	N/A
11	Reticulation	0	0	0	0.00%	0.00%	N/A
12	<b>Infrastructure – Sanitation</b>	<b>3,683,406</b>	<b>0</b>	<b>3,683,406</b>	<b>0.00%</b>	<b>0.00%</b>	N/A
13	Reticulation	3,683,406	0	3,683,406	0.00%	0.00%	N/A
14	Sewerage purification	0	0	0	0.00%	0.00%	N/A
15	<b>Infrastructure – Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>	N/A
16	Waste Management	0	0	0	0.00%	0.00%	N/A
17	Transportation	0	0	0	0.00%	0.00%	N/A
18	Gas	0	0	0	0.00%	0.00%	N/A
19	<b>Other specify</b>	<b>19,501,023</b>	<b>0</b>	<b>19,501,023</b>	<b>0.00%</b>	<b>0.00%</b>	N/A
20	P- CNIN Com F Cemets/Crema	1,046,463	0	1,046,463	0.00%	0.00%	N/A
21	Upgrading of parks and main routes	970,958	0	970,958	0.00%	0.00%	N/A
22	Upgrade swimming pools (IUDG)	2,753,014	0	2,753,014	0.00%	0.00%	N/A
23	Upgrading of main roads: Van der Stel	750,975	0	750,975	0.00%	0.00%	N/A
24	Zanddrift Fencing (IUDG)	985,533	0	985,533	0.00%	0.00%	N/A
25	Upgrading of Parys Cemetery (IUDG)	2,014,089	0	2,014,089	0.00%	0.00%	N/A
26	Dal Sports Stadium: Upgrading Facility	1,238,332	0	1,238,332	0.00%	0.00%	N/A
27	Development of De Kraal Sport Complex	3,887,736	0	3,887,736	0.00%	0.00%	N/A
28	Solid Waste Vehicles (IUDG)	4,942,964	0	4,942,964	0.00%	0.00%	N/A
29	Solid Waste Mini Drop Offs (IUDG)	522,014	0	522,014	0.00%	0.00%	N/A
30	Solid Waste Diversion Infrastructure AT	388,945	0	388,945	0.00%	0.00%	N/A
37	<b>Total</b>	<b>44,440,000</b>	<b>0</b>	<b>44,439,999</b>	<b>0.00%</b>	<b>0.00%</b>	<b>N/A</b>

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

### 5.12 INTRODUCTION

Cash flow is of vital importance to the health of a municipality. The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) requires that a municipality must establish an appropriate and effective cash management and investment policy. Under this policy framework, the municipality must:

- Conduct its cash management and investments; and
- Invest surplus cash that is not immediately required for expenditure purposes. This surplus could include income from rates and services, rents, fines, grants, subsidies, levies and interest earned on investments.

Investments are placed with top creditworthy institutions as rated by nationally recognised credit rating agencies.

The Department reports regularly to the Executive Mayor, the Finance Portfolio Committee, the Auditor-General, the National Treasury and Provincial Treasury in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations.

### 5.13 CASH FLOW

Cash received from debtors has increased from the previous year, indicating an effective implementation of the Debtors' Policy. The cash available has overall increased due to the better cash management and planning.

**Table 174: Cash Flow Outcomes**

Cash Flow Outcomes				
Description	2020/21	Current Year 2021/22		
	Audited Outcome	Original Budget	Final Budget	Actual Outcome
	R'000	R'000	R'000	R'000
<b>Cash Flow from operating activities</b>				
<i>Net cash from (used) operating activities</i>	300,606	215,555	251,035	278,299
<b>Cash flow from investing activities</b>				
<i>Net cash from (used) investing activities</i>	-221,025	-103,941	-147,204	-173,449
<b>Cash flow from financing activities</b>				
<i>Net cash from (used) financing activities</i>	-21,400	-29,683	-18,556	-13,748
<b>Net increase/(Decrease) in cash held</b>	<b>58,181</b>	<b>81,931</b>	<b>85,275</b>	<b>91,102</b>
Cash/cash equivalents at the beginning of the year	80,600	122,799	122,799	138,781
Cash/cash equivalents at the end of the year	138,781	201,729	208,074	229,884

## 5.14 BORROWINGS

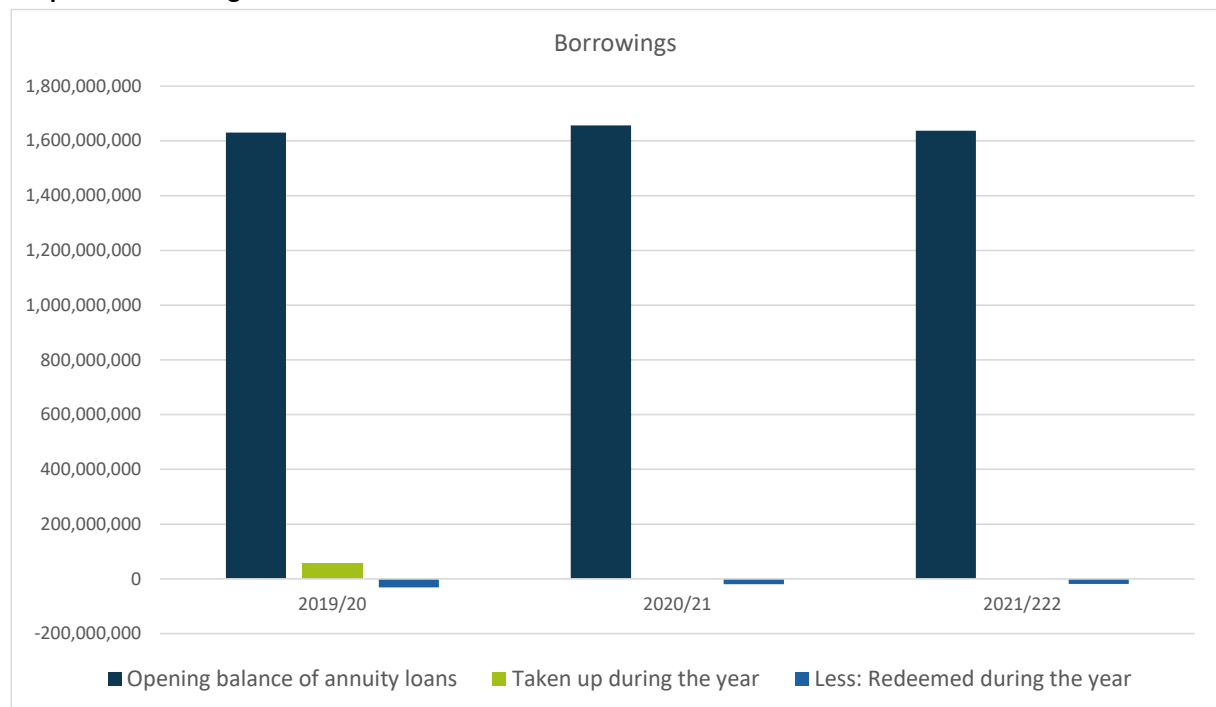
The application of the Municipality's Investment Policy aims to gain the optimal return on investments, without incurring undue risks, during those periods when cash revenue is not needed for capital or operational purposes, whereas the Borrowing Policy aims to gain the lowest interest rate on external borrowings.

During the year, R18.6 million of principle debt was repaid.

**Table 175: Actual Borrowings**

Actual Borrowings as at 30 June 2022				
Serial No.	Annuity Loans	2019/20	2020/21	2021/22
Column Ref.	A	B	C	D
1	Opening balance of annuity loans	1,630,704,018	1,656,638,729	1,636,956,882
2	Taken up during the year	56,909,570	0	0
3	Less: Redeemed during the year	(30,974,859)	(19,681,847)	(18,555,870)
5	<b>Closing Balance of Annuity Loans</b>	<b>1,656,638,729</b>	<b>1,636,956,882</b>	<b>1,618,401,012</b>

**Graph 19: Borrowings**



## 5.15 INVESTMENTS

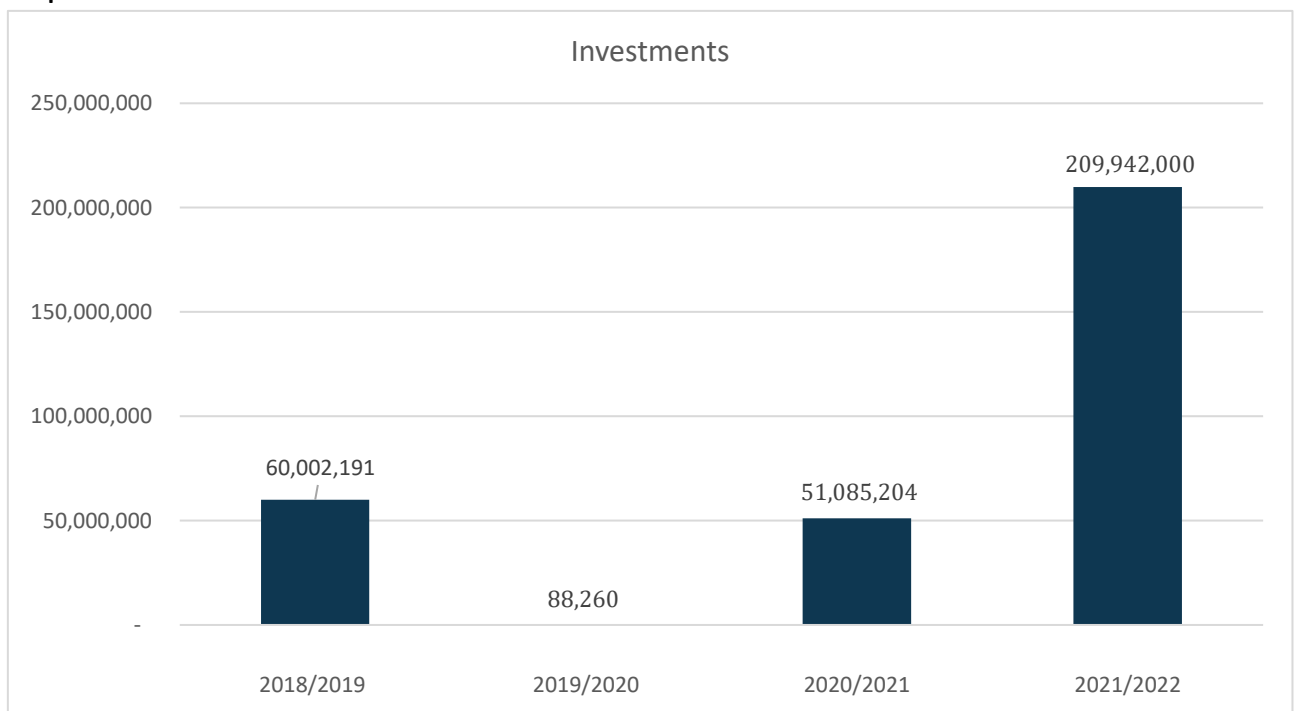
Investments have increased since the previous financial year in line with the measures as set out for financial recovery in the long term financial plan.



**Table 176: Municipal and Entity Investments**

Municipal and Entity Investments				
Serial No.	Instrument	2019/2020 Actual	2020/2021 Actual	2021/2022 Actual
Column Ref.	A	B	C	D
1	Securities – National government	-	-	
2	Listed Corporate Bonds	82,298	39,706	0
3	Deposits – Bank	5,963	51,045,498	209,942,000
4	Deposits – Public Investment Commissioners	-	-	-
5	Deposits – Corporation for Public Deposits	-	-	-
6	Bankers Acceptance Certificates	-	-	-
7	Negotiable Certificates of Deposit – Banks	-	-	-
8	Guaranteed Endowment Policies (sinking)	-	-	-
9	Repurchase Agreements – Banks	-	-	-
10	Municipal Bonds	-	-	-
11	Other	-	-	-
<b>12</b>	<b>Municipality sub-total</b>	<b>88,260</b>	<b>51,085,204</b>	<b>209,942,000</b>

**Graph 20: Investments**



## 5.16 PUBLIC PRIVATE PARTNERSHIPS

There were no public private partnerships during 2021/22.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.17 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Division consists out of the following sections which covers all elements as required by the Municipal Supply Chain Management Regulations:

#### 5.17.1 Acquisitions

This section deals with procurements up to a value of R200,000 (VAT included).

#### 5.17.2 Compliance, Risk, Performance and Reporting

This section deals with the compliance to SCM processes, reporting on SCM actions as required by legislation as well as assessing risk areas within the SCM environment.

#### 5.17.3 Tender Evaluations and Contract Management

This section deals with procurements above the value of R200,000 (VAT included). It furthermore deals with contract management and implementation in conjunction with user departments.

#### 5.17.4 Logistics and Disposal Management

This section deals with the management of the Municipal Stores as well as the disposal of movable assets.

#### 5.17.5 Tender Committee Administration

This section deals with the administrative processes and logistical support associated with the bid committees.

### 5.18 GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

**Table 177: GRAP Compliance List**

Serial No.	Reference	Topic
Column	A	B
1	GRAP Framework	Framework for the preparation and presentation of financial statements
2	GRAP 1	Presentation of Financial Statements
3	GRAP 2	Cash Flow Statements
4	GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
5	GRAP 4	The Effects of Changes in Foreign Exchange Rates
6	GRAP 5	Borrowing Costs
7	GRAP 6	Consolidated and Separate Financial Statements
8	GRAP 7	Investment in Associates
9	GRAP 8	Investment in Joint Ventures
10	GRAP 9	Revenue from Exchange Transactions
11	GRAP 10	Financial Reporting in Hyperinflationary Economies
12	GRAP 11	Construction Contracts
13	GRAP 12	Inventories
14	GRAP 13	Leases
15	GRAP 14	Events After the Reporting Date
16	GRAP 16	Investment Property
17	GRAP 17	Property, Plant and Equipment
18	GRAP 18	Segment Reporting
19	GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
20	GRAP 20	Related Party Disclosures (Revised)
21	GRAP 21	Impairment of Non-cash-generating Assets
22	GRAP 23	Revenue from Non-exchange Transactions
23	GRAP 24	Presentation of Budget Information in Financial Statements
24	GRAP 25	Employee Benefits
25	GRAP 26	Impairment of Cash-generating Assets
26	GRAP 27	Agriculture
27	GRAP 31	Intangible Assets
28	GRAP 32	Service Concession Arrangement Grantor
29	GRAP 100	Discontinued Operations
30	GRAP 103	Heritage Assets
31	GRAP 104	Financial Instruments
32	GRAP 108	Statutory Receivables
33	GRAP 109	Accounting by Principals and Agents
34	IFRS 4	Insurance contracts
35	IAS 12	Income taxes
36	IGRAP 1	Applying the probable test on initial recognition of revenue
37	IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
38	IGRAP 3	Determining whether an Arrangement Contains a lease
39	IGRAP 4	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Serial No.	Reference	Topic
Column	A	B
40	IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
41	IGRAP 6	Loyalty Programmes
42	IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
43	IGRAP 8	Agreements for the construction of Assets from Exchange Transactions
44	IGRAP 9	Distributions of Non-cash Assets to Owners
45	IGRAP 10	Assets Received from Customers
46	IGRAP 11	Consolidations – Special Purpose Entities
47	IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Ventures
48	IGRAP 13	Operating Leases - Incentives
49	IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
50	IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
51	IGRAP 16	Intangible Assets – Website Costs
52	IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
53	IGRAP 18	Recognition and Derecognition of Land
54	IGRAP 19	Liabilities to Pay Levies
55	IGRAP 20	Accounting for Adjustments to Revenue
56	IFRIC 12	Service concession arrangements
57	IFRIC 21	Levies
58	SIC 25	Income taxes – Changes in the status of an enterprise or its shareholders
59	SIC 29	Disclosure service concession
60	Directive 1	Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP
61	Directive 3	Transitional provisions for high capacity municipalities
62	Directive 5	Determine the GRAP reporting framework
63	Directive 7	The Application of Deemed Cost
64	Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
65	ASB Guide	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
66	ASB Guide	Accounting for Landfill sites
67	ASB Guide	The Application of Materiality to Financial Statements

The adoption of the standards and interpretation above did not have a significant impact on the financial position, financial performance or cash flows of the Municipality.

## 6. AUDITOR-GENERAL AUDIT FINDINGS

The Annual Financial Statements as set out in Volume I and the Annual Performance Report as set out in Volume V was submitted to the Auditor-General on 31 August 2022. The Auditor-General performed their audit during the months of September 2022 to November 2022 and submitted their Auditor-General's Report (attached hereto as Volume II) as required by Section 126(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) to the Municipality on 30 November 2022.

### COMPONENT A: AUDITOR-GENERAL OPINION ON 2021/22 FINANCIAL YEAR

#### 6.1 AUDITOR-GENERAL REPORT FOR 2021/22

In the tables below the Auditor-General's opinion on the 2021/22 annual financial statements and other legal and regulatory matters are discussed.

##### 6.1.1 Auditor-General report on the 2021/22 financial statements

Drakenstein Municipality for the 2021/22 annual financial statements received an unqualified audit opinion. No material non-compliance issues on the annual financial statements were received.

Table 178: Auditor-General Report on 2021/22 Financial Performance

Auditor-General Report on 2021/22 Financial Performance	
Description	Opinion
Audit report status	Unqualified audit opinion
Material non-compliance issues	Remedial action taken
None	Not applicable

##### 6.1.2 Auditor-General report on other legal and regulatory matters

No material findings was identified on the audit of pre-determined objectives or compliance with legislation.

Table 179: Auditor-General Report on 2021/22 Other Matters

Auditor-General Report on 2021/22 Other Matters	
Description	Conclusion
Annual Performance Report	No material findings
Compliance with Legislation	No material findings

### **6.1.2.1 *Predetermined objectives***

Drakenstein Municipality received no material findings on the audit of pre-determined objectives as reported in the Annual Performance Report attached as Volume V to the Annual Report.

### **6.1.2.2 *Compliance with legislation***

Drakenstein Municipality received no material findings on compliance with key legislation as set out in the general notice issued in terms of the PAA.

### **6.1.2.3 *Internal control***

The Auditor-General did not identify any significant deficiencies in internal control.

## **6.2 CONCLUDING COMMENT**

The Auditor-General therefore gave Drakenstein Municipality an unqualified audit opinion with no material findings on pre-determined objective or compliance with key legislation.

## COMPONENT B: AUDITOR-GENERAL OPINION FOR 2020/21 FINANCIAL YEAR

### 6.3 AUDITOR-GENERAL REPORT FOR 2020/21

In the tables below the Auditor-General's opinion on the 2020/21 annual financial statements and other legal and regulatory matters are discussed.

#### 6.3.1 Auditor-General report on the 2020/21 financial statements

Drakenstein Municipality for the 2020/21 annual financial statements received an unqualified audit opinion. No material non-compliance issues on the annual financial statements were received.

Table 180: Auditor-General Report on 2020/21 Financial Performance

Auditor-General Report on 2020/21 Financial Performance	
Description	Opinion
Audit report status	Unqualified audit opinion
Material non-compliance issues	Remedial action taken
None	Not applicable

#### 6.3.2 Auditor-General report on other legal and regulatory matters

No material findings was identified on the audit of pre-determined objectives or compliance with legislation.

Table 181: Auditor-General Report on 2020/21 Other Matters

Auditor-General Report on 2020/21 Other Matters	
Description	Conclusion
Annual Performance Report	No material findings
Compliance with Legislation	No material findings

##### 6.3.2.1 *Predetermined objectives*

Drakenstein Municipality received no material findings on the audit of pre-determined objectives as reported in the Annual Performance Report attached as Volume V to the Annual Report.

##### 6.3.2.2 *Compliance with legislation*

Drakenstein Municipality received no material findings on compliance with key legislation as set out in the general notice issued in terms of the PAA.

### **6.3.2.3 Internal control**

The Auditor-General did not identify any significant deficiencies in internal control.

## **6.4 CONCLUDING COMMENT**

The Auditor-General therefore gave Drakenstein Municipality an unqualified audit opinion with no material findings on pre-determined objective or compliance with key legislation. .



## 7. ANNEXURES

### ANNEXURE A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Table 182: Councillors, Committees allocated and Council attendance (1 July 2021-31 October 2021)

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
						%	%
Column Ref.	A	B	C	D	E	F	G
1	Adriaanse, Miriam Maria		√	Corporate Services	Ward 24	100	N/A
2	Afrika, Amelda Felicity		√	Community Services	Proportional	100	N/A
3	Anderson, Joan Felicity		√	Corporate Services	Ward 26	75	0
4	Andreas, Margaretha Aletta	√		Planning and Development/Local Labour Forum	Proportional	100	N/A
5	Arnolds, Ruth Belldine		√	Engineering Services	Ward 7	100	N/A
6	Bekeer, Abraham		√	MPAC	Proportional	75	25
7	Bester, Theunis Gerhardus		√	Appeal Committee	Ward 19	100	N/A
8	Blanckenberg, Derrick Solomon		√	Engineering Services	Ward 16	25	0
9	Booyesen, Vanessa Charmaine		√	Engineering Services	Ward 27	100	N/A
10	Buckle, Albertus Marthinus Loubser		√	MPAC	Ward 18	100	N/A
11	Combrink, Gert Cornelius	√		Financial Services	Proportional	100	N/A
12	Cupido, Felix Patric		√	Corporate Services	Ward 22	100	N/A
13	Cupido Patricia Beverly Ann		√	Engineering Services	Ward 20	100	N/A
14	Cyster, Lorraine	√		Planning and Development	Ward 29	100	N/A
15	Davids, Claire Olivia		√		Proportional	100	N/A
16	De Goede, Hendrik Ruben		√	Financial Services /LLF	Proportional	100	N/A
17	De Wet, Jo-Ann		√	MPAC	Ward 14	100	N/A
18	Duba, B		√	Corporate Services	Proportional	75	0
19	Ford, Geoffrey Harry		√	Community Services	Ward 31	75	0
20	George, Nonkumbulo Nancy		√	MPAC	Proportional	25	0
21	Gouws, Eva	√		Community Services	Ward 21	100	N/A
22	Jacobs, Frances		√	Financial Services	Ward 23	100	N/A
23	Jonas, Sweetness Xoliswa		√	Appeal Committee	Proportional	50	0
24	Kearns, Christophine	√		Financial Services Community Services	Ward 10	100	N/A
25	Klaas, Moses Thembile		√	Financial Services	Proportional	50	0
26	Koegelenberg, Renier Adriaan	√		Appeal Committee/LLF	Proportional	100	N/A

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
						%	%
Column Ref.	A	B	C	D	E	F	G
27	Kotze, Hendrik Jacobus		√	Engineering Services	Ward 2	100	N/A
28	Kroutz, Calvin		√	Community Services	Ward 1	100	N/A
29	Landu, Linda		√	Appeal Committee	Proportional	50	50
30	Le Hoe, Marthinus Jacobus		√	MPAC Chairperson	Proportional	75	25
31	Le Roux, Jacobus Francois	√		Financial Services/ Engineering Services	Proportional	100	N/A
32	Lugqola, Anathi		√	Corporate Services	Proportional	100	N/A
33	Mangena, Tembikile Christopher		√	Engineering Services	Ward 9	100	N/A
34	Masoka, Zolani Livingstone		√	Community Services	Proportional	100	N/A
35	Matthee, Hendrik Johannes Nicolaas		√	Financial Services	Ward 17	100	N/A
36	Mbenene, Ndilleka Primrose		√	Corporate Services	Ward 5	25	0
37	Mdunusie, Minah Nontombi		√	Planning and Development	Proportional	75	0
38	Meyer, Willem Pieter Daniel		√	Planning and Development	Proportional	100	N/A
39	Miller, Johan	√		Planning and Development	Ward 4	100	N/A
40	MIntoor, Damon		√		Ward 3	25	25
41	Mpulanyana, Thuso Reginald		√	Financial Services	Proportional	100	N/A
42	Mokoena, Liphaphathi Patricia	√		Corporate Services/LLF	Proportional	100	N/A
43	Nell, Rodney Heinrich		√		Proportional	100	N/A
44	Niehaus, Lodewyk Wilfred		√	Corporate Services	Ward 15	100	N/A
45	Nobula, Mncedisi Daniel		√	Engineering Services	Ward 12	0	25
46	Nomana, Tryfhina Zukiswa		√	Community Services	Ward 6	100	N/A
47	Nzele, Lawrence Vuyani		√	Community Services	Ward 32	100	N/A
48	Poole, Conrad James	√		Executive Mayor	Proportional	100	N/A
49	Rens, Samuel Colin		√	Appeal Committee	Proportional	75	0
50	Richards, Abdul Moutie		√	Financial Services	Proportional	100	N/A
51	Rix, Brigham		√		Proportional	100	N/A
52	Ross, Soudah		√	Planning and Development	Ward 13	100	N/A
53	Sambokwe, Ludia Sindiswa		√	MPAC	Proportional	75	0
54	Sauerman, Nicolaas Daniël		√	Corporate Services	Proportional	100	N/A
	September, Sharon Elizabeth		√	Community Services	Ward 33	100	N/A
55	Smit, Johannes		√	Corporate Services	Ward 30	100	N/A
56	Smuts, Rean	√		Community Services	Proportional	100	N/A
57	Kroutz, Calvin		√	Community Services	Ward 1	100	N/A

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
						%	%
Column Ref.	A	B	C	D	E	F	G
58	Solomons, Elizabeth Aletta		√	Planning and Development.	Proportional	100	N/A
59	Stowman, Aidan Charles	√		Speaker Appeal Committee	Ward 11	100	N/A
60	Van Niekerk, Laurichia Tylia	√		Community Services	Ward 25	100	N/A
61	Van Nieuwenhuyzen, Reinhardt Heinrich	√		Corporate Services / Engineering Services	Ward 28	100	N/A
62	Van Santen, Aletta Johanna		√	MPAC	Proportional	100	N/A
63	Vika, Mandisa		√	Planning and Development	Proportional	50	25
64	Windvogel, Elizabeth Janet		√		Proportional	100	N/A
65	Zikhali, Nomonde		√	Planning and Development.	Ward 8	100	N/A
66	Matiya, Pneliswa (Replaced SX Jonas)		√		Proportional	100	N/A

**Table 183: Councillors, Committees allocated and Council attendance (1 November 2021 - 30 June 2022)**

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
						%	%
Column Ref.	A	B	C	D	E	F	G
1.	Adams, Jaydine Henriette		√	Financial Services	Proportional	82	100
2.	Adriaanse, Miriam Maria		√	Planning and Development	Ward 24	100	N/A
3.	Anderson, Joan Veronica		√	Governance and Compliance	Ward 26	100	N/A
4.	Andreas, Margaretha Aletta	√		Planning and Development LLF	Proportional	100	N/A
5.	Appollis, Avron Marchius Beres	√		Disciplinary Committee Community Services	Ward 29	100	N/A
6.	Arendse, Edgar Gerades		√	Corporate Services	Proportional	100	N/A
7.	Arendse, Lorenzo Clive	√		Financial Services Community Services	Ward 33	100	N/A
8.	Arnolds, Ruth Belldine		√	Engineering Services	Ward 7	91	100
9.	Baron, Elizabeth	√		Financial Services Corporate Services Planning and Development LLF Training and Development Committee	Ward 18	91	100
10.	Bester, Theunis Gerhardus	√		Engineering Services	Ward 19	91	100
11.	Bolani, Luvuyo		√	Planning and Development Governance and Compliance	Ward 9	91	100
12.	Booyesen, Vanessa Charmaine		√	Appeal Committee Engineering Services	Ward 27	100	N/A
13.	Carollissen, Doreen (Replaced P de Villiers)		√		Proportional	100	N/A
14.	Combrink, Gert Cornelius	√		Financial Services	Proportional	100	N/A
15.	Cupido, Felix Patric		√	Community Services	Ward 22	100	N/A
16.	Cupido Patricia Beverly Ann		√	Planning and Development	Ward 20	91	100
17.	Cyster, Lorraine	√		Engineering Services Planning and Development Community Services	Proportional	100	N/A
18.	Daniels, Jennifer Vivian			Planning and Development	Proportional	91	100
19.	Davids, Claire Olivia 4		√	Corporate Services Planning and Development	Proportional	73	75
20.	De Kock, John		√	Financial Services	Proportional	100	N/A
21.	De Villiers, Peter Thomas (Replaced by Carolissen)		√		Proportional	91	100
22.	Du Plessis, Adriaan Johannes		√	Engineering Services	Proportional	91	100

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
						%	%
Column Ref.	A	B	C	D	E	F	G
23.	Duba, Bongiwe Primrose		√	Financial Services Corporate Services	Proportional	91	100
24.	Fourie, Andrew		√	Financial Services	Proportional	100	N/A
25.	Ganandana, Samgolonzi		√	Engineering Services Planning and Development	Ward 32	91	100
26.	Godongwana, Connie		√	Appeal Committee Engineering Services	Ward 8	100	N/A
27.	Gouws, Eva	√		Community Services	Ward 21	100	N/A
28.	Gravel, Sindile		√	Governance and Compliance	Proportional	91	
29.	Jacobs, Bazil		√	Engineering Services	Proportional	100	N/A
30.	Jacobs, Catherine Maria		√	Corporate Services	Ward 31	100	N/A
31.	Jacobs, Frances		√	Financial Services	Proportional	100	N/A
32.	Jacobs, Michael		√	Planning and Development	Proportional	36	100
33.	Kearns, Christophine	√		Disciplinary Committee	Ward 10	100	N/A
34.	Koegelenberg, Renier Adriaan		√	Appeal Committee Disciplinary Committee LLF	Proportional	100	N/A
35.	Kroutz, Calvin		√	Corporate Services	Ward 1	91	100
36.	Kulsen, G		√	Appeal Committee	Proportional	100	N/A
37.	Landsberg, Stephan		√	Governance and Compliance	Proportional	100	N/A
38.	Landu, Linda		√	Corporate Services	Proportional	73	
39.	Le Roux, Jacobus Francois	√		Appeal Committee	Proportional	100	N/A
40.	Liebenberg, Stephanus, Johannes		√	MPAC	Ward 15	91	100
41.	Mangena, Tembekile Christopher		√	Appeal Committee Governance and Compliance	Proportional	82	75
42.	Matthee, Hendrik Johannes Nicolaas		√	Financial Services	Ward 17	91	100
43.	Matthee, Leandra Chamaney		√	Community Services	Proportional	91	0
44.	Miller, Johan	√		Disciplinary Committee Engineering Services Governance and Compliance	Ward 4	100	N/A
45.	Mooi, Thobani Patrick		√	Corporate Services Community Services	Ward 5	100	N/A
46.	Nell, Rodney Heinrich		√	Corporate Services	Proportional	100	N/A
47.	Nongogo, Nothulu		√	Engineering Services Community Services	Ward 6	100	N/A
48.	Nobala, Mncedisi		√	Disciplinary Committee Financial Services	Proportional	100	N/A
49.	Poole, Conrad James	√		Executive Mayor	Proportional	100	N/A
50.	Richards, Abdul Moutie		√	MPAC	Proportional	82	100
51.	Ross, Soudah		√	Financial Services	Ward 13	82	100

**Councillors, Committees allocated and Council attendance**

Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
						%	%
Column Ref.	A	B	C	D	E	F	G
52.	Sambokwe, Ludia Sindiswa		√	MPAC Disciplinary Committee	Ward 12	100	N/A
53.	Sauerman, Nicolaas Daniël		√	Appeal Committee Governance and Compliance	Ward 2	100	N/A
54.	September, Jerome Alex		√	MPAC	Proportional	100	N/A
55.	Smit, Johannes		√	Engineering Services	Ward 30	91	100
56.	Smuts, Rean		√	Corporate Services	Proportional	100	N/A
57.	Solomons, Elizabeth Aletta		√	MPAC	Ward 23	100	N/A
58.	Stowman, Aidan Charles		√	MPAC	Ward 11	100	N/A
59.	Stulweni, Ahmed Mputumi		√	Community Services	Proportional	82	50
60.	Van Niekerk, Laurichia Tylia	√		Planning and Development Governance and Compliance Training and Development Committee	Ward 25	100	N/A
61.	Van Nieuwenhuyzen, Reinhardt Heinrich	√		Governance and Compliance LLF Training and Development Committee	Ward 28	100	N/A
62.	Van Rooyen, Annelize		√	Corporate Services Governance and Compliance	Ward 3	91	100
63.	Van Santen, Aletta Johanna		√	MPAC	Proportional	91	100
64.	Van Willingham, Brenda		√	Community Services	Ward 14	100	N/A
65.	Xhego, Zamikhaya		√	Community Services Governance and Compliance	Ward 16	100	N/A
66.	Zoya, Nomzamo		√	Disciplinary Committee	Proportional	64	40

## ANNEXURE B: COMMITTEES AND COMMITTEE PURPOSES

**Table 184: Committees (other than Mayoral Committee) and purposes of committees**

Committees (other than Mayoral/Executive Committee) and purposes of Committees		
Serial No.	Municipal Committees	Purpose of committee
Column Ref.	A	B
1	Municipal Public Accounts Committee	To perform an oversight function on behalf of Council over the executive functionaries of the Council.
2	Appeals Committee	To deal with appeals in terms of Section 62 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
3	Audit Committee	In terms of Section 166(2) of the MFMA, an audit committee must advise the municipal council, the political office bearers, the accounting officer and the management staff of a municipality, on matters relating to: Internal financial control and internal audits; <ul style="list-style-type: none"> <li>• Risk management;</li> <li>• Accounting policies;</li> <li>• The adequacy, reliability and accuracy of financial reporting and information;</li> <li>• Performance management;</li> <li>• Effective governance;</li> <li>• Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation;</li> <li>• Performance evaluation; and</li> <li>• Any other issues referred to it by the municipality.</li> </ul>
4	Fraud and Risk Management Committee (FARMCO)	To assist the City Manager to fulfil his fraud and risk management responsibilities in accordance with prescribed legislation and corporate governance principles. FARMCO assists the City Manager by reviewing the effectiveness of the Municipality's fraud and risk management systems, practices and procedures and providing recommendations for improvement.
5	Budget Steering Committee	To assist Council in ensuring that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
6	Special Committee (Code of Conduct for Councillors)	To serve as administrative tribunal to conduct hearings of Councillors charged for contravention of the Code of Conduct for Councillors and to make recommendations to Council regarding proposed sanctions; and To consider any other matter of a disciplinary nature relating to Councillors and make a recommendation to Council.

## ANNEXURE C: SECOND AND THIRD TIER ADMINISTRATIVE STRUCTURE

**Table 185: Second and Third-tier Structure**

Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
1	Office of the City Manager	City Manager (Dr JH Leibbrandt)
2	Division: Communication and Marketing	Manager: Communication and Marketing (R Geldenhuys)
3	Division: Risk Management	Chief Risk Officer (GJ Dippenaar)
4	Division: IDP and Performance Management	Manager: IDP and Performance Management (C September)
5	Division: Internal Audit	Chief Audit Executive (RJ Jaftha)
6	Division: Internal Audit	Manager: Internal Audit (D Korabie)
7	Division: Internal Audit	Manager: Performance Audit (N Magongo)
<b>8</b>	<b>Financial Services</b>	
9	Department: Financial Services	Chief Financial Officer (B Brown)
10	Section: Strategic Financial Planning and Support	Manager: Strategic Financial Planning (Vacant)
11	Section: Financial Technical Advisory Services	Financial Accounting Research Expert (I Engelmoehr)
12	Division: Supply Chain Management	Manager: Supply Chain Management (H Vergotine)
13	Division: Revenue and Expenditure	Senior Manager: Revenue and Expenditure (NG Keketsi)
14	Section: Expenditure	Manager: Expenditure (DM Pikiñini)
15	Section: Revenue	Manager: Revenue (AC Abrahams)
16	Division: Budget, Assets and Financial Reporting	Senior Manager: Budget, Assets and Financial Reporting (C Lategan)
17	Section: Financial Systems	Head: Financial Systems (Vacant)
18	Section: Budget Control and Cost Accounting	Manager: Budget Control and Cost Accounting (L Crotz)
19	Section: Assets and Insurance Management Services	Manager: Assets and Insurance Management (Vacant)
20	Section: Fin. Statements, Reporting & Cash Management	Manager: Financial Statements, Reporting & Cash Management (A Viola)
<b>21</b>	<b>Corporate Services</b>	
22	Department: Corporate Services	Executive Director: Corporate Services (S Johaar)
23	Division: Human Resource Management	Senior Manager: Human Resource (N Matolengwe)
24	Section: HR Administration & Recruitment & Selection	Manager: Personnel Administration and Recruitment and Selection (T van der Westhuizen)
25	Section: Training and Development	Manager: Training and Development (M Sibeko)
26	Section: Labour Relations, Employee Wellness and OHS	Manager: Labour Relations, Employee Wellness and OHS (P la Grange)
27	Section: Organisational Efficiency	Manager: Organisational Efficiency (K Begbie)
28	Division: Legal and Administrative Services	Senior Manager: Legal and Administrative Services (NC October)
29	Section: Legal Services	Manager: Legal Services (Vacant)
30	Section: Administrative Services	Manager: Administrative Services (F Goosen)
31	Section: I&IGR and CRM (Political Office Support)	Manager: I&IGR and CRM and Political Office Support (LL Nojozi)
32	Division: Information Communication and Technology	Senior Manager: Information Communication and Technology (F Theron)



Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
33	Section: ICT Operation and Support	Manager: Operation and Support (J Bredell)
34	Section: MIS/Systems	Manager: MIS/System (I Claims)
35	Section: ICT Governance and Administration	Manager: ICT Governance and Administration (A Coetsee)
<b>36</b>	<b>Planning and Development</b>	
37	Department: Planning and Development	Executive Director: Planning and Development (J Sampson)
38	Division: Planning Services	Senior Manager: Planning Services (D Delaney)
39	Section: Land Use Planning and Surveying	Manager: Land Use Planning and Surveying (HG Strijdom)
40	Section: Building Control	Manager: Building Control (Vacant)
41	Section: Spatial Planning and Heritage	Manager: Spatial Planning and Heritage (W Hendricks )
42	Division: Economic Growth and Tourism	Senior Manager: Local Economic Growth and Tourism (C Phillips)
43	Section: Economic Growth	Manager: Economic Growth (M Mlangeni)
44	Section: Tourism	Senior Tourism Officer (C Carse)
45	Division: Environmental Management	Manager: Environmental Management (C Winter)
46	Section: Natural Resource Management	Senior Environmental Officer (S Reece)
47	Section: Environmental Management Systems, Monitoring and Compliance	Senior Environmental Officer (Vacant)
48	Section: Planning and Sustainability	Senior Environmental Officer (Vacant)
49	Section: Rural Development	Manager: Rural Development (T Cloete)
<b>50</b>	<b>Community Services</b>	
51	Department: Community Services	Executive Director: Community Services (G Esau)
52	Division: Parks, Sports and Cemeteries	Senior Manager: Parks, Sport and Cemeteries (Vacant)
53	Section: Parks	Manager: Parks (P Bolton)
54	Section: Cemeteries and Resorts	Manager: Cemeteries and Resorts (R Fourie)
55	Section: Sports and Recreation	Manager: Sports and Recreation (Y Tsolo)
56	Section: Programmes, Projects & SP Maintenance	Manager: Programme and Projects (E McKay)
57	Division: Public Safety	Senior Manager: Public Safety (Vacant)
58	Section: Traffic, Law Enforcement and Licensing	Manager: Traffic Services (J Cornelissen)
59	Section: Fire, Rescue and Disaster Management	Manager: Fire Services (D Damons)
60	Section: Municipal Law Enforcement and Security	Manager: Municipal Law Enforcement and Security (Vacant)
61	Division: Community Development & Library & Information Services	Senior Manager: Development and Library Services (E Saayman)
62	Section: Community Development	Manager: Community Development (Vacant)
63	Section: Library and Information Services	Manager: Library and Information Services (L Thomas)
64	Division: Rental Stock and Support Services	Senior Manager: Rental Stock and Support Services (Vacant)
65	Section: Rental Stock	Manager: Rental Stock (U Johanneson)
66	Section: Operations Support and Demand Administration	Manager: Operations Support and Demand Administration (Vacant)
67	Division: Housing Projects and Technical Support	Senior Manager: Housing Projects (F Rhoda)

Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
68	Section: Housing Projects	Manager: Human Settlements Projects (C Jacobs)
69	Section: Housing Technical Support	Manager: Technical Support (Vacant)
<b>70</b>	<b>Engineering Services</b>	
71	Department: Engineering Services	Executive Director: Engineering Services (M Wüst)
72	Division: Civil Engineering Services	Senior Manager: Civil Engineering Services (C Lotz)
73	Section: Roads, Stormwater & Traffic Eng. Services	Manager: Roads, Stormwater and Traffic Engineering Services (H Liedeman)
74	Section: Infrastructure Management	Manager: Infrastructure Management (L Pienaar)
75	Section: Water Services	Manager: Water Services (AA Kowalewski)
76	Section: Waste Water Services	Manager: Wastewater Services (Vacant)
77	Division: Technical Support and Project Management	Senior Manager: Technical Support & Project Management (P Pansegrouw)
78	Section: EPWP	Manager: EPWP (Vacant)
79	Section: Project Management	Manager: Project Management (R Sauls)
80	Division: Electro Technical Services	Senior Manager: Electro Technical Services (C Geldenhuys)
81	Section: Operations and Maintenance	Manager: Operations and Maintenance (M Fredericks)
82	Section: Planning and Customer Services	Manager: Planning and Customer Services (L Laing)
83	Section: Electrical Engineering Efficiency Management	Manager: Electrical Engineering Efficiency Management (K Kgowe)
84	Division: Solid Waste and Landfill Management	Senior Manager: Solid Waste and Landfill Management (MT Serfontein)
85	Section: Solid Waste and Functional Management	Manager: Solid Waste and Functional Management (S Frans)
86	Section: Solid Waste Operational Management	Manager: Solid Waste Operational Management (J Beasley)
87	Section: Waste Disposal Facilities	Senior Engineering Technician Waste, Disposal and Facilities (Vacant)
88	Division: Facilities and Mechanical Management	Senior Manager: Facilities and Mechanical Manager (Vacant)
89	Section: Fleet Management and Maintenance	Manager: Fleet Management and Maintenance (FW Nieuwoudt)
90	Section: Building Projects and Maintenance	Manager: Building Projects and Maintenance (TE Tlhapane)
91	Section: Corporate Facilities and Projects	Manager: Corporate Facilities and Projects (Vacant)

## ANNEXURE D: FUNCTIONS OF MUNICIPALITY

**Table 186: Municipal Functions**

Municipal Functions		
Municipal Functions	Function applicable to Municipality	
	Yes	No
<b>Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 4, Part B functions:</b>		
Air pollution	✓	
Building regulations	✓	
Child care facilities	✓	
Electricity and gas reticulation	✓	
Firefighting services	✓	
Local tourism	✓	
Municipal airports		✓
Municipal planning	✓	
Municipal health services		✓
Municipal public transport		✓
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other.	✓	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		✓
Stormwater management systems in built-up areas	✓	
Trading regulations	✓	
Water and sanitation services limited to potable water supply systems and domestic waste - water and sewerage disposal systems.	✓	
<b>Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 5, Part B functions:</b>		
Beaches and amusement facilities		✓
Billboards and the display of advertisements in public places	✓	
Cemeteries, funeral parlours and crematoria	✓	
Cleansing	✓	
Control of public nuisances	✓	
Control of undertakings that sell liquor to the public	✓	
Facilities for the accommodation, care and burial of animals	✓	
Fencing and fences		✓
Licensing of dogs	✓	
Licensing and control of undertakings that sell food to the public	✓	
Local amenities	✓	
Local sports facilities		✓
Markets		✓
Municipal abattoirs	✓	
Municipal parks and recreation	✓	
Municipal roads	✓	
Noise pollution	✓	
Pounds	✓	
Public spaces	✓	
Refuse removal, refuse dumps and solid waste disposal	✓	
Street trading	✓	
Street lighting	✓	
Traffic and parking	✓	

## ANNEXURE E: WARD REPORTING

The table below reflects ward reporting activities that occurred during the reporting period. The statistics include IDP meetings that took place during the period.

**Table 187: Functionality of Ward Committees**

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
1	<b>WARD COUNCILLOR</b>	Yes	3	3	1
	Clr C Kroutz				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Jack Botha				
	Mr Collin van der Westhuizen				
	Mrs Let Hendricks				
	Mr Ivan Patel				
	Mr Ivan Marang				
	Mr Henry Valentyn				
	Mrs Yolinda Botes				
	Mrs Jo-Ann Johannes				
	Mr Jeffrey Bekeer				
	Mrs Ida Plaatjies				
2	<b>WARD COUNCILLOR</b>	Yes	2	2	2
	Clr N. Sauerman				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Ronel Saayman				
	Mr Albertus Buckle				
	Mr Ockert Vermeulen				
	Mr Eugene Stapelberg				
	Mrs Thandi Buckle				
	Mr Adriaan van Niekerk				
	Mrs Marlene Weyers				
	Mr Niel Schoeman				
	Mr Charles Barend				
	Mr Steven von Schlicht				
3	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Clr A. van Rooyen				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Abel Mentoor				
	Mrs Eleen Hugo				
	Mrs Elizma du Toit				
	Mr James Genis				
	Mrs Charmaine Lewis				
Mr Nicolaas Geldenhuys					

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mrs Christolene Lewis				
	Mrs Jade Jaars				
	Mr Jakobus van der Westhuizen				
	Mrs Beatrice Kachu				
4	<b>WARD COUNCILLOR</b>	Yes	2	2	3
	Cllr J Miller				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Amanda Du Toit				
	Mr Phillip Venter				
	Mrs Cornelia Jacoba van Eeden				
	Mr Bruce Hancock				
	Mr Ernest Derek Taylor				
	Mr Anton Els				
	Mr Jacques Stofberg				
	Mrs Elizabeth Maria Engelmohr				
	Mr Dirk Breytenbach				
	Mr Johannes Frederick Kotze				
5	<b>WARD COUNCILLOR</b>	Yes	3	3	3
	Cllr T. Mooi				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Asanda Mzamo				
	Mr Thulani Mahlabelo				
	Mrs Evelin Pietersen				
	Mrs Siphe Ngcobondwana				
	Mrs Nokuthula Abraham				
	Mr Glentow Sonamzi				
	Mrs Nontombizini Soga				
	Mr Saziso Ntsali				
	Mr Mthobeli Ntsali				
	Mr Luthando Ntse				
6	<b>WARD COUNCILLOR</b>	Yes	4	4	2
	Cllr N. Wana/Nongogo				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Phathiwe Juba				
	Mr Bangilizwe Joseph Nkukuma				
	Mr Luyanda Ngayo				
	Mr Ntsikelelo Zeyo				
	Mr Nicholus Sandise Goso				
	Mrs Nolwandle Melele				
	Mrs Zintle Njili				
	Mr Lindikhaya Magxala				
	Mrs Sesethu Sogayise				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Hlomla Lucas Welem				
7	<b>WARD COUNCILLOR</b>	Yes	1	1	1
	Cllr RB Arnolds				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Hendry Joseph				
	Mr Frederick Maasdorp				
	Mrs Anneline Isaacs				
	Mrs Saromeo Oliphant				
	Mr Martin Cloete				
	Mr Freek Jacobs				
	Mrs Velensia September				
	Mr David Geduld				
	Ms Bellmordene Robson				
	Mrs Diona Monk				
8	<b>WARD COUNCILLOR</b>	Yes	4	4	2
	Cllr C. Godongwana				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Ntombifikile Koti				
	Mrs Yandiswa Mbuzwana				
	Mrs Ntomboxolo Godongwana				
	Mr Monde Maqungo				
	Mr Vuyo Mangaliso				
	Mrs Victoria Thimbilili				
	Ms Theodora Makabane				
	Mr Nkosikhona Dlokweni				
	Mrs Palesa Xaba				
	Mrs Noncedo Mahlathi				
9	<b>WARD COUNCILLOR</b>	Yes	3	3	2
	Cllr L. Bolani				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Ntsasa Adoro				
	Mr Edwin Zilindile Makhamba				
	Mr Mongezi Dlwathi				
	Ms Nontuthuzelo Kwini				
	Mr Sello Moahloli				
	Mr Mongezi Dlwathi				
	Mr Qondephi Yantolo				
	Mrs Agnes Boniswa Sishuba				
	Mrs Neliswa Sijaji				
	Mr Andile Human				
10	<b>WARD COUNCILLOR</b>	Yes	3	3	2
	Cllr C Kearns				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Jovan Cupido				
	Mr Marshal Hendricks				
	Mrs Audrey Mackay				
	Mrs Maureen Cameron				
	Mr Henrich Appollis				
	Mr Sulaiman Abrahams				
	Mr Grant du Toit				
	Mrs Chine Isaacs				
	Mrs Maureen Visser				
	Mr Richard Fortuin				
11	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Ald AC Stowman				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Leezil Laubscher				
	Charles Botman				
	Mrs Nereen Foster				
	Ms Merencia Jooste				
	Ms Suzette van der Heever				
	Mr Willem Mettler				
	Mr Carlo Demas				
	Ms Nokhanyo Dyosiba				
	Ms Leandra Smith				
	Ms Monica Samuels				
	12				
Cllr L. Sambokwe					
<b>WARD COMMITTEE MEMBERS</b>					
Ms Asanda Mrawuzeli					
Mrs Nosithembele Madotyeni					
Mrs Ruth Jimlongo					
Mr Bonakele Mnweba					
Mrs Ntombizanele Xabanisa					
Mrs Koliswa Sizani					
Mrs Thembisa Mfundisi					
Mr Vuyani Desmond Hans					
Mrs Busisiwe Siyali					
13	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr S Ross				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Nugent Davis				
	Mrs Angeliqwe Mamani				
Ms Veronica Koopman					

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Ms Johanna Muller				
	Mrs Muneebah Jannicke				
	Mrs Juliana Tessa Demas				
	Ms Shariefah/Katy Hendricks				
	Ms Boniwe Matiwana				
	Ms Vivienne Zungula				
	Ms Rowina van Staden				
14	<b>WARD COUNCILLOR</b>	Yes	3	3	2
	Cllr B. van Willingh				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Flora Kalipa				
	Mr Ayanda Ringane				
	Ms Sandiswa Tafane				
	Mr William Philander				
	Mr Trevor Davey				
	Ms Cleo Winter				
	Ms Gail Hendricks				
	Ms Christie Morris				
	Mr Thomas Matthee				
	Mr Simon Pietersen				
	Ms Gyle Hendricks				
15	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr S. Liebenberg				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Chantel Hauptfleish				
	Mr Michael Sass				
	Mr Mark Human				
	Mr Noel van Stade				
	Mr Louis Herold Louw				
	Mrs Aletia Grundling				
	Mr Ludwig Thiar				
	Mr Paul Pieterse				
	Mr Johan Jordaan				
	Mrs Ilse Human				
16	<b>WARD COUNCILLOR</b>	Yes	1	1	2
	Cllr Z. Xhego				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Lungani Fihlani				
	Ms Nolubusiso Jaxa				
	Ms Olinda Njila				
	Ms Ntombikayise Menzi				
Ms Funeka Ndarala					



Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Ms Miseka Sifumba				
	Mr Sindisile Fundakubi				
	Mr Mlungiseleli Ndara				
	Ms Andisiwe Ncumeza- Dumbela				
17	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr H Matthee				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Margaret Lucille Fortuin				
	Mr TC Botha				
	Mrs Annie Marie de Villiers				
	Mr Johannes Heyns				
	Mrs Katriena Karolus				
	Ms Mina Kock				
	Mrs Fransiska Williams				
	Mr Kobus Conradie				
	Mr CHC Sadenbergh				
	Mrs Marcelle Hanekom				
18	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr E. Baron				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Adanaan Arnold				
	Mrs Anneline Lackay/Kammies				
	Mr Andre Snyders				
	Mrs Anna van Wyk				
	Mr Ryan Ivir Goliath				
	Mr Carlyle Baron				
	Mr Martin Christians				
	Mrs Rebecca Appollis				
	Mrs Yolene September				
Mr Jerry Kennedy					
19	<b>WARD COUNCILLOR</b>	Yes	2	2	2
	Cllr T Bester				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Anna Barton				
	Mr John Barsby				
	Mrs Geraldine Gordon				
	Mr Joachim Scholtz				
	Mr Wiaan Swart				
	Mrs Browen Baayman				
	Mr Willem Esterhuizen				
	Ms Belinda Theron				
Mr Johannes Andrews					

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Hendrik du Toit				
20	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr P Cupido				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Brandon Jacobs				
	Mrs Mariaane McKay				
	Mrs Molly Hartzenberg				
	Mr Christopher Tromp				
	Mrs Michelle Lamont				
	Mrs Jeronay Paulse				
	Mr Abraham Bekeer				
	Mrs Ulanda Manuel				
	Nicolaas Cleophas				
	Mrs Nicolette Davids				
21	<b>WARD COUNCILLOR</b>	Yes	2	2	2
	Cllr E Gouws				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Freda Arendse				
	Mr Donovan Roelfse				
	Mr Marshal Goedeman				
	Mrs Violet Moss				
	Mrs Mary-Ann Leon				
	Mr Johnley Muller				
	Ms Alima Ficks				
	Mrs Rayline Pedro				
	Mr Keith du Ploy				
	Mrs Ingrid Davids				
22	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr F Cupido				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Steven Frolicks				
	Mr Aylmer Manko				
	Mrs Samantha Kulsen				
	Mrs Lindsay van der Berg				
	Mrs Leslynn Bothma				
	Mr Alexander Fisher				
	Mr David Arendse				
	Mr Johannes van Wyk				
	Mr Benjamin Collins				
	Mr Ivan Africa Martin				
23	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr E. Solomons				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Linda Poggenpoel				
	Mrs Rozanne Botha				
	Mr David Frost				
	Mr Leon Bester				
	Mrs Susan Rens				
	Mr Errol Beukes				
	Mr Lesley Agulhas				
	Mr Edmund Bam				
	Mr Saul Cookson				
	Mr Abraham Syster				
24	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Ald MM Adriaanse				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Kervin Bowers				
	Ms Vanessa Adams				
	Mrs Porchia Windvogel				
	Mrs Selma Jolanda Claasen				
	Mrs Ragel Claasen				
	Ms Helen van Wyk				
	Mr Vernon Steyn				
	Mr Andrais Gouws				
	Mr Adrian Simonse				
	Mr Khaashif Benjamin				
25	<b>WARD COUNCILLOR</b>	Yes	2	2	2
	Cllr L van Niekerk				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Charles de Waal				
	Ms Morencia Moses				
	Ms Nataley Mayekiso				
	Ms Edith Cupido				
	Mrs Hayley-Ann Louw				
	Ms Vernita Poggenpoel				
	Mrs Angeline Roman				
	Mrs Jennifer Adonis				
	Mr John Roman				
Mr Graham Claasen					
26	<b>WARD COUNCILLOR</b>	Yes	2	2	3
	Cllr J Anderson				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Samantha Goosen				
Mrs Raylene Cupido					

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Fiela de Wee				
	Mr Koos Fransman				
	Mrs Lorraine Hendricks				
	Mrs Jacoba Pietersen				
	Mr David Cameron				
	Mrs Anneke van Niekerk				
	Mrs Kalonna Abrhams				
	Mrs Susan Pietbooi				
27	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr V Booysen				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Rositer Williams				
	Mrs Carluin-Lee Haupt				
	Ms Nadia Mayekiso				
	Ms Dawn Frantz				
	Ms Wilhelmina Hendricks				
	Mr Enslin Goedeman				
	Mr Karools Isaacs				
	Mr Peter Pietersen				
	Mr William Philander				
	Mrs Angela Brown				
28	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr RH van Nieuwenhuyzen				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Cecilia Mitchell				
	Mrs Gail Petersen				
	Ms Angelique Milly Stevens				
	Mr Karel Pienaar				
	Mr Christopher Andrews				
	Ms She-Earl Mitchell				
	Mr John Stevens				
	Mrs Rozaan Minnaar				
	Mr Godwin Tiemie				
	Mrs Mariaan Jacobs				
29	<b>WARD COUNCILLOR</b>	Yes	4	4	1
	Cllr A. Appollis				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Jonathan Liebenberg				
	Mr Graham Hendricks				
	Mr Erasmus Spamer				
	Mrs Chelsey le Roux				
Mr Joseph Samuels					

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Kelvin Antonie				
	Ms Stephanie Esau				
	Mr William Kearns				
	Mr Jeremy Williams				
	Ms Getruida Januarie				
30	<b>WARD COUNCILLOR</b>	Yes	1	1	1
	Cllr J Smit				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Christene Loff				
	Ms Esmeralda Fielies				
	Ms Magrieta Marsh				
	Mrs Shirley Adams				
	Ms Arthurina Siegelaar				
	Ms Anna de Vries				
	Mr Raymond Witbooi				
	Mrs Sophia Hendricks				
	Mr Gert Engelbrecht				
	Mr Christopher Joachims				
31	<b>WARD COUNCILLOR</b>	Yes	2	2	1
	Cllr C. Jacobs				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Colin Rens				
	Mr Gavin Lakey				
	Mr Jonathan April				
	Ms Elizabeth Fryer				
	Mr Rodney Louw				
	Ms Natalie Heyns				
	Ms Johanna Heynes				
	Mr Roger Oersen				
	Mr Tashwell Hendricks				
	Ms Elizabeth September				
32	<b>WARD COUNCILLOR</b>	Yes	2	2	2
	Cllr S. Ganandana				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Lukholo Dyabooi				
	Ms Nolundi Kopisi/Santi				
	Ms Julia Oliphant				
	Ms Nonkosi Mbula				
	Ms Pinky Spaydeli				
	Mrs Nomathandazo Tshona				
	Ms Nobomi Qashani				
	Mr Nolubabalo Nomchane				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of quarterly Committee meetings held during the year	Number of Quarterly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Simphiwe Pantsula				
	Ms Nomthetho Nqoyo				
33	<b>WARD COUNCILLOR</b>	Yes	1	1	1
	Cllr L. Arendse				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Shalin Williams				
	Ms Joyce Kroutz				
	Ms Batronesia Arendse				
	Mr Abri Pietersen				
	Ms Jody Jordaan				
	Ms Laura-Ann Adonis				
	Ms Charne Solomons				
	Mr Delton de Kock				
	Ms Haycil Scheffers				
	Mr Mornay Jones				

## ANNEXURE F: WARD INFORMATION

**Table 188: All Wards - Capital Projects**

All Wards - Capital Projects				
Capital Projects: Ten largest 2021/2022 (Full list in Appendix N)				
Serial No.	Project Name and Detail	Start date	End date	Total value
Column Ref	A	B	C	D
1	Upgrading Of Oosbosch Street	01-Jul-21	30-Jun-22	24 813 465,71
2	New Connections BICLs	01-Jul-21	30-Jun-22	13 510 587,60
3	Electrification Housing Projects	01-Jul-21	30-Jun-22	9 534 783,00
4	Purchase of 60 Breda	01-Jul-21	30-Jun-22	8 500 000,00
5	Replace/Upgrade Water Reticulation System	01-Jul-21	30-Jun-22	8 483 163,23
6	MV Substations	01-Jul-21	30-Jun-22	7 394 920,19
7	Solid Waste Vehicles (IUDG)	01-Jul-21	30-Jun-22	4 942 963,66
8	Basic Services : Schoongezicht Emergency Housing Project	01-Jul-21	30-Jun-22	4 452 795,87
9	Reseal of Streets/Road Network Paarl	01-Jul-21	30-Jun-22	3 999 544,50
10	Development of De Kraal Sport Complex	01-Jul-21	30-Jun-22	3 887 736,44

*None of the seven largest capital projects were allocated to a specific ward. Capital projects benefited more than one ward. See Appendix N.*

**Table 189: Basic Service Provision**

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	78,128	75,394	43,321	43,321	X
Households without minimum service delivery	297	3,031	0	0	
Total households*	78,425	78,425	43,321	43,321	
Houses completed in year	X				252
Shortfall in housing units					20,792

*\*Indicating service points*

**Table 190: Top four Service Delivery Priorities**

Top four Service Delivery Priorities (Highest priority first)		
No.	Priority name and detail	Progress during 2021/22
1	Housing	252 opportunities provided.
2	Electricity	6.35% electricity losses
3	Skills development	Phase 2 of the Local Contractor Development Programme has been implemented. 8 Beneficiaries completed the programme successfully.
4	Job creation	1,840 work opportunities on EPWP projects were created.

## ANNEXURE G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

**Table 191: Municipal Audit Committee Recommendations**

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
<p><b>29/07/2021</b> <b>27/08/2021</b> <b>31/08/2021</b></p>	<p><b><u>Internal Audit</u></b></p> <p>The Audit Committee considered the IA quarterly progress report for the financial year 2020/21. The CAE presented the Internal Audit progress report for quarter 4 and referred to the achievement against the key performance indicators; reflecting that the annual targets have been achieved. The annual approved plan was complete with two areas, Combined Assurance and Food Security audits carrying on in the new financial year. The Food Security audit could not be completed as the Internal Auditors are awaiting information from a service provider Valcare. The combined assurance assignment is going and has started with the process identification project. This project was funded by Provincial and Drakenstein Municipality was selected as pilot site.</p>	<p><b>25/02/2022</b></p>
	<p><b><u>Review of Quarter 4 Performance Information:</u></b></p> <p>The CAE presented the assessment of the Quarter 4 performance information report which is a legislative audit requirement. The overall audit conclusion on the system of internal control indicated a need for improvement as it relates to the performance review of the top layer key performance indicators. Management informed the AC that the issues raised will be addressed.</p>	
	<p><b><u>MFMA Section 21 Monitoring Report:</u></b></p> <p>The CFO presented the S71 report for July 2021, stating that currently there is no immediate financial problems facing the municipality highlighted.</p> <p>Council should note that the current ratio has slightly increased from June 2021 and the cash coverage ratio has slightly decreased and is still below the norm, thus cost containment strategies should be continued to be implemented.</p>	
	<p>The CRO presented the risk management update and reported on the overall opinion on the risk management process within the municipality, opinion on emerging risk and the movement of risks and the opinion on risks with a financial impact. The CRO pointed out the progress made with the implementation of actions to mitigate risks and informed the AC that the risk management process is going and under control.</p> <p>The CRO also confirmed that the departments have provided feedback on their top risks that all action plan for the quarter have been implemented. The AC has been assured that controls are in place to manage Covid 19</p>	



<b>Municipal Audit Committee Recommendations</b>		
<b>Meeting Date</b>	<b>Recommendations during 2021/22</b>	<b>Adopted by Council on</b>
	related risks and that the risks of financial sustainability is managed on an ongoing basis.	
	<p><b><u>Irregular, Unauthorized, Fruitless and Wasteful Expenditure:</u></b></p> <p>The CFO reported that there was one irregular expenditure amounting to R2million that relates to SCM process where the adjudication committee was in contravention of SCM regulations. The matter was reported in terms of Section 32 of MFMA and Internal Audit will do an audit on this matter.</p>	
	<p><b><u>Municipal Structures Act:</u></b></p> <p>The AC raised an issue regarding the Municipal Structures Act, Section 79A 3(b) amendments as it relates to internal audit reports that must be submitted to MPAC. The ED Corporate Services and the CAE is following-up on the process and will liaise with the AC in due course.</p>	
	<p><b><u>AFS and APR for Year End 30 June 2021:</u></b></p> <p>The AC reviewed the draft AFS of the municipality for the June 2021 year-end at a special meeting on 27 August 2021. The AC gave various inputs on the AFS to management including suggested enhancements. Reviewing the AFS with the annual performance assessment report, Management gave the AC assurance that the financial affairs of the municipality are in intact and that the sustainability risk of the municipality is being managed. Furthermore, while uncertainty prevail under current circumstances, management will have to assess the impact on an ongoing basis. Management committed to submitting the annual financial statements with all the required information to the AGSA on time.</p>	
	<p><b><u>Annual Internal Audit Plans for Financial Year 2021/22:</u></b></p> <p>The AC reviewed the internal audit plans for the current financial year at a special meeting in July 2021. The plan was risk based, linking the internal audit plan to the highest risk areas that the municipality is facing. The CAE allowed the AGSA to review the internal audit plans and the AGSA was granted the opportunity to provide input. The AC expressed concern over the high-risk areas and Management committed to addressing the extreme and high risk areas the municipality is facing.</p>	
<p><b>07/12/2021</b> <b>09/12/2021</b></p>	<p><b><u>Internal Audit:</u></b></p> <p>The Audit Committee considered the IA 1st quarterly progress report for 2021/22 financial year. The CAE presented the IA progress report for</p>	<p><b>30/05/2022</b></p>

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
	<p>Quarter 1 and referred to the achievements against the key performance indicators, reflecting the progress to date.</p> <p>The following audits were completed in Quarter1:</p> <ul style="list-style-type: none"> <li>• Food Security;</li> <li>• Essential Vehicle User Scheme;</li> <li>• Issuing of PPE to EPWP workers;</li> <li>• Annual Inventory Count 2020/21; and</li> <li>• Quarter 1 Review of Performance Results.</li> </ul> <p><b><u>Review of 1st Quarter Performance Information:</u></b></p> <p>The CAE presented the assessment of the Q1 Performance Information report, which is a legislative audit requirement. The overall audit conclusion on the system of internal control indicated a “Needs Improvement” as it relates to the usefulness of the performance information and reliability of reported performance results. The AC has insisted on Management addressing the issues raised in the IA report as a matter of urgency.</p> <p><b><u>External Audit Process</u></b></p> <p>The AC met with the AG to discuss the audit outcome. The AC is extremely satisfied with the clean audit results. The AC congratulates the municipality and especially Management for all their efforts that resulted in the clean audit outcome.</p>	
<p><b>02/02/2022</b> <b>03/03/2022</b></p>	<p><b><u>Internal Audit</u></b></p> <p>The Audit Committee considered the IA second quarterly progress report for the 2021/22 financial year. The CAE presented the IA progress report for Q2 and referred to the achievements against the key performance indicators, reflecting the progress to date.</p> <p>The following audits were completed in Quarter2:</p> <ul style="list-style-type: none"> <li>• Municipal Valuation Roll Review</li> <li>• Functionality of the Performance Management System 2021/22</li> <li>• Municipal Systems Act Compliance 2021/22</li> <li>• Overtime and Standby Allowances Review – Quarter 1</li> <li>• Traffic Fines Review</li> <li>• Occupational Health and Safety (Solid Waste)</li> <li>• Key Financial Controls Review Quarter 1 (2021/22)</li> <li>• SCM Deviations Quarter 1</li> </ul> <p>The control deficiencies reported by IA relates mostly to a lack of adherence to operating procedures. The AC brought the risks associated</p>	<p><b>30/06/2022</b></p>

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
	<p>with the deficiencies identified, to Management’s attention. Management gave the AC the assurance that they will attend to it. The AC will receive quarterly feedback on Management’s progress with the implementation of the agreed corrective action. Furthermore, the internal audit plan for the current financial year was reviewed for possible changes as new risks may affect the audit priorities. No significant risk changes were noted but an amendment to include a management request was approved.</p> <p><b><u>Review of 2nd Quarter Performance Information</u></b></p> <p>The CAE presented the assessment of the Q2 performance information report, which is a legislative audit requirement. The overall audit conclusion on the system of internal control indicated a “Needs Improvement” assessment. The finding reported relates to inaccuracies detected in the reported performance information. Management informed the AC that they are busy with smarter target reviews and that they will meet the required deadline as per prescribed legislation in June 2022.</p> <p>Management presented the Mid-year performance assessment report and indicated that the changes in targets will be tabled at a Council meeting in February 2022.</p> <p><b><u>MFMA Section 17 Report:</u></b></p> <p>The Finance department presented the S71 report for January 2022, stating once again that currently there is no immediate financial problems facing the municipality and highlighted:</p> <ul style="list-style-type: none"> <li>• Cost containment strategies are in place;</li> <li>• The municipality is managing to pay suppliers and service providers within 30-day period;</li> <li>• The municipality is planning for loans repayment during the 2022 calendar year and should meet the repayment requirements by due date (towards the end of the year); and</li> <li>• The status of indigents is monitored on an ongoing basis to ensure the impact on the municipality is managed.</li> </ul> <p>The AC once again highlighted the possible consequences of the economic deprivation amongst residents that could adversely affect the municipality and requested management to monitor the current economic circumstances.</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
	<p><b><u>Risk Management:</u></b></p> <p>The CRO presented the risk management update and reported on the overall opinion on the risk management process within the municipality. The AC was informed that the risk identification and risk management processes are managed. The CRO pointed out the progress made with the implementation of actions to mitigate risks is under control.</p> <p>The AC raised concern over the risks i.e. infrastructure destruction and theft. The AC further requested that management review the risk above the Municipality's risk appetite, to ensure that the risk management strategies are adequate.</p>	
	<p><b><u>Irregular, Unauthorized, Fruitless and Wasteful Expenditure:</u></b></p> <p>The Finance department reported that there was irregular expenditure amounting to R1, 071 million that relates to a supplier's tax status and failure to obtain sufficient quotes for expenditure amounting to R24 760. The IA unit will investigate.</p>	
	<p><b><u>Municipal Structures Act:</u></b></p> <p>The AC chairperson attended and reported to MPAC as required in terms of the Municipal Structures Act, as it relates to internal audit reports and findings that must be submitted to MPAC.</p>	
	<p><b><u>Security Tender:</u></b></p> <p>The AC was forwarded a correspondence relating to accusations of a security tender by an unsuccessful bidder. The AC requested management to provide details. Management's investigation concluded that the accusations have no basis. The AC and the MEC in the Province have also been informed accordingly.</p>	
	<p><b><u>VAT On Library Grants:</u></b></p> <p>The issue around the library grants received by the municipality from Province "is vatable" and SARS is demanding that the VAT element be paid over to them. The AC received a presentation on this matter by a consultant that the municipality appointed to address this matter. The matter is still under investigation and the AC awaits further outcomes of the investigation.</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
01/06/2022	<p><b><u>Internal Audit:</u></b></p> <p>The Audit Committee considered the IA third quarterly progress report for the 2021/22 financial year. The CAE presented the IA progress report for Q3 and referred to the achievements against the key performance indicators; reflecting the progress to date.</p> <p>The following audits were completed in quarter 3:</p> <ul style="list-style-type: none"> <li>• Standby Allowances Review Quarter 2;</li> <li>• SCM deviations Quarter 2;</li> <li>• Consumption Losses – Prepaid electricity and water meters;</li> <li>• Declaration of Councillor Interests 2021/22;</li> <li>• Review of Annual Report 2020/21; and</li> <li>• Inventory Management Review.</li> </ul> <p>The AC discussed the risks associated with control deficiencies identified via the audits, which mostly relate to the lack of adherence to some operating procedures. Issues of concern raised in the internal audit reports relate to standby allowances that seems excessive and the lack of monitoring nil and low consumption on prepaid electricity and water meters. The City Manager gave the AC the assurance that these matters are being addressed immediately. Management also gave the AC the assurance that they will attend to all weaknesses raised. The AC will receive quarterly feedback on Management’s progress with the implementation of the agreed corrective action. Three of Eighteen follow-up audits scheduled for the year were completed for the year to date with the outstanding 15 due for reporting in Quarter 4.</p>	25/08/2022
	<p><b><u>Review of 3rd Quarter Performance Information</u></b></p> <p>The CAE presented the assessment of the Q3 performance information report. The overall audit conclusion on the system of internal control indicated “Needs Improvement” assessment. The finding reported relates to inconsistencies identified between the revised SDBIP and the reported performance information. As previously reported, management informed the AC that they are busy with a review of all key performance indicators to ensure that the correct indicators are measured to contribute to the successful achievement of the Municipality’s set objectives. These indicators will be included in the SDBIP and individual performance agreements for the 2022/23 financial year.</p>	
	<p><b><u>MFMA Section 71 Report</u></b></p> <p>The Finance department presented the S71 report for April 2022, stating once again that currently there is no immediate financial problems facing the municipality and highlighted:</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
	<ul style="list-style-type: none"> <li>• Cost containment strategies are in place;</li> <li>• The indigent register is being updated. There is an upward trend in the number of indigents in the municipal area and this seems indicative of the current economic climate. The AC has requested that Management carefully monitors this trend and that the impact on the Municipality be assessed and properly managed;</li> <li>• The municipality is managing to pay suppliers and service providers within the 30 day period and should be able to meet its loan repayment obligations by due dates which is towards the end of 2022; and</li> <li>• While the budget for the current financial year appears to be under control, management indicated that more emphasis will be placed on outstanding debt collection.</li> </ul>	
	<p><b><u>Risk Management</u></b></p> <p>The CRO presented the risk management update and reported on the overall opinion on the risk management process within the municipality. The opinions of the FARMCO, was also considered, who concluded that the risk identification and assessment processes are well managed. The CRO pointed out that while there are areas where risk exceeds the risk tolerance levels, the Executive Management are attending to it on an ongoing basis to ensure the mitigation strategies are effective going forward. The combined assurance project is also making good progress and should assist all risk management processes as well. At the same time the Executive Managers assured the AC that their risk management strategies are in place to deal with the risk identified in their departments.</p>	
	<p><b><u>Irregular, Unauthorised, Fruitless and Wasteful Expenditure</u></b></p> <p>The Finance department reported that there was irregular expenditure amounting to R1,081M that relates to a a supplier's tax status and failure to obtain sufficient quotes for expenditure amounting to R24 760. Interest amounting to R10 000 was paid in a long outstanding amount. The interest payment was part of a settlement agreement with a supplier.</p>	
	<p><b><u>VAT on Library Grants</u></b></p> <p>The issue around the library grants received by the Municipality from Province "is vatable" and SARS's demand that the VAT element be paid to them, is still under investigation and the AC awaits further outcomes for the investigation.</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2021/22	Adopted by Council on
	<p><b><u>Ethics Management:</u></b></p> <p>The municipality is in the process of creating ethics awareness throughout the organisation, with the Corporate Services directorate running workshops and circulating regular communications on the ethical behaviour. The AC was informed that the Code of Conduct principles with the implementation strategies will be monitored on a structured basis.</p>	

## ANNEXURE H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

**Table 192: Long-term Contracts (Largest contracts active in 2021/22)**

Long-term Contracts (Eight largest contracts active in 2021/2022)						
Serial No.	Name of Service Provider (Entity or Municipal)	Description of service rendered by the Service Provider	Start date of contract	Contract completion date	Project manager	Contract Value
Column Ref	A	B	C	D	E	F
1	JVZ Construction (Pty)Ltd	Schoongesicht Construction of Internal Civil Engineering Services, Phase 4	02-Mar-22	31-Oct-22	R. Sauls	12,375,206
2	Martin & East (Pty)Ltd	Upgrading of Oosbosch Street between Berg River Boulevard and Jan Van Biebeeck Drive	28-Aug-19	30-Nov-21	C Lotz	118,407,907

**Table 193: Public Private Partnerships entered into 2021/22**

Public-Private Partnerships entered into 2021/22					
R`000					
Name and description of project	Name of partner(s)	Initiation date	Expiry date	Project manager	Value 2018/19
No PPP entered into during the year under review					



## ANNEXURE I: DISCLOSURES OF FINANCIAL INTEREST

The councillors declared in terms Schedule 1 to the Municipal Systems Act 2000 (Act 32 of 2000) (Item 7) their financial interest held:

- (a) Shares and securities in any company;
- (b) Membership of any close corporation;
- (c) Interest in any trust;
- (d) Directorships;
- (e) Partnerships;
- (f) Other financial interests in any business undertaking;
- (g) Employment and remuneration;
- (h) Interest in property;
- (i) Pension; and
- (j) Subsidies, grants and sponsorships by any organisation.

**Table 194: Disclosure of Financial Interests (1 July 2021 – 31 October 2021)**

Disclosure of Financial Interests		
Period 1 July 2021 to 31 October 2021		
No	Position	Name
<b>Executive Mayor</b>		
1	Executive Mayor	Ald CJ Poole
<b>Deputy Executive Mayor</b>		
2	Deputy Executive Mayor	Ald GC Combrink
<b>Members of the Mayoral Committee:</b>		
3	Portfolio: Rural Management	MA Andreas
4	Portfolio: Social Services	E Gouws
5	Portfolio: Environment, Parks and Open Spaces	C Kearns
6	Portfolio: Engineering Services	Ald JF le Roux
7	Portfolio: Planning and Development	Adv J Miller
8	Portfolio: Corporate Services	LP Mokoena
9	Portfolio: Public Safety	Ald R Smuts
10	Portfolio: Sport, Recreation, Arts and Culture	LT van Niekerk
11	Portfolio: Communication and IGR	RH van Nieuwenhuyzen
12	Portfolio: Human Settlement and Property Management	L Cyster
<b>Speaker</b>		
13	Speaker	AC Stowman
<b>Chief Whip</b>		
14	Chief Whip	RA Koegelenberg
<b>Councillors:</b>		

## Disclosure of Financial Interests

Period 1 July 2021 to 31 October 2021

No	Position	Name
15	Councillor	MM Adriaanse
16	Councillor	AF Afrika
17	Councillor	JV Anderson
18	Councillor	RB Arnolds
19	Councillor	A Bekeer
20	Councillor	TG Bester
21	Councillor	DS Blanckenberg
22	Councillor	VC Booysen
23	Councillor	AML Buckle
24	Councillor	FP Cupido
25	Councillor	PBA Cupido
26	Councillor	CO Davids
27	Councillor	HR de Goede
28	Councillor	J de Wet
29	Councillor	BP Duba
30	Councillor	GH Ford
31	Councillor	NN George
32	Councillor	F Jacobs
33	Councillor	SX Jonas
34	Councillor	MT Klaas
35	Councillor	HJ Kotze
36	Councillor	C Kroutz
37	Councillor	L Landu
38	Councillor	MJ le Hoe
39	Councillor	A Luggola
40	Councillor	TC Mangena
41	Councillor	ZL Masoka
42	Councillor	P Matiya (Replaced SX Jonas)
43	Councillor	HJJN Matthee
44	Councillor	NP Mbenene
45	Councillor	MN Mdunusie
46	Councillor	WPD Meyer
47	Councillor	TR Mpulanyana
48	Councillor	RH Nell
49	Councillor	LW Niehaus
50	Councillor	MD Nobula

<b>Disclosure of Financial Interests</b>		
<b>Period 1 July 2021 to 31 October 2021</b>		
<b>No</b>	<b>Position</b>	<b>Name</b>
51	Councillor	TZ Nomana
52	Councillor	LV Nzele
53	Councillor	SC Rens
54	Councillor	AM Richards
55	Councillor	B Rix
56	Councillor	S Ross
57	Councillor	LS Sambokwe
58	Councillor	ND Sauerman
59	Councillor	SE September
60	Councillor	J Smit
61	Councillor	EA Solomons
62	Councillor	AJ van Santen
63	Councillor	M Vika
64	Councillor	EJ Windvogel
65	Councillor	N Zikhali
66.	Councillor	D Mintoor

**Table 195 Disclosure of Financial Interests (as declared after the Local Government Elections)**

<b>Disclosure of Financial Interests</b>		
<b>Period 1 November 2021 to 30 June 2022</b>		
<b>No</b>	<b>Position</b>	<b>Name</b>
<b>Executive Mayor</b>		
1	Executive Mayor	Ald CJ Poole
<b>Deputy Executive Mayor</b>		
2	Deputy Executive Mayor	Ald GC Combrink
<b>Members of the Mayoral Committee:</b>		
3	Portfolio: Human Settlements and Property Management	MA Andreas
4	Portfolio: Social Development	E Gouws
5	Portfolio: Parks, Waste and Cemeteries	L Cyster
6	Portfolio: Engineering Services	T Bester
7	Portfolio: Planning and Development	LT van Niekerk
8	Portfolio: Corporate Services	E Baron
9	Portfolio: Public Safety	A Appollis
10	Portfolio: Sport, Recreation, Arts and Culture	LC Arendse
11	Portfolio: Communication and IGR	RH van Nieuwenhuyzen
12	Portfolio: Governance and Compliance	J Miller

Disclosure of Financial Interests		
Period 1 November 2021 to 30 June 2022		
No	Position	Name
<b>Speaker</b>		
13	Speaker	JF le Roux
<b>Chief Whip</b>		
14	Chief Whip	C Kearns
<b>Councillors:</b>		
15	Councillor	JH Adams
16	Councillor	MM Adriaanse
17	Councillor	JV Anderson
18	Councillor	E Arendse
19	Councillor	RB Arnolds
20	Councillor	LE Bolani
21	Councillor	VC Booysen
22	Councillor	FP Cupido
23	Councillor	PBA Cupido
24.	Councillor	D Carolissen (Replaced P de Villiers)
25	Councillor	JV Daniels
26	Councillor	CO Davids
27	Councillor	J de Kock
28	Councillor	P de Villiers (Replaced by D Carolissen)
29	Councillor	AJ du Plessis
30	Councillor	B Duba
31	Councillor	A Fourie
32	Councillor	S Ganandana
33	Councillor	N Godongwana
34	Councillor	S Gravel
35	Councillor	B Jacobs
36	Councillor	CM Jacobs
37	Councillor	F Jacobs
38	Councillor	M Jacobs
39	Councillor	R Koegelenberg
40	Councillor	C Kroutz
41	Councillor	G Kulsen
42	Councillor	S Landsberg
43	Councillor	L Landu
44	Councillor	SJ Liebenberg
45	Councillor	TC Mangena

<b>Disclosure of Financial Interests</b>		
<b>Period 1 November 2021 to 30 June 2022</b>		
<b>No</b>	<b>Position</b>	<b>Name</b>
46	Councillor	HJN Matthee
47	Councillor	L Matthee
48	Councillor	TP Mooi
49	Councillor	RH Nell
50	Councillor	N Nongogo
51	Councillor	M Nobala
52	Councillor	AM Richards
53	Councillor	S Ross
54	Councillor	LS Sambokwe
55	Councillor	ND Sauerman
56	Councillor	JA September
57	Councillor	J Smit
58	Councillor	R Smuts
59	Councillor	EA Solomons
60	Councillor	Ald AC Stowman
61	Councillor	AM Stulweni
62	Councillor	A van Rooyen
63	Councillor	A van Santen
64	Councillor	B van Willingh
65	Councillor	Z Xhego
66	Councillor	N Zoya

## ANNEXURE J: REVENUE COLLECTION PERFORMANCE

### ANNEXURE J (I): REVENUE COLLECTION BY VOTE

**Table 196: Revenue Collection Performance by GFS Vote \***

Revenue Collection Performance by Vote							
Serial No.	Vote Description	2020/2021	2021/2022			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Executive and Council	1,636,658	436,663	1,923,043	10,840,919	2382.67%	463.74%
2	Budget and Treasury Office	461,186,381	475,682,561	502,223,506	512,289,819	7.70%	2.00%
3	Corporate Services	0	0	0	0	0.00%	0.00%
4	Comm. and Social Services	5,843,549	3,525,928	7,302,114	4,653,576	31.98%	-36.27%
5	Sports and Recreation	3,218,771	6,472,440	5,997,426	4,479,707	-30.79%	-25.31%
6	Public Safety	148,145,828	99,631,569	102,921,569	125,651,765	26.12%	22.08%
7	Housing	27,808,788	27,642,089	34,584,793	18,354,847	-33.60%	-46.93%
8	Health	0	0	0	0	0.00%	0.00%
9	Planning and Development	9,786,750	7,812,450	11,877,450	13,881,656	77.69%	16.87%
10	Road Transport	57,800,786	16,551,404	18,981,414	17,525,127	5.88%	-7.67%
11	Environmental Protection	0	0	0	0	0.00%	0.00%
12	Electricity	1,302,191,390	1,482,824,918	1,464,641,753	1,452,191,666	-2.07%	-0.85%
13	Water	167,401,477	194,533,993	203,708,534	198,859,386	2.22%	-2.38%
14	Waste Water	200,551,433	203,371,722	201,412,873	211,137,507	3.82%	4.83%
15	Waste Management & Solid Waste	183,531,516	186,694,707	188,538,612	192,395,927	3.05%	2.05%
16	Other	0	0	0	0	0.00%	0.00%
17	<b>Total revenue by vote</b>	<b>2,569,103,327</b>	<b>2,705,180,444</b>	<b>2,744,113,087</b>	<b>2,762,261,902</b>	<b>2.11%</b>	<b>0.66%</b>

\* - Agrees to Appendix B1 to the Annual Financial Statements

## ANNEXURE J (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

**Table 197: Revenue Performance by Source**

Revenue Collection Performance by Source							
Serial No.	Description	2020/2021	2021/2022			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Services charges - Electricity	1,223,935,998	1,411,764,002	1,371,523,089	1,380,469,272	-2.22%	0.65%
2	Services charges - Water	150,466,867	167,485,111	173,984,169	169,325,937	1.10%	-2.68%
3	Services charges - Waste management	125,627,466	136,379,029	138,806,438	135,738,980	-0.47%	-2.21%
4	Services charges - Waste water management	121,448,845	124,876,798	127,989,136	125,716,050	0.67%	-1.78%
5	Sales of goods and rendering of services	11,575,206	9,220,775	16,877,275	19,181,115	108.02%	13.65%
6	Rental from fixed assets	5,190,131	5,221,236	4,935,184	5,248,483	0.52%	6.35%
7	Interest on investments	5,215,173	6,000,000	1,400,000	9,673,336	61.22%	590.95%
8	Dividends	7,560	0	0	0	0.00%	0.00%
9	Interest on receivables	7,084,610	7,154,188	7,122,990	7,271,334	1.64%	2.08%
10	Operational revenue	11,499,275	4,751,974	8,168,308	13,272,598	179.31%	62.49%
11	Licences or permits	20,628,984	18,078,492	21,859,292	20,745,433	14.75%	-5.10%
12	Gain on disposal of assets	0	20,571,690	20,571,690	563,150	-97.26%	-97.26%
13	Property rates	343,711,356	403,840,831	415,978,861	416,883,724	3.23%	0.22%
14	Availability charges - Electricity	1,639,713	0	0	1,902,418	0.00%	0.00%
15	Availability charges - Water	1,601,232	0	0	1,841,167	0.00%	0.00%
16	Availability charges - Waste management	2,779,837	0	0	3,153,904	0.00%	0.00%
17	Availability charges - Waste water management	2,500,447	0	0	2,804,994	0.00%	0.00%
18	Surcharges and taxes	1,060,460	9,968,174	12,874,005	1,170,821	-88.25%	-90.91%
19	Fines, penalties and forfeits	128,602,941	80,624,500	80,624,500	105,224,152	30.51%	30.51%
20	Transfers and subsidies	398,041,943	297,243,644	334,798,150	320,272,796	7.75%	-4.34%
21	Operational revenue (Non-Exchange)	8,798,882	0	0	1,507,493	0.00%	0.00%
22	Construction Contract Revenue	3,830,730	0	0	204,277	0.00%	0.00%
23	<b>Total revenue (excluding capital transfers and contributions)</b>	<b>2,575,247,658</b>	<b>2,703,180,444</b>	<b>2,737,513,087</b>	<b>2,742,171,434</b>	<b>1.44%</b>	<b>0.17%</b>

## ANNEXURE K: CONDITIONAL GRANTS RECEIVED

**Table 198: Conditional Grants excluding IUDG**

Conditional Grants: excluding IUDG						
Serial No.	Details	Budget	Adjustment Budget	Actual	Postive / (Negative) % Variance	
					Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F
1	EXPANDED PUBLIC WORKS PROGRAMME	3,287,000	3,287,000	3,287,000	0%	0%
2	FINANCIAL MANAGEMENT GRANT	1,550,000	1,550,000	1,550,000	0%	0%
3	ELECTRIFICATION FUNDING (INEP)	18,315,000	18,315,000	18,315,000	0%	0%
4	ELECTRICITY DEMANDSIDE	4,000,000	4,000,000	4,000,000	0%	0%
5	WATER INFRASTRUCTURE	4,095,000	4,094,999	4,094,999	0%	0%
6	KINGSTON / LANTANA	151,981	151,981	151,981	0%	0%
7	PAARL EAST HOUSING	52,296	52,296	52,296	0%	0%
8	1068 HUISE WD SKENKING	0	49,919	49,919	0%	0%
9	AMSTELHOF PROJECT 35	0	10,348	10,348	0%	0%
10	CHESTER WILLIAMS & PAARL LOVERS LANE	241,231	124,700	124,700	-48%	0%
11	LIBRARY SERVICES CONDITIONAL GRANT	20,004,000	17,394,783	17,394,783	-13%	0%
12	FINANCIAL MANAGEMENT SUPPORT GRANT	1,000,000	931,383	931,383	-7%	0%
13	RSEP	1,300,000	1,300,000	1,300,000	0%	0%
14	WESTERN CAPE HOUSING / FARM EVICTIONS	252,000	125,460	125,460	-50%	0%
15	SCHOONGEZIGHT	2,597,017	4,452,796	4,452,796	71%	0%
16	COMMUNITY DEVELOPMENT WORKERS	113,000	113,000	446,676	295%	295%
17	FINANCIAL MANAGEMENT SUPPORT GRANT	0	343,332	343,332	0%	0%
18	CAPACITY BUILDING (EMPLOYEE BURSARIES)	250,000	242,035	242,035	-3%	0%
19	DEVELOPMENT OF SPORT AND RECREATION	900,000	899,906	899,906	0%	0%
20	PUBLIC EMPLOYMENT	2,000,000	2,000,000	2,000,000	0%	0%
21	PUBLIC WORKS AND TRANSPORT (ROADS)	16,811,909	16,811,909	16,811,909	0%	0%
22	PUBLIC WORKS AND TRANSPORT (ROADS)	780,000	686,100	686,100	-12%	0%
23	CAPE WINELANS DISTRICT MUNICIPALITY	6,226,000	5,545,047	5,545,047	-11%	0%
24	NEUMARKT	3,752,477	3,470,894	3,470,894	-8%	0%
25	TRAINING LEVY (LG SETA & NON EMPLOYEE BURSARIES)	1,251,693	864,535	864,535	-31%	0%
26	WIND PARK	196,238	196,238	196,238	0%	0%
27	CUMMINGS STREET	105,790	105,790	105,790	0%	0%
28	VAL DE VIE ESTATE	4,340,906	4,340,906	4,340,906	0%	0%
29	NEWTON	138,087	138,087	138,087	0%	0%
30	BAINSKLOOF PASS	464,697	464,697	464,697	0%	0%
31	WEMMERSHOEK ROAD (R301) AND MINOR LUSTIGAN ROAD	542,985	542,985	542,985	0%	0%
32	BRB/CECILIA STREET INTERSECTION	654,013	654,013	654,013	0%	0%
33	CECILIA STREET	3,854,001	3,854,001	3,854,001	0%	0%
34	CAPE WINELANDS DISTRICT MUNICIPALITY (FIRE EQUIPMENT)	151,950	151,950	151,950	0%	0%
35		<b>R 99,379,272</b>	<b>R 97,266,091</b>	<b>R 97,599,767</b>	<b>-2%</b>	<b>0%</b>



## ANNEXURE L: CAPITAL EXPENDITURE – NEW AND UPGRADE/RENEWAL PROJECTS

### ANNEXURE L (I): CAPITAL EXPENDITURE – NEW ASSETS

Table 199: Capital Expenditure - New Assets

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2020/2021	2021/2022			Planned Capital Expenditure		
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref.	A	B	C	D	E	F	G	H
1	<b>Capital Expenditure by Asset Class</b>							
2	<b>Infrastructure</b>	91,668	34,420	58,168	49,645	28,246	22,913	31,773
3	<b>Roads Infrastructure</b>	8,062	4,490	4,305	4,305	460	–	–
4	Roads	6,262	3,000	2,866	2,866	–	–	–
5	Road Structures	–	1,490	1,439	1,439	460	–	–
6	Road Furniture	1,800	–	–	–	–	–	–
7	Capital Spares	–	–	–	–	–	–	–
8	<b>Storm water Infrastructure</b>	–	–	–	–	2,600	–	–
9	Drainage Collection	–	–	–	–	2,600	–	–
10	Storm water Conveyance	–	–	–	–	–	–	–
11	Attenuation	–	–	–	–	–	–	–
12	<b>Electrical Infrastructure</b>	65,208	13,535	35,196	35,196	9,696	18,389	27,263
13	Power Plants	–	–	–	–	–	–	–
14	HV Substations	27,580	10,535	9,535	9,535	–	16,522	17,263
15	HV Switching Station	–	–	–	–	–	–	–
16	HV Transmission Conductors	–	–	–	–	–	–	–
17	MV Substations	484	–	6,391	6,391	8,696	–	–
18	MV Switching Stations	–	–	–	–	–	–	–
19	MV Networks	5,087	–	895	895	–	1,868	10,000
20	LV Networks	32,057	3,000	18,374	18,374	1,000	–	–
21	Capital Spares	–	–	–	–	–	–	–
22	<b>Water Supply Infrastructure</b>	3,378	5,095	5,370	5,049	4,680	–	–
23	Dams and Weirs	–	–	–	–	–	–	–
24	Boreholes	100	–	–	–	180	–	–
25	Reservoirs	–	–	–	–	–	–	–
26	Pump Stations	–	–	–	–	–	–	–
27	Water Treatment Works	–	–	–	–	500	–	–
28	Bulk Mains	–	–	–	–	–	–	–
29	Distribution	3,278	5,095	5,370	5,049	4,000	–	–
30	Distribution Points	–	–	–	–	–	–	–
31	PRV Stations	–	–	–	–	–	–	–
32	Capital Spares	–	–	–	–	–	–	–
33	<b>Sanitation Infrastructure</b>	11,567	10,800	12,656	4,453	10,810	4,524	4,510
34	Pump Station	–	–	–	–	10	–	–
35	Reticulation	11,567	10,800	12,656	4,453	10,800	4,524	4,510
36	Waste Water Treatment Works	–	–	–	–	–	–	–
37	Outfall Sewers	–	–	–	–	–	–	–
38	Toilet Facilities	–	–	–	–	–	–	–
39	Capital Spares	–	–	–	–	–	–	–
40	<b>Solid Waste Infrastructure</b>	606	–	–	–	–	–	–
41	Landfill Sites	606	–	–	–	–	–	–
42	Waste Transfer Stations	–	–	–	–	–	–	–
43	Waste Processing Facilities	–	–	–	–	–	–	–
44	Waste Drop-off Points	–	–	–	–	–	–	–
45	Waste Separation Facilities	–	–	–	–	–	–	–
46	Electricity Generation Facilities	–	–	–	–	–	–	–
47	Capital Spares	–	–	–	–	–	–	–
48	<b>Rail Infrastructure</b>	–	–	–	–	–	–	–
49	Rail Lines	–	–	–	–	–	–	–
50	Rail Structures	–	–	–	–	–	–	–
51	Rail Furniture	–	–	–	–	–	–	–
52	Drainage Collection	–	–	–	–	–	–	–
53	Storm water Conveyance	–	–	–	–	–	–	–
54	Attenuation	–	–	–	–	–	–	–
55	MV Substations	–	–	–	–	–	–	–
56	LV Networks	–	–	–	–	–	–	–
57	Capital Spares	–	–	–	–	–	–	–

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2020/2021	2021/2022			Planned Capital Expenditure		
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref.	A	B	C	D	E	F	G	H
58	<b>Coastal Infrastructure</b>	–	–	–	–	–	–	–
59	Sand Pumps	–	–	–	–	–	–	–
60	Piers	–	–	–	–	–	–	–
61	Revetments	–	–	–	–	–	–	–
62	Promenades	–	–	–	–	–	–	–
63	Capital Spares	–	–	–	–	–	–	–
64	<b>Information and Communication Infrastructure</b>	2,846	500	642	642	–	–	–
65	Data Centres	–	–	–	–	–	–	–
66	Core Layers	2,846	500	642	642	–	–	–
67	Distribution Layers	–	–	–	–	–	–	–
68	Capital Spares	–	–	–	–	–	–	–
69	<b>Community Assets</b>	5,527	600	5,672	4,374	553	360	–
70	<b>Community Facilities</b>	5,224	–	4,954	3,657	553	360	–
71	Halls	–	–	–	–	–	–	–
72	Centres	–	–	14	14	553	–	–
73	Crèches	–	–	–	–	–	–	–
74	Clinics/Care Centres	–	–	–	–	–	–	–
75	Fire/Ambulance Stations	–	–	–	–	–	–	–
76	Testing Stations	–	–	–	–	–	–	–
77	Museums	–	–	–	–	–	–	–
79	Galleries	–	–	–	–	–	–	–
80	Theatres	–	–	–	–	–	–	–
81	Libraries	–	–	222	222	–	–	–
82	Cemeteries/Crematoria	782	–	1,046	1,046	–	–	–
83	Police	–	–	14	14	–	–	–
84	Purls	3,179	–	3,658	2,360	–	–	–
85	Public Open Space	1,263	–	–	–	–	–	–
86	Nature Reserves	–	–	–	–	–	–	–
87	Public Ablution Facilities	–	–	–	–	–	–	–
88	Markets	–	–	–	–	–	–	–
89	Stalls	–	–	–	–	–	360	–
90	Abattoirs	–	–	–	–	–	–	–
91	Airports	–	–	–	–	–	–	–
92	Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–
93	Capital Spares	–	–	–	–	–	–	–
94	<b>Sport and Recreation Facilities</b>	303	600	717	717	–	–	–
95	Indoor Facilities	–	–	–	–	–	–	–
96	Outdoor Facilities	303	600	717	717	–	–	–
97	Capital Spares	–	–	–	–	–	–	–
99	<b>Heritage assets</b>	–	–	–	–	–	–	–
100	Monuments	–	–	–	–	–	–	–
101	Historic Buildings	–	–	–	–	–	–	–
102	Works of Art	–	–	–	–	–	–	–
103	Conservation Areas	–	–	–	–	–	–	–
104	Other Heritage	–	–	–	–	–	–	–
105	<b>Investment properties</b>	–	–	–	–	–	–	–
106	<b>Revenue Generating</b>	–	–	–	–	–	–	–
107	Improved Property	–	–	–	–	–	–	–
108	Unimproved Property	–	–	–	–	–	–	–
109	<b>Non-revenue Generating</b>	–	–	–	–	–	–	–
110	Improved Property	–	–	–	–	–	–	–
111	Unimproved Property	–	–	–	–	–	–	–
112	<b>Other assets</b>	684	8,850	9,218	9,218	6,561	1,180	830
113	<b>Operational Buildings</b>	684	8,850	9,218	9,218	6,561	1,180	830
114	Municipal Offices	172	8,850	9,073	9,073	6,561	1,180	830
115	Pay/Enquiry Points	–	–	–	–	–	–	–
116	Building Plan Offices	–	–	–	–	–	–	–
117	Workshops	–	–	–	–	–	–	–
118	Yards	–	–	–	–	–	–	–
119	Stores	512	–	145	145	–	–	–
120	Laboratories	–	–	–	–	–	–	–
121	Training Centres	–	–	–	–	–	–	–
122	Manufacturing Plant	–	–	–	–	–	–	–
123	Depots	–	–	–	–	–	–	–
124	Capital Spares	–	–	–	–	–	–	–

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2020/2021	2021/2022		Planned Capital Expenditure			
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref.	A	B	C	D	E	F	G	H
125	<b>Housing</b>	–	–	–	–	–	–	–
126	Staff Housing	–	–	–	–	–	–	–
127	Social Housing	–	–	–	–	–	–	–
128	Capital Spares	–	–	–	–	–	–	–
129	<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–
130	Biological or Cultivated Assets	–	–	–	–	–	–	–
131	<b>Intangible Assets</b>	479	1,026	395	195	1,800	500	500
132	Servitudes	–	–	–	–	–	–	–
133	<b>Licences and Rights</b>	479	1,026	395	195	1,800	500	500
134	Water Rights	–	–	–	–	–	–	–
135	Effluent Licenses	–	–	–	–	–	–	–
136	Solid Waste Licenses	–	–	–	–	–	–	–
137	Computer Software and Applications	479	1,026	395	195	1,800	500	500
138	Load Settlement Software Applications	–	–	–	–	–	–	–
139	Unspecified	–	–	–	–	–	–	–
140	<b>Computer Equipment</b>	1,791	1,500	2,761	2,756	3,670	3,770	3,770
141	Computer Equipment	1,791	1,500	2,761	2,756	3,670	3,770	3,770
142	<b>Furniture and Office Equipment</b>	753	42	429	410	720	1,310	1,290
143	Furniture and Office Equipment	753	42	429	410	720	1,310	1,290
144	<b>Machinery and Equipment</b>	3,727	5,225	6,494	6,108	10,226	4,895	11,425
145	Machinery and Equipment	3,727	5,225	6,494	6,108	10,226	4,895	11,425
146	<b>Transport Assets</b>	1,436	7,500	7,736	6,754	4,200	8,477	3,208
147	Transport Assets	1,436	7,500	7,736	6,754	4,200	8,477	3,208
148	<b>Land</b>	–	–	–	–	300	–	–
149	Land	–	–	–	–	300	–	–
150	<b>Zoo's, Marine and Non-biological Animals</b>	–	–	–	–	–	–	–
151	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
152	<b>Total Capital Expenditure on New Assets</b>	106,064	59,162	90,873	79,460	56,276	43,405	52,797

## ANNEXURE L (II): CAPITAL EXPENDITURE – UPGRADE PROJECTS

**Table 200: Capital Expenditure – Upgrade / Renewal Programme**

Capital Expenditure – Upgrade/Renewal Programme								
R '000								
Serial No.	Description	2020/2021	2021/2022		Planned Capital Expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref.	A	B	C	D	E	F	G	H
<b>1</b>	<b>Capital Expenditure by Asset Class</b>	-	-	-	-	-	-	-
<b>2</b>	<b>Infrastructure</b>	<b>86,077</b>	<b>43,324</b>	<b>55,801</b>	<b>54,690</b>	<b>43,760</b>	<b>22,324</b>	<b>17,303</b>
<b>3</b>	<b>Roads Infrastructure</b>	<b>61,360</b>	<b>19,296</b>	<b>29,264</b>	<b>29,264</b>	<b>3,150</b>	-	-
4	Roads	56,512	16,796	26,768	26,768	1,650	-	-
5	Road Structures	4,848	2,500	2,496	2,496	1,500	-	-
6	Road Furniture	-	-	-	-	-	-	-
7	Capital Spares	-	-	-	-	-	-	-
<b>8</b>	<b>Storm water Infrastructure</b>	-	-	-	-	<b>5,000</b>	-	-
9	Drainage Collection	-	-	-	-	-	-	-
10	Storm water Conveyance	-	-	-	-	5,000	-	-
11	Attenuation	-	-	-	-	-	-	-
<b>12</b>	<b>Electrical Infrastructure</b>	-	<b>7,928</b>	<b>7,877</b>	<b>7,877</b>	<b>13,250</b>	-	<b>3,517</b>
13	Power Plants	-	-	-	-	-	-	-
14	HV Substations	-	-	-	-	-	-	-
15	HV Switching Station	-	-	-	-	-	-	-
16	HV Transmission Conductors	-	-	-	-	2,000	-	-
17	MV Substations	-	3,428	3,428	3,428	-	-	-
18	MV Switching Stations	-	1,500	1,500	1,500	-	-	-
19	MV Networks	-	-	-	-	1,800	-	-
20	LV Networks	-	3,000	2,949	2,949	9,450	-	3,517
21	Capital Spares	-	-	-	-	-	-	-
<b>22</b>	<b>Water Supply Infrastructure</b>	<b>15,783</b>	<b>5,000</b>	<b>12,352</b>	<b>11,241</b>	<b>6,000</b>	<b>12,984</b>	<b>802</b>
23	Dams and Weirs	-	-	-	-	-	-	-
24	Boreholes	-	-	-	-	-	-	-
25	Reservoirs	858	-	-	-	-	-	-
26	Pump Stations	-	-	-	-	-	-	-
27	Water Treatment Works	-	-	-	-	-	-	-
28	Bulk Mains	-	-	2,362	1,252	-	-	-
29	Distribution	13,588	5,000	9,678	9,678	6,000	11,984	802
30	Distribution Points	1,337	-	312	312	-	1,000	-
31	PRV Stations	-	-	-	-	-	-	-
32	Capital Spares	-	-	-	-	-	-	-
<b>33</b>	<b>Sanitation Infrastructure</b>	<b>8,934</b>	<b>9,600</b>	<b>6,308</b>	<b>6,308</b>	<b>16,360</b>	<b>9,340</b>	<b>12,984</b>
34	Pump Station	37	-	8	8	1,760	-	-
35	Reticulation	8,896	6,000	6,097	6,097	6,000	1,000	12,984
36	Waste Water Treatment Works	-	3,600	203	203	8,600	8,340	-
37	Outfall Sewers	-	-	-	-	-	-	-
38	Toilet Facilities	-	-	-	-	-	-	-
39	Capital Spares	-	-	-	-	-	-	-
<b>40</b>	<b>Solid Waste Infrastructure</b>	-	<b>1,500</b>	-	-	-	-	-
41	Landfill Sites	-	-	-	-	-	-	-
42	Waste Transfer Stations	-	1,500	-	-	-	-	-
43	Waste Processing Facilities	-	-	-	-	-	-	-
44	Waste Drop-off Points	-	-	-	-	-	-	-
45	Waste Separation Facilities	-	-	-	-	-	-	-
46	Electricity Generation Facilities	-	-	-	-	-	-	-
47	Capital Spares	-	-	-	-	-	-	-
<b>48</b>	<b>Rail Infrastructure</b>	-	-	-	-	-	-	-
49	Rail Lines	-	-	-	-	-	-	-
50	Rail Structures	-	-	-	-	-	-	-
51	Rail Furniture	-	-	-	-	-	-	-
52	Drainage Collection	-	-	-	-	-	-	-
53	Storm water Conveyance	-	-	-	-	-	-	-
54	Attenuation	-	-	-	-	-	-	-
55	MV Substations	-	-	-	-	-	-	-
56	LV Networks	-	-	-	-	-	-	-
57	Capital Spares	-	-	-	-	-	-	-
<b>58</b>	<b>Coastal Infrastructure</b>	-	-	-	-	-	-	-
59	Sand Pumps	-	-	-	-	-	-	-
60	Piers	-	-	-	-	-	-	-
61	Revetments	-	-	-	-	-	-	-
62	Promenades	-	-	-	-	-	-	-
63	Capital Spares	-	-	-	-	-	-	-

Capital Expenditure – Upgrade/Renewal Programme								
R' 000								
Serial No.	Description	2020/2021	2021/2022			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref.	A	B	C	D	E	F	G	H
64	<b>Information and Communication Infrastructure</b>	-	-	-	-	-	-	-
65	Data Centres	-	-	-	-	-	-	-
66	Core Layers	-	-	-	-	-	-	-
67	Distribution Layers	-	-	-	-	-	-	-
68	Capital Spares	-	-	-	-	-	-	-
69	<b>Community Assets</b>	17,263	15,557	14,489	14,388	7,561	8,573	1,550
70	<b>Community Facilities</b>	1,995	4,051	3,224	3,224	-	850	1,250
71	Halls	-	160	-	-	-	-	-
72	Centres	-	-	-	-	-	-	-
73	Crèches	-	-	-	-	-	-	-
74	Clinics/Care Centres	-	-	-	-	-	-	-
75	Fire/Ambulance Stations	-	-	100	100	-	850	800
76	Testing Stations	-	-	-	-	-	-	-
77	Museums	-	-	-	-	-	-	-
78	Galleries	-	-	-	-	-	-	-
79	Theatres	-	-	-	-	-	-	-
80	Libraries	-	-	-	-	-	-	-
81	Cemeteries/Crematoria	-	2,391	2,014	2,014	-	-	-
82	Police	-	-	-	-	-	-	-
83	Purls	1,985	1,500	971	971	-	-	-
84	Public Open Space	-	-	139	139	-	-	-
85	Nature Reserves	9	-	-	-	-	-	-
86	Public Ablution Facilities	-	-	-	-	-	-	-
87	Markets	-	-	-	-	-	-	-
88	Stalls	-	-	-	-	-	-	450
89	Abattoirs	-	-	-	-	-	-	-
90	Airports	-	-	-	-	-	-	-
91	Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-
92	Capital Spares	-	-	-	-	-	-	-
93	<b>Sport and Recreation Facilities</b>	15,269	11,505	11,265	11,164	7,561	7,723	300
94	Indoor Facilities	-	-	-	-	-	-	-
95	Outdoor Facilities	15,269	11,505	11,265	11,164	7,561	7,723	300
96	Capital Spares	-	-	-	-	-	-	-
97	<b>Heritage assets</b>	-	-	-	-	-	-	-
98	Monuments	-	-	-	-	-	-	-
99	Historic Buildings	-	-	-	-	-	-	-
100	Works of Art	-	-	-	-	-	-	-
101	Conservation Areas	-	-	-	-	-	-	-
102	Other Heritage	-	-	-	-	-	-	-
103	<b>Investment properties</b>	-	-	-	-	-	-	-
104	<b>Revenue Generating</b>	-	-	-	-	-	-	-
105	Improved Property	-	-	-	-	-	-	-
106	Unimproved Property	-	-	-	-	-	-	-
107	<b>Non-revenue Generating</b>	-	-	-	-	-	-	-
108	Improved Property	-	-	-	-	-	-	-
109	Unimproved Property	-	-	-	-	-	-	-
110	<b>Other assets</b>	309	1,310	791	561	200	10,000	10,000
111	<b>Operational Buildings</b>	309	1,310	791	561	200	10,000	10,000
112	Municipal Offices	309	1,310	791	561	200	10,000	10,000
113	Pay/Enquiry Points	-	-	-	-	-	-	-
114	Building Plan Offices	-	-	-	-	-	-	-
115	Workshops	-	-	-	-	-	-	-
116	Yards	-	-	-	-	-	-	-
117	Stores	-	-	-	-	-	-	-
118	Laboratories	-	-	-	-	-	-	-
119	Training Centres	-	-	-	-	-	-	-
120	Manufacturing Plant	-	-	-	-	-	-	-
121	Depots	-	-	-	-	-	-	-
122	Capital Spares	-	-	-	-	-	-	-
123	<b>Housing</b>	-	-	-	-	-	-	-
124	Staff Housing	-	-	-	-	-	-	-
125	Social Housing	-	-	-	-	-	-	-
126	Capital Spares	-	-	-	-	-	-	-
127	<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-
128	Biological or Cultivated Assets	-	-	-	-	-	-	-
129	<b>Intangible Assets</b>	-	-	-	-	-	-	-
130	Servitudes	-	-	-	-	-	-	-

Capital Expenditure – Upgrade/Renewal Programme								
R' 000								
Serial No.	Description	2020/2021	2021/2022			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref.	A	B	C	D	E	F	G	H
131	<b>Licences and Rights</b>	-	-	-	-	-	-	-
132	Water Rights	-	-	-	-	-	-	-
133	Effluent Licenses	-	-	-	-	-	-	-
134	Solid Waste Licenses	-	-	-	-	-	-	-
135	Computer Software and Applications	-	-	-	-	-	-	-
136	Load Settlement Software Applications	-	-	-	-	-	-	-
137	Unspecified	-	-	-	-	-	-	-
138	<b>Computer Equipment</b>	-	-	-	-	-	-	-
139	Computer Equipment	-	-	-	-	-	-	-
140	<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-
141	Furniture and Office Equipment	-	-	-	-	-	-	-
142	<b>Machinery and Equipment</b>	-	-	-	-	100	-	-
143	Machinery and Equipment	-	-	-	-	100	-	-
144	<b>Transport Assets</b>	-	-	-	-	-	-	-
145	Transport Assets	-	-	-	-	-	-	-
146	<b>Land</b>	-	-	-	-	-	-	-
147	Land	-	-	-	-	-	-	-
148	<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-
149	Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
150	<b>Total Capital Expenditure on renewed assets</b>	<b>103,649</b>	<b>60,190</b>	<b>71,081</b>	<b>69,639</b>	<b>51,620</b>	<b>40,897</b>	<b>28,853</b>

## ANNEXURE L (III): CAPITAL EXPENDITURE – RENEWAL PROJECTS

**Table 201: Capital Expenditure – Renewal Programme**

Capital Expenditure – Renewal Programme								
R' 000								
Serial No.	Description	2020/2021	2021/2022		Planned Capital Expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref	A	B	C	D	E	F	G	H
1	<b>Capital Expenditure by Asset Class</b>	-	-	-	-	-	-	-
2	<b>Infrastructure</b>	10,197	8,700	7,286	7,286	22,500	25,600	22,770
3	<b>Roads Infrastructure</b>	6,013	4,000	4,000	4,000	10,000	10,400	22,000
4	Roads	6,013	4,000	4,000	4,000	10,000	10,400	22,000
5	Road Structures	-	-	-	-	-	-	-
6	Road Furniture	-	-	-	-	-	-	-
7	Capital Spares	-	-	-	-	-	-	-
8	<b>Storm water Infrastructure</b>	-	-	-	-	-	-	-
9	Drainage Collection	-	-	-	-	-	-	-
10	Storm water Conveyance	-	-	-	-	-	-	-
11	Attenuation	-	-	-	-	-	-	-
12	<b>Electrical Infrastructure</b>	4,009	-	2,222	2,222	6,000	-	-
13	Power Plants	-	-	-	-	-	-	-
14	HV Substations	-	-	-	-	-	-	-
15	HV Switching Station	-	-	-	-	-	-	-
16	HV Transmission Conductors	-	-	-	-	-	-	-
17	MV Substations	1,708	-	2,222	2,222	6,000	-	-
18	MV Switching Stations	-	-	-	-	-	-	-
19	MV Networks	-	-	-	-	-	-	-
20	LV Networks	2,301	-	-	-	-	-	-
21	Capital Spares	-	-	-	-	-	-	-
22	<b>Water Supply Infrastructure</b>	-	-	-	-	-	-	-
23	Dams and Weirs	-	-	-	-	-	-	-
24	Boreholes	-	-	-	-	-	-	-
25	Reservoirs	-	-	-	-	-	-	-
26	Pump Stations	-	-	-	-	-	-	-
27	Water Treatment Works	-	-	-	-	-	-	-
28	Bulk Mains	-	-	-	-	-	-	-
29	Distribution	-	-	-	-	-	-	-
30	Distribution Points	-	-	-	-	-	-	-
31	PRV Stations	-	-	-	-	-	-	-
32	Capital Spares	-	-	-	-	-	-	-
33	<b>Sanitation Infrastructure</b>	-	-	-	-	1,350	-	-
34	Pump Station	-	-	-	-	1,350	-	-
35	Reticulation	-	-	-	-	-	-	-
36	Waste Water Treatment Works	-	-	-	-	-	-	-
37	Outfall Sewers	-	-	-	-	-	-	-
38	Toilet Facilities	-	-	-	-	-	-	-
39	Capital Spares	-	-	-	-	-	-	-
40	<b>Solid Waste Infrastructure</b>	174	4,700	1,065	1,065	5,150	15,200	770
41	Landfill Sites	-	4,000	389	389	-	-	-
42	Waste Transfer Stations	-	-	-	-	-	-	-
43	Waste Processing Facilities	-	-	-	-	-	-	-
44	Waste Drop-off Points	174	700	676	676	5,150	15,200	770
45	Waste Separation Facilities	-	-	-	-	-	-	-
46	Electricity Generation Facilities	-	-	-	-	-	-	-
47	Capital Spares	-	-	-	-	-	-	-
48	<b>Rail Infrastructure</b>	-	-	-	-	-	-	-
49	Rail Lines	-	-	-	-	-	-	-
50	Rail Structures	-	-	-	-	-	-	-
51	Rail Furniture	-	-	-	-	-	-	-
52	Drainage Collection	-	-	-	-	-	-	-
53	Storm water Conveyance	-	-	-	-	-	-	-
54	Attenuation	-	-	-	-	-	-	-
55	MV Substations	-	-	-	-	-	-	-
56	LV Networks	-	-	-	-	-	-	-
57	Capital Spares	-	-	-	-	-	-	-

Capital Expenditure – Renewal Programme								
R'000								
Serial No.	Description	2020/2021	2021/2022		Planned Capital Expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/2023	2023/2024	2024/2025
Column Ref	A	B	C	D	E	F	G	H
<b>58</b>	<b>Coastal Infrastructure</b>	–	–	–	–	–	–	–
59	Sand Pumps	–	–	–	–	–	–	–
60	Piers	–	–	–	–	–	–	–
61	Revetments	–	–	–	–	–	–	–
62	Promenades	–	–	–	–	–	–	–
63	Capital Spares	–	–	–	–	–	–	–
<b>64</b>	<b>Information and Communication Infrastructure</b>	–	–	–	–	–	–	–
65	Data Centres	–	–	–	–	–	–	–
66	Core Layers	–	–	–	–	–	–	–
67	Distribution Layers	–	–	–	–	–	–	–
68	Capital Spares	–	–	–	–	–	–	–
<b>69</b>	<b>Community Assets</b>	–	–	–	–	–	–	–
<b>70</b>	<b>Community Facilities</b>	–	–	–	–	–	–	–
71	Halls	–	–	–	–	–	–	–
72	Centres	–	–	–	–	–	–	–
73	Crèches	–	–	–	–	–	–	–
74	Clinics/Care Centres	–	–	–	–	–	–	–
75	Fire/Ambulance Stations	–	–	–	–	–	–	–
76	Testing Stations	–	–	–	–	–	–	–
77	Museums	–	–	–	–	–	–	–
78	Galleries	–	–	–	–	–	–	–
79	Theatres	–	–	–	–	–	–	–
80	Libraries	–	–	–	–	–	–	–
81	Cemeteries/Crematoria	–	–	–	–	–	–	–
82	Police	–	–	–	–	–	–	–
83	Parks	–	–	–	–	–	–	–
84	Public Open Space	–	–	–	–	–	–	–
85	Nature Reserves	–	–	–	–	–	–	–
86	Public Ablution Facilities	–	–	–	–	–	–	–
87	Markets	–	–	–	–	–	–	–
88	Stalls	–	–	–	–	–	–	–
89	Abattoirs	–	–	–	–	–	–	–
90	Airports	–	–	–	–	–	–	–
91	Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–
92	Capital Spares	–	–	–	–	–	–	–
<b>93</b>	<b>Sport and Recreation Facilities</b>	–	–	–	–	–	–	–
94	Indoor Facilities	–	–	–	–	–	–	–
95	Outdoor Facilities	–	–	–	–	–	–	–
96	Capital Spares	–	–	–	–	–	–	–
<b>97</b>	<b>Heritage assets</b>	–	–	–	–	–	–	–
98	Monuments	–	–	–	–	–	–	–
99	Historic Buildings	–	–	–	–	–	–	–
100	Works of Art	–	–	–	–	–	–	–
101	Conservation Areas	–	–	–	–	–	–	–
102	Other Heritage	–	–	–	–	–	–	–
<b>103</b>	<b>Investment properties</b>	–	–	–	–	–	–	–
<b>104</b>	<b>Revenue Generating</b>	–	–	–	–	–	–	–
105	Improved Property	–	–	–	–	–	–	–
106	Unimproved Property	–	–	–	–	–	–	–
<b>107</b>	<b>Non-revenue Generating</b>	–	–	–	–	–	–	–
108	Improved Property	–	–	–	–	–	–	–
109	Unimproved Property	–	–	–	–	–	–	–
<b>110</b>	<b>Other assets</b>	<b>1,736</b>	<b>50</b>	<b>535</b>	<b>666</b>	<b>195</b>	<b>2,265</b>	<b>250</b>
<b>111</b>	<b>Operational Buildings</b>	<b>443</b>	<b>50</b>	<b>455</b>	<b>586</b>	<b>195</b>	<b>265</b>	<b>250</b>
112	Municipal Offices	443	50	455	586	195	265	250
113	Pay/Enquiry Points	–	–	–	–	–	–	–
114	Building Plan Offices	–	–	–	–	–	–	–
115	Workshops	–	–	–	–	–	–	–
116	Yards	–	–	–	–	–	–	–
117	Stores	–	–	–	–	–	–	–
118	Laboratories	–	–	–	–	–	–	–
119	Training Centres	–	–	–	–	–	–	–
120	Manufacturing Plant	–	–	–	–	–	–	–
121	Depots	–	–	–	–	–	–	–
122	Capital Spares	–	–	–	–	–	–	–



Capital Expenditure – Renewal Programme								
R`000								
Serial No.	Description	2020/2021	2021/2022		Planned Capital Expenditure			
Column Ref		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2022/2023	2023/2024	2024/2025
	A	B	C	D	E	F	G	H
123	<b>Housing</b>	1,294	–	81	81	–	2,000	–
124	Staff Housing	–	–	–	–	–	–	–
125	Social Housing	1,294	–	81	81	–	2,000	–
126	Capital Spares	–	–	–	–	–	–	–
127	<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–
128	Biological or Cultivated Assets	–	–	–	–	–	–	–
129	<b>Intangible Assets</b>	–	–	–	–	–	–	–
130	Servitudes	–	–	–	–	–	–	–
131	<b>Licences and Rights</b>	–	–	–	–	–	–	–
132	Water Rights	–	–	–	–	–	–	–
133	Effluent Licenses	–	–	–	–	–	–	–
134	Solid Waste Licenses	–	–	–	–	–	–	–
135	Computer Software and Applications	–	–	–	–	–	–	–
136	Load Settlement Software Applications	–	–	–	–	–	–	–
137	Unspecified	–	–	–	–	–	–	–
138	<b>Computer Equipment</b>	–	–	–	–	–	–	–
139	Computer Equipment	–	–	–	–	–	–	–
140	<b>Furniture and Office Equipment</b>	–	–	–	–	–	–	–
141	Furniture and Office Equipment	–	–	–	–	–	–	–
142	<b>Machinery and Equipment</b>	–	–	–	–	–	–	–
143	Machinery and Equipment	–	–	–	–	–	–	–
144	<b>Transport Assets</b>	–	–	–	–	18	18	–
145	Transport Assets	–	–	–	–	18	18	–
146	<b>Land</b>	–	–	–	–	–	–	–
147	Land	–	–	–	–	–	–	–
148	<b>Zoo's, Marine and Non-biological Animals</b>	–	–	–	–	–	–	–
149	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
150	<b>Total Capital Expenditure on renewed assets</b>	11,933	8,750	7,821	7,953	22,713	27,883	23,020

## ANNEXURE M: CAPITAL PROGRAMME BY PROJECT

Table 202: Capital Programme by Main Project 2021/22

Capital Programme by Main Project 2021/2022						
Serial No.	Capital Project	Original Budget	Adjustments Budget	Actual	Variance (Act – Adj) %	Variance (Act – OB) %
Column Ref.	A	B	C	D	E	F
<b>1</b>	<b>Water</b>					
2	Replace/Upgrade Water Reticulation System	5,000,000	8,483,164	8,483,163	0.00%	69.66%
3	Water Services Infrastructure Grant	4,095,000	3,560,870	3,561,591	0.02%	-13.03%
4	Extension of Basic Services: Informal Settlements Water	1,000,000	1,000,000	1,000,000	0.00%	100.00%
<b>5</b>	<b>Sanitation/Sewerage</b>					
6	Replace/Upgrade Sewerage System	5,000,000	3,480,806	3,480,805	0.00%	-30.38%
7	Extension of Basic Services: Informal Settlements	1,000,000	2,216,474	2,216,474	0.00%	121.65%
8	Water Distribution	0	251,762	251,762	0.00%	100.00%
<b>9</b>	<b>Electricity</b>					
10	New Connection BICL's	0	13,510,590	13,510,588	0.00%	100.00%
11	Electrification : Housing Projects	9,534,783	9,534,783	9,534,783	0.00%	0.00%
12	MV Substations	0	7,394,922	7,394,920	0.00%	100.00%
<b>13</b>	<b>Road Transport</b>					
14	Upgrading Of Oosbosch Street	14,288,000	24,813,567	24,813,466	0.00%	73.67%
15	Reseal of Streets/Road Network Paarl	4,000,000	3,999,545	3,999,545	0.00%	-0.01%
16	Upgrading of Areas Around Paarl East Aprons	3,000,000	2,866,034	2,866,033	0.00%	-4.47%
<b>17</b>	<b>Housing</b>					
18	Basic Services : Schoongezicht Emergency Housing Project	10,800,000	12,655,779	4,452,796	-64.82%	-59%
19	Fairyland Siyashlala Electrification	0	450,000	449,999	0.00%	100%
20	Schoongezicht Electrification	0	445,206	445,206	0.00%	100.00%
<b>21</b>	<b>Refuse Removal</b>					
22	Solid Waste Vehicles (IUDG)	5,000,000	4,942,964	4,942,964	0.00%	-1.14%
23	Solid Waste Mini Drop Offs (IUDG)	500,000	522,014	522,014	0.00%	4.40%
24	Solid Waste Diversion Infrastructure	4,000,000	388,945	388,945	0.00%	-90.28%
<b>25</b>	<b>Economic Development</b>					
26	Other Capital Projects	130,000	16,282	16,282	0.00%	-87.48%
<b>27</b>	<b>Sports, Art and Culture</b>					
28	Development of De Kraal Sport Complex	5,086,957	3,887,736	3,887,736	0.00%	-23.57%
29	Upgrade Swimming Pools	1,934,783	2,753,014	2,753,014	0.00%	42.29%
30	Arboretum Climate Park	0	3,657,688	2,360,262	-35.47%	100.00%
<b>31</b>	<b>Executive and Council</b>					
32	Other Capital Projects	0	72,787	55,050	-24.37%	100.00%
<b>33</b>	<b>Corporate Services</b>					
34	Purchase of 60 Breda	8,500,000	8,500,000	8,500,000	0.00%	0.00%
35	Fleet Annual Replacement Programme	2,500,000	2,793,247	1,811,249	-35.16%	-27.55%
36	ICT Equipment Computer Related	1,500,000	1,745,673	1,740,672	-0.29%	16.04%
<b>37</b>	<b>Budget and Treasury Office</b>					
38	Computer Hardware	0	626,336	625,985	-0.06%	100.00%
39	Computer Equipment	0	184,288	184,288	0.00%	100.00%
40	Buildings: New Stores	0	145,052	145,052	0.00%	100.00%
<b>41</b>	<b>Community and Social Services</b>					
42	Cemeteries (IUDG)	0	1,046,463	1,046,463	0.00%	100.00%
<b>43</b>	<b>Safety and Security</b>					
44	CCTV Camers	500,000	1,132,902	1,132,901	0.00%	126.58%
45	Traffic HQ	310,000	313,237	313,237	0.00%	1.04%
46	Radios	750,000	170,179	170,179	0.00%	-77.31%

## ANNEXURE N: CAPITAL PROGRAMME BY PROJECT BY WARD

**Table 203: Capital Programme by Project by Ward 2021/22**

Capital Programme by Project by Ward 2021/2022			
Serial No.	Capital Programme	Wards affected	Works completed (Yes/No)
Column Ref.	A	B	C
<b>1</b>	<b>Water</b>		
2	Replace/Upgrade Water Reticulation System	All	Yes
3	Water Services Infrastructure Grant	All	Yes
4	Extension of Basic Services: Informal Settlements Water	All	Yes
<b>5</b>	<b>Sanitation/Sewerage</b>		
6	Replace/Upgrade Sewerage System	All	Yes
7	Extension of Basic Services: Informal Settlements	All	Yes
8	Water Distribution	All	Yes
<b>9</b>	<b>Electricity</b>		
10	New Connection BICL's	All	Yes
11	Electrification : Housing Projects	All	Yes
12	MV Substations	All	Yes
<b>13</b>	<b>Housing</b>		
14	Basic Services : Schoongezicht Emergency Housing Project	All	Yes
15	Fairyland Siyashlala Electrification	All	Yes
16	Schoongezicht Electrification	All	Yes
<b>17</b>	<b>Refuse Removal</b>		
18	Solid Waste Vehicles (IUDG)	All	Yes
19	Solid Waste Mini Drop Offs (IUDG)	All	Yes
20	Solid Waste Diversion Infrastructure	All	Yes
<b>21</b>	<b>Economic Development</b>		
22	Other Capital Projects	All	Yes
<b>23</b>	<b>Sports, Art And Culture</b>		
24	Development of De Kraal Sport Complex	All	Yes
25	Upgrade Swimming Pools	All	Yes
26	Arboretum Climate Park	All	Yes
<b>27</b>	<b>Road And Transport</b>		
28	Upgrading Of Oosbosch Street	All	Yes
29	Reseal of Streets/Road Network Paarl	All	Yes
30	Upgrading of Areas Around Paarl East Aprons	All	Yes
<b>31</b>	<b>Executive and Council</b>		
32	Other Capital Projects	All	Yes
<b>33</b>	<b>Corporate Services</b>		
34	Purchase of 60 Breda	All	Yes
35	Fleet Annual Replacement Programme	All	Yes
36	ICT Equipment Computer Related	All	Yes
<b>37</b>	<b>Budget and Treasury Office</b>		
38	Computer Hardware	All	Yes
39	Computer Equipment	All	Yes
40	Buildings: New Stores	All	Yes
<b>41</b>	<b>Community and Social Services</b>		
42	Cemeteries (IUDG)	All	Yes
<b>43</b>	<b>Safety and Security</b>		
44	CCTV Camers	All	Yes
45	Traffic HQ	All	Yes
46	Radios	All	Yes

## ANNEXURE O: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

**Table 204: Service Backlogs - Schools and Clinics**

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Waste
<b>Schools</b>				
None	None	None	None	None
<b>Clinics</b>				
None	None	None	None	None

## ANNEXURE P: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

**Table 205: Service backlogs experienced by the community where another sphere of government is the service provider**

Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the municipality acts on agency basis)		
Service and locations	Scale of backlogs	Impact of backlogs
<b>Clinics</b>		
General health services – Windmeul	The facility is too small and cannot serve all the needs of the people in this rural farming area. No doctor. Only referrals from general health nurse. Current service a mobile service and a fixed clinic.	The mobile clinic in Windmeul is also complemented by a fixed clinic at the school.
Mbekweni CDC Centre	The facility is too small and cannot serve all the needs of the people who require general health services.	Facility inadequate to serve all the people who require services and not conducive to dispensary services. New clinic to be built in Groenheuwel in progress.
Soetendal Clinic – Wellington	No shelter for the patients during winter months or whilst waiting for transport to collect them to be transported to the nearest hospital. Hermon patients require transport to Soetendal Clinic on a regular basis.	Matter was referred to Department of Health for further investigation.
Van Wyksvlei CDC (Wards 5, 7, 10 and 11)	A fully-fledged hospital is needed in the area as the clinic is insufficient.	Facility is more central and adequate to serve in full capacity.
Nederburg Clinic – Ward 25	Request for the Clinic at Nederburg to be enlarged and more staff should be appointed.	This clinic was closed by the Department of Health. Drakenstein Municipality received a request to utilize the facility as a Women’s Empowerment Facility.
<b>Housing</b>		
Informal Settlements Drakenstein Municipality	Estimated informal households (7,528) encompassing approximately 15,251 persons in 41 recognised informal settlements and one unregistered informal settlement	Increase in the erection of illegal structures. Threat to well-located land. Insufficient funding. Increase of evictions. Cause of serious social problems. Threats of land invasions. Pressure on delivery of basic services
Housing Demand	20 792 active applications.	15,988 cancelled applications that need to be updated.
Electrification	There are 41 registered and 1 unregistered informal settlements of which 27 has been completed ( $27/42 * 100 = 64.28\%$ ).	Limited funding, resources and existing infrastructure that require upgrading to facilitate future growth and development.
<b>Driving Licensing and Testing Centre</b>		
None	None	None

**Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the municipality acts on agency basis)**

<b>Service and locations</b>	<b>Scale of backlogs</b>	<b>Impact of backlogs</b>
<b>Reservoirs</b>		
None	None	None
<b>Schools (Primary and High)</b>		
Windmeul (Ward 3)	Train youth to assist the Health Workers on the Farm.	Training was provided for Health care workers to assist with the workflow at the farms.
	Clinic in Windmeul only services half of the whole Ward 3	Mobile service extended to other areas in Ward 3.
Ward 5	Visibility and patrol of SAPS in ward	Matter was referred to CPF in Mbekweni.
	Development of Neighbourhood Watches	Matter was referred to Safety.
Mbekweni (Ward 6)	Development of Arts Centre in Mbekweni	There is already a development centre within the Mbekweni area.
New Primary School (Ward 5)	Community requests new primary school for Ward 5.	Van Wyksvlei Primary and Hillcrest Primary schools are accessible for ward 5
Ward 16	Drommedaris needs a primary school	To improve education standards for the residents of Ward 16
Ward 11	Wheelchair access to the day hospital needed	Matter was referred to Health and Transport.

## ANNEXURE Q: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

**Table 206: Declaration of loans and grants made by the Municipality 2021/22**

Declaration of loans and grants made by the Municipality 2021/22				
Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2020/21 (Rand)
Column Ref.	A	B	C	D
<i>*No loans were granted to any organisation</i>				

## ANNEXURE R: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

Table 207: MFMA S71 returns not made during 2021/22 according to reporting requirements

MFMA Section 71 returns not made during 2021/22 according to reporting requirements	
Return	Reason return has not been properly made on due date
All returns were submitted timely	



## ANNEXURE S: PRESIDENTIAL OUTCOME FOR LOCAL GOVERNMENT

**Table 208: Presidential outcome for Local Government**

Presidential outcome for Local Government			
Serial No.	Outcome/Output	Progress to date	Number or percentage achieved
Column Ref.	A	B	C
<b>1</b>	<b>Output: Improving access to basic services</b>		
2	Provision of Basic Services	Formal households having access to all basic services.	Water 99.58% Sanitation 98.30%
3		Informal households having access to water, sanitation and refuse removal services at the minimum level.	Water 95.16% Sanitation 74.60% Refuse 100%
4		Informal households having access to electricity services.	49.46%
<b>5</b>	<b>Output: Implementation of the Community Work Programme</b>		
6	The Community Works Programme functions in the Municipality, but is managed on behalf of national government by an external service provider.	5,447 work opportunities were created with the help of the Municipality.  <u>Note</u> Disclaimer: Work opportunities can be allocated to the same beneficiary more than once during the employer cycle of 12 months.	The target allocated to the Municipality was exceeded.
<b>7</b>	<b>Output: Deepen democracy through a refined Ward Committee Model</b>		
8	All Ward Committees are 100% functional.	The ward committee system was interrupted by the 2021 Local Government elections and new ward committees had to be established.	Not applicable due to Local Government elections.
<b>9</b>	<b>Output: Administrative and financial capability</b>		
10	Debt Collection and Indigent Support Policy as well as the Writing Off of Irrecoverable Debt Policy were reviewed.	These policies were approved by Council to ensure that consumers who are struggling financially can be accommodated without severe negative effects to the Municipality.	96.6% debt collection rate for 2021/22

## 8. VOLUMES

### VOLUME I: REPORT OF THE AUDITOR-GENERAL

The report of the Auditor-General to the Western Cape Provincial Parliament and the Municipal Council on Drakenstein Municipality's 2021/22 Annual Financial Statements, Annual Performance Report, compliance with legislation, other information and internal control deficiencies now follows on the next seven pages.

# Report of the auditor-general to Western Cape Provincial Parliament and the council on the Drakenstein Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Drakenstein Municipality set out on pages 8 to 141, which comprise the statement of financial position as at 30 June 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Drakenstein Municipality as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (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 financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
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.

### Restatement of corresponding figures

7. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

### Material impairments – trade debtors

8. As disclosed in notes 10.1, 10.2 and 11.1 to the financial statements, the municipality provided for an impairment of receivables amounting to R282 million (2020-21: R304 million), based on the recoverability of gross receivables.
9. As disclosed in the note 43 to the financial statements, the municipality has written off bad debt by R137 million (2020-21: R111 million).

### Other matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

**Introduction and scope**

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
18. 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 objectives presented in the municipality's annual performance report for the year ended 30 June 2022:

Objectives	Pages in the annual performance report
KPA 4: physical infrastructure and services	21 - 25

19. 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.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- KPA 4 : physical Infrastructure and services

## Other matter

21. I draw attention to the matter below.

### Achievement of planned targets

22. Refer to the annual performance report on pages 21 to 25 for information on the achievement of planned targets for the year.

## Report on the audit of compliance with legislation

### Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

24. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the mayor's forward and the audit committee's report. The other information does not include financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

27. 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 objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

*Auditor-General*  
Cape Town

30 November 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objective and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

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

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all



relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## VOLUME II: AUDIT OUTCOME IMPROVEMENT PLAN

**Table 209: Audit Outcome Improvement Plan**

<b>AUDITOR-GENERAL REPORT 2021/22</b>	
Report on the audit of the financial statements	Unqualified opinion
Report on the audit of the pre-determined objectives	No material findings
Report on the audit of compliance with legislation	No material findings
<b>Issues Raised</b>	<b>Corrective Measures Required</b>
<b>Emphasis of Matters</b>	
<b>Material Losses/Impairments – Trade Creditors</b>	
As disclosed in notes 10.1, 10.2 and 11.1 to the financial statements, the municipality has provided for the impairment of receivables amounting to R282 million (2020/21: R304 million), based on the recoverability of gross receivables.	None. Simply an information statement by the Auditor-General.

## VOLUME III: REPORT OF THE AUDIT COMMITTEE

In line with its strategic intent, the Drakenstein Municipality strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this intent is an independent Audit Committee that is supported by Management and Councillors. Section 166 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA), as amended, requires every municipality to establish an independent Audit Committee which must advise the Municipal Council, accounting officer and management staff of the municipality on matters relating to internal financial controls and internal audits, risk management and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the municipality. In addition, the committee advises on performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation, performance evaluation, and/or other issues referred to it by the municipality.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of its Charter, the Audit Committee (AC) listed below, is required to meet at least 4 times per annum, although additional meetings may be scheduled as the need arises. Eight meetings were held during the 2021/22 financial year.

Audit Committee Member	Qualifications	Date appointed/reappointed as Committee Member	Meetings Attended
Mr. R. Najjaar (Chairperson)	(Hons B Compt. /CTA – CPA (USA) & CIA & CRMA (Certification in Risk Management Assurance)	1 August 2021	7
Mr. P. Strauss	CA(SA)	1 August 2020	7
Mr. R.G. Nicholls	CA (SA) & CIA	1 August 2021	7
Mr. C. Whittle	CA (SA)	1 August 2021	8

The Deputy Mayor, Member of the Mayoral Committee: Governance and Compliance, the City Manager, members of the Executive Management Team and other officials (as required) also attend all formal meetings. The Office of the Auditor-General South Africa (AGSA) has a standing invitation to all committee meetings and attended most meetings. The meeting agendas are substantial and Committee members all participate in meetings with the highest levels of commitment and objectivity.

## **AUDIT COMMITTEE RESPONSIBILITY**

The Committee is pleased to report that it has fulfilled all its responsibilities arising from the Terms of Reference and the annual work plan for the year under review, including relevant legislative requirements.

The Committee Chairperson reported the committee's activities to the Municipal Public Accounts Committee and Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

## **REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS & FINANCIAL CONTROLS**

The Committee reviewed the annual financial statements prior to submission to the AGSA, the Municipality's external auditors and had the necessary discussions with management. These financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (DoRA). The Committee did not have unresolved matters with the annual financial statements when submitted for external audit.

The Committee is pleased that the AGSA issued an unqualified audit opinion, with no other matters, on the financial statements of the municipality for the year ended 30 June 2022. The Committee is also pleased that the assessment of financial viability of the municipality has shown an improvement from prior years and that the AGSA reported no significant internal control deficiencies. At the same time the AC is encouraged by Management commitment to good internal control and willingness to address the audit findings where raised.

## **PERFORMANCE MANAGEMENT**

The Committee reviewed the quarterly performance results presented by Management as well as the quarterly reports of Internal Audit on the verification of the reported performance results. The Committee noted the ongoing effort made by Management to ensure a credible performance management system and reliable performance results. The AGSA did not identify any material findings on the usefulness and reliability of the reported performance information for the key performance area selected for audit testing and commended the municipality for achieving all performance targets for 2021/22. Management further committed themselves to implement the recommendations of the Committee to further enhance the performance management information.

## **INTERNAL CONTROL & RISK MANAGEMENT**

The Committee considered the work performed by Internal Audit on a quarterly basis and reviewed the Internal Audit Annual Statement on Governance, Risk Management and Internal Control processes which was limited to the audit areas included in the approved Internal Audit Plan 2021/22.

Within the scope and objectives outlined in the approved Internal Audit Plan, Internal Audit concluded that the municipality's control environment needs improvement as internal control deficiencies were noted which requires prompt management corrective action. Internal Audit also concluded based on the results of the follow-up audits completed, that management is responsive to addressing the reported control weaknesses within the agreed timeframes for findings reported by Internal Audit and the AGSA. The AGSA reported that no significant control deficiencies were identified in internal control, governance and compliance.

The Committee reviewed the risk profile of the Municipality when the Internal Audit plan priorities were determined. A member of the Audit Committee has been co-opted to serve on the Fraud and Risk Committee (FARMCO). The Audit Committee considered the FARMCO report quarterly and the risk management information provided to the Committee allows for better assessment of the risk management process.

The committee appreciates the focus on emerging risks, especially the ongoing initiatives that continue to embed risk management processes in the Municipality. The committee highlighted its concern where it believes that management should review major risks, or effectively manage their mitigation. However, improvements in the risk management processes is visible if compared to prior year.

## **INTERNAL AUDIT EFFECTIVENESS**

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. The Chief Audit Executive (CAE) reports functionally to the AC and administratively to the City Manager, with unfettered access to the City Manager. There has been no compromise of the independence or objectivity of the function during the year under review. The AC continues to monitor the independence of the Internal Audit function as it is key to the committee's effectiveness.

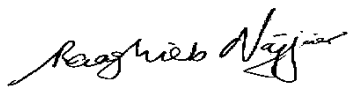
## **COMBINED ASSURANCE**

The responsibility for coordinating combined assurance rests with the Risk Department. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the committee are regularly informed of developments in this area.

## **CONCLUSION**

The committee is pleased with the continuing progress made by the Municipality in improving the areas outlined in this report. The committee fully supports the Municipality in implementing its vision and strategies, giving due consideration to the economic and social challenges facing South Africa and especially the residents of the Municipality. The AC is cognisant that sustainable service delivery in a vibrant and caring city must be underpinned by good governance and sound administration.

The committee wishes to express its appreciation to Management and all other assurance providers, who assist the committee in performing its functions effectively and efficiently.



**R. Najjaar**  
**Audit Committee Chairperson**  
**Date: 15 December 2022**

## VOLUME IV: 2021/2022 ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited 2021/2022 Annual Financial Statements will now follow for the next 151 pages. Drakenstein Municipality received an unqualified audit opinion from the Auditor-General for the 2021/22 financial year.



**DRAKENSTEIN**

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

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# AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2022

A city of excellence



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

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# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Executive mayor and chairperson of mayoral committee

<b>Portfolio</b>	<b>Councillor</b>
EXECUTIVE MAYOR AND CHAIRPERSON OF MAYORAL COMMITTEE	CJ POOLE
DEPUTY EXECUTIVE MAYOR & MAYORAL COMMITTEE MEMBER OF FINANCE PORTFOLIO COMMITTEE, CHAIRPERSON FINANCE COMMITTEE	GC COMBRINK
MAYORAL COMMITTEE MEMBER OF PLANNING AND DEVELOPMENT	LT VAN NIEKERK
MAYORAL COMMITTEE MEMBER OF SOCIAL DEVELOPMENT	E GOUWS
MAYORAL COMMITTEE MEMBER OF HUMAN SETTLEMENTS	MA ANDREAS
MAYORAL COMMITTEE MEMBER OF SPORT, RECREATION ARTS AND CULTURE (SRAC)	L ARENDSE
MAYORAL COMMITTEE MEMBER OF CORPORATE SERVICES	E BARON
MAYORAL COMMITTEE MEMBER OF PUBLIC SAFETY	A APPOLLIS
MAYORAL COMMITTEE MEMBER OF COMMUNICATION AND INTERGOVERNMENTAL RELATIONS (IGR)	R VAN NIEUWENHUYZEN
MAYORAL COMMITTEE MEMBER OF ENGINEERING SERVICES	T BESTER
MAYORAL COMMITTEE MEMBER OF PARKS, WASTE AND CEMETERIES	L CYSTER
MAYORAL COMMITTEE MEMBER OF GOVERNANCE COMPLIANCE	J MILLER

### Executive management

<b>Position</b>	<b>Name</b>
CITY MANAGER	DR JH LEIBBRANDT
CHIEF FINANCIAL OFFICER	MR B BROWN
EXECUTIVE DIRECTOR: CORPORATE SERVICES	MR S JOHAAR
EXECUTIVE DIRECTOR: PLANNING AND DEVELOPMENT	MS J SAMSON
EXECUTIVE DIRECTOR: ENGINEERING SERVICES	MR M WÜST
EXECUTIVE DIRECTOR: COMMUNITY SERVICES	MR G ESAU

### Members of the Audit Committee

CHAIRPERSON	MR R NAJJAAR
MEMBER	MR P STRAUSS
MEMBER	MR R NICHOLLS
MEMBER	MR C WHITTLE

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Council members before elections (up to 14 November 2021)

<b>Nr</b>	<b>Surname</b>	<b>Initials</b>	<b>Nr</b>	<b>Surname</b>	<b>Initials</b>
1	ADRIAANSE	MM	34	MASOKA	ZL
2	AFRIKA	AF	35	MATTHEE	HJN
3	ANDERSON	JV	36	MBENENE	NP
4	ANDREAS	MA	37	MDUNSIE	MN
5	ARNOLDS	RB	38	MEYER	WPD
6	BEKEER	A	39	MINTOOR	D
7	BESTER	TG	40	MILLER	J
8	BLACKENBERG	DS	41	MPULANYANA	TR
9	BOOYSEN	VC	42	MOKOENA	LP
10	BUCKLE	AML	43	NELL	RH
11	COMBRINK	GC	44	NIEHAUS	LW
12	CUPIDO	FP	45	NOBULA	MD
13	CUPIDO	PB	46	NOMANA	TZ
14	CYSTER	L	47	NZELE	LV
15	DAVIDS	CO	48	POOLE	CJ
16	DE GOEDE	HR	49	RENS	SC
17	DE WET	J	50	RICHARDS	AM
18	DUBA	BP	51	RIX	B
19	FORD	GH	52	ROSS	S
20	GEORGE	NN	53	SAMBOKWE	LS
21	GOUWS	E	54	SAUERMAN	ND
22	JACOBS	F	55	SEPTEMBER	SE
23	JONAS	SX	56	SMIT	J
24	KEARNS	C	57	SMUTS	R
25	KLAAS	MT	58	SOLOMONS	EA
26	KOEGELEBERG	RA	59	STOWMAN	AC
27	KOTZE	HJ	60	VAN NIEKERK	LT
28	KROUTZ	C	61	VAN NIEUWENHUYZEN	RH
29	LANDU	L	62	VAN SANTEN	AJ
30	LE HOE	MJ	63	VIKA	M
31	LE ROUX	JF	64	WINDVOGEL	EJ
32	LUGQOLA	A	65	ZIKHALI	N
33	MANGENA	TC			

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## General Information

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### Council members after elections (after 15 November 2021)

<b>Nr</b>	<b>Surname</b>	<b>Initials</b>	<b>Nr</b>	<b>Surname</b>	<b>Initials</b>
1	ADAMS	JH	34	KROUTZ	C
2	ADRIAANSE *	MM	35	KULSEN	G
3	ANDERSON	JV	36	LANDSBERG	S
4	ANDREAS	MA	37	LANDU	L
5	APPOLLIS	AM	38	LE ROUX *	JF
6	ARENDSE	EG	39	LIEDENBERG	SJ
7	ARENDSE	LC	40	MANGENA	TC
8	ARNOLDS	RB	41	MATTHEE	HJ
9	BARON	E	42	MATTHEE	LC
10	BESTER	TG	43	MILLER	J
11	BOLANI	LE	44	MOOI	TP
12	BOOYSEN	VC	45	NELL	RH
13	CAROLLISEN	D	46	NONGOGO / WANA	N
14	COMBRINK *	GC	47	NOBALA	M
15	CUPIDO	FP	48	POOLE *	CJ
16	CUPIDO	PB	49	RICHARDS	AM
17	CYSTER	L	50	ROSS	S
18	DANIELS	JV	51	SAMBOKWE	LS
19	DAVIDS	CO	52	SAUERMAN	ND
20	DE KOCK	J	53	SEPTEMBER	JA
21	DU PLESSIS	AJ	54	SMIT	J
22	DUBA	BP	55	SMUTS *	R
23	FOURIE	A	56	SOLOMONS	EA
24	GANANDANA	S	57	STOWMAN *	A
25	GODONGWANA	N	58	STULWENI	AM
26	GOUWS	E	59	VAN NIEKERK	LT
27	GRAVEL	S	60	VAN NIEUWENHUYZEN	RH
28	JACOBS	B	61	VAN ROOYEN	A
29	JACOBS	CM	62	VAN SANTEN	AJ
30	JACOBS	F	63	VAN WILLINGH	B
31	JACOBS	M	64	XHEGO	Z
32	KEARNS	C	65	ZOYA	N
33	KOEGELEBERG *	RA			

\* The "Alderman / Alderlady" status were bestowed onto these councillors.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## General Information

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<b>Legal form of entity</b>	MUNICIPALITY IN TERMS OF SECTION 1 OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT (ACT 117 OF 1998) READ WITH SECTION 155 (1) OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA (ACT 108 OF 1996)
<b>Nature of business and principal activities</b>	THE PROVISION OF SERVICES (ELECTRICITY, WATER, SANITATION AND REFUSE) TO COMMUNITIES IN A SUSTAINABLE MANNER, TO PROMOTE SOCIAL AND ECONOMIC DEVELOPMENT; AND TO PROMOTE A SAFE AND HEALTHY ENVIRONMENT
<b>Legislation governing the municipality's operations</b>	CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA (ACT 108 OF 1998) LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (ACT 56 OF 2003) LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT (ACT 32 OF 2000) LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT (ACT 117 OF 1998) MUNICIPAL PROPERTY RATES ACT (ACT OF 6 2004) DIVISION OF REVENUE ACT (ACT 1 OF 2007)
<b>Other information</b>	
<b>Executive Mayor</b>	ALDERMAN CJ POOLE
<b>Executive Deputy Mayor</b>	ALDERMAN GC COMBRINK
<b>Speaker</b>	ALDERMAN JF LE ROUX
<b>Chief Whip</b>	COUNCILLOR C KEARNS
<b>Registered head office</b>	DRAKENSTEIN MUNICIPALITY CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
<b>Physical address</b>	CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
<b>Postal address</b>	P O BOX 1 PAARL 7622
<b>Telephone</b>	(021) 807 - 4500
<b>Fax</b>	(021) 872 - 8054
<b>Bankers</b>	FIRST NATIONAL BANK
<b>Auditors</b>	AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)
<b>Demarcation code</b>	WC023

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Statement

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

The audited annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board and as required by the MFMA.

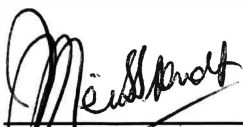
The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

I certify that the salaries, allowances and benefits of councillors as disclosed in note 41 to these audited annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The audited annual financial statements set out on pages 8 to 141, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), which have been prepared on the going concern basis and which I have signed on behalf of the municipality on 31 August 2022:



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**DR. H. LEIBRANDT**  
ACCOUNTING OFFICER

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Abbreviations

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education and Training Authority
MSIG	Municipal System Improvement Grant
NDPG	Neighbourhood Development and Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
ASB	Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
IFRS	International Finance Reporting Standards
BNG	Breaking New Ground
SAMWU	South African Municipal Workers Union
SARS	South African Revenue Service
VAT	Value Added Taxation
MFMA	Municipal Finance Management Act
GFS	Government Finance Statistics
ISAB	International Accounting Standards Board
DCAS	Western Cape Department of Cultural Affairs and Sports

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	6,563,309,255	6,214,015,769
Heritage assets	4	47,633,645	40,761,645
Intangible assets	5	4,614,906	5,255,000
Investment property	6	58,493,000	54,849,000
Non-current receivables from exchange transactions	8	94,875	272,299
		<b>6,674,145,681</b>	<b>6,315,153,713</b>
<b>Current Assets</b>			
Inventories	9	36,141,887	23,344,372
Trade and other receivables from exchange transactions	10	351,755,826	311,304,368
Receivables from non-exchange transactions	11	102,179,555	103,497,822
Cash and cash equivalents	12	189,883,617	138,781,359
Short term investments	13	40,000,000	-
Current portion of non-current receivables	14	26,762	156,788
VAT control receivable	19	24,805,911	19,455,955
		<b>744,793,558</b>	<b>596,540,664</b>
<b>Total Assets</b>		<b>7,418,939,239</b>	<b>6,911,694,377</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	15	1,539,712,710	1,618,401,012
Finance lease liabilities	16	-	26,762
Employee benefits	17	240,145,000	227,049,000
Provisions	18	217,913,609	195,378,926
		<b>1,997,771,319</b>	<b>2,040,855,700</b>
<b>Current Liabilities</b>			
Consumer deposits	20	65,330,962	59,109,630
Payables from exchange transactions	21	267,904,642	359,146,340
Unspent conditional grants and receipts	22	11,701,396	10,629,587
Borrowings	15	78,688,302	18,555,870
Finance lease liabilities	16	26,762	1,413,432
Provisions	18	570,790	-
Employee benefits	17	81,769,882	90,873,365
		<b>505,992,736</b>	<b>539,728,224</b>
<b>Total Liabilities</b>		<b>2,503,764,055</b>	<b>2,580,583,924</b>
<b>Net Assets</b>		<b>4,915,175,184</b>	<b>4,331,110,453</b>
<b>Net assets presented by:</b>			
Housing Development Fund	23	28,144,553	25,851,738
Reserves and Funds	24	1,785,178,262	1,407,367,304
Accumulated surplus	25	3,101,852,369	2,897,891,411
<b>Total Net Assets</b>		<b>4,915,175,184</b>	<b>4,331,110,453</b>

\* See Note 51





# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Exchange revenue</b>			
Services charges - Electricity	26	1,385,887,089	1,230,221,283
Services charges - Water	26	169,325,936	150,466,866
Services charges - Waste management	26	135,738,979	125,627,467
Services charges - Waste water management	26	125,716,049	121,448,845
Sales of goods and rendering of services	28	19,181,114	11,575,209
Rental from fixed assets	29	5,248,483	5,190,130
Interests on investments	30	9,673,336	5,215,173
Dividends	31	-	7,560
Interest on receivables	32	7,271,333	7,084,609
Operational revenue	33	13,272,599	11,499,275
Licences or permits	34	20,745,433	20,628,986
Gain on disposal of assets	35	563,151	-
<b>Total exchange revenue</b>		<b>1,892,623,502</b>	<b>1,688,965,403</b>
<b>Non-exchange revenue</b>			
Property rates	36	416,883,723	343,711,355
Availability charges - Electricity	27	1,902,418	1,639,713
Availability charges - Water	27	1,841,167	1,601,232
Availability charges - Waste management	27	3,153,904	2,779,837
Availability charges - Waste water management	27	2,804,994	2,500,447
Surcharges and taxes		1,170,821	1,060,460
Fines, penalties and forfeits	37	105,224,151	128,602,942
Transfers and subsidies	38	320,272,798	398,041,943
Operational revenue	33	1,507,493	8,798,882
Construction contract revenue	39	204,277	3,830,730
<b>Total non-exchange revenue</b>		<b>854,965,746</b>	<b>892,567,541</b>
<b>Total revenue</b>		<b>2,747,589,248</b>	<b>2,581,532,944</b>
<b>Expenditure</b>			
Employee related cost	40	716,436,654	713,033,715
Remuneration of councillors	41	31,654,071	31,101,146
Depreciation and amortisation	42	241,745,868	219,436,028
Impairment losses on financial assets	43	117,214,549	175,487,279
Impairment losses on PPE, IA and HA	44	2,468,069	(246,328)
Finance costs	45	180,161,754	179,830,803
Bulk purchases	46	977,740,575	834,993,591
Inventory consumed		60,171,578	52,897,550
Contracted services	47	148,352,036	148,022,777
Transfers and subsidies		15,343,996	8,534,159
Operational cost	48	92,354,301	82,227,985
Operating leases	49	20,467,526	18,956,121
Fair value and loss on disposal adjustment of assets	35	-	6,144,332
<b>Total expenditure</b>		<b>2,604,110,977</b>	<b>2,470,419,158</b>
<b>Surplus for the year</b>		<b>143,478,271</b>	<b>111,113,786</b>

\* See Note 51



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		407,320,443	342,405,923
Service charges		1,764,593,821	1,593,352,476
Transfers, subsidies and construction contracts revenue received		328,523,212	375,862,779
Interest		10,643,651	8,738,749
Dividends		-	7,560
Other receipts and fines received		76,051,735	61,737,207
<b>Payments</b>			
Employees cost		(741,836,543)	(736,448,424)
Suppliers		(1,365,074,153)	(1,161,866,459)
Interest charges		(180,161,753)	(179,830,800)
Net VAT paid		(15,539,974)	(3,352,694)
<b>Net cash from(used) operating activities</b>	50	<b>284,520,439</b>	<b>300,606,317</b>
<b>Cash flows from investing activities</b>			
<b>Receipts</b>			
Proceeds on disposal of fixed and intangible assets		8,297,948	3,115,991
(Decrease) increase in investments		(2,373)	77,040
<b>Payments</b>			
Capital assets		(181,744,454)	(224,218,042)
Increase in short investments		(40,000,000)	-
<b>Net cash flows from investing activities</b>		<b>(213,448,879)</b>	<b>(221,025,011)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Decrease in finance leases		(1,413,432)	(1,717,999)
Decrease in borrowing long-term		(18,555,870)	(19,681,847)
<b>Net cash flows from financing activities</b>		<b>(19,969,302)</b>	<b>(21,399,846)</b>
<b>Net increase/(decrease) in cash</b>		<b>51,102,258</b>	<b>58,181,460</b>
Cash and cash equivalents at year begin		138,781,359	80,599,899
<b>Cash and cash equivalents at year end</b>		<b>189,883,617</b>	<b>138,781,359</b>

\* See Note 51



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Statement of changes in net assets

	Housing development fund	Revaluation reserve	Accumulated surplus	Total net assets
<b>Figures in Rand</b>				
Opening balance as previously reported	22,000,756	1,452,457,291	2,684,543,970	4,159,002,017
Adjustments				
Correction of errors	-	(12,981,618)	74,723,380	61,741,762
<b>Balance at 01 July 2020 as restated*</b>	<b>22,000,756</b>	<b>1,439,475,673</b>	<b>2,759,267,350</b>	<b>4,220,743,779</b>
Surplus for the year	-	-	111,113,786	111,113,786
Offsetting of depreciation	-	(31,329,693)	31,329,693	-
Transfers to Housing Development Fund	3,850,982	-	(3,890,400)	(39,418)
Offsetting of depreciation	-	71,324	(71,324)	-
Offsetting sale of HA	-	(850,000)	850,000	-
Total changes	3,850,982	(32,108,369)	139,331,755	111,074,368
<b>Restated* Balance at 01 July 2021</b>	<b>25,851,738</b>	<b>1,407,367,304</b>	<b>2,898,599,106</b>	<b>4,331,818,148</b>
Surplus for the year	-	-	143,478,271	143,478,271
Transfers to Housing Development Fund	2,292,815	-	(2,523,692)	(230,877)
Offsetting of depreciation	-	(54,474,844)	54,474,844	-
Revaluation of PPE	-	433,237,645	-	433,237,645
Revaluation of HA	-	6,872,000	-	6,872,000
Offsetting of Land Inventory	-	(7,823,842)	7,823,842	-
Total changes	2,292,815	377,810,959	203,253,265	583,357,039
<b>Balance at 30 June 2022</b>	<b>28,144,553</b>	<b>1,785,178,262</b>	<b>3,101,852,369</b>	<b>4,915,175,184</b>
Note(s)	23	24	25	

\* See Note 51



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Comparison of Budget and Actual Amounts for the year ended 30 June 2022

	Original budget	*Budget adjustments	Final adjustments budget	**Shifting of funds	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>										
<b>Statement of financial performance</b>										
<b>Revenue</b>										
Property rates	403,840,831	12,138,030	415,978,861	-		415,978,861	416,883,724	904,863	100.22 %	103.23 %
Service charges	1,840,504,940	(28,202,108)	1,812,302,832	-		1,812,302,832	1,826,370,540	14,067,708	100.78 %	99.23 %
Investment revenue	6,000,000	-	6,000,000	-		6,000,000	9,673,336	3,673,336	161.22 %	161.22 %
Transfers recognised – operational	200,861,075	10,605,392	211,466,467	-		211,466,467	204,171,779	(7,294,688)	96.55 %	101.65 %
Other own revenue	157,591,029	17,442,215	175,033,244	-		175,033,244	192,767,554	17,734,310	110.13 %	122.32 %
<b>Total revenue (excl capital transfers and contributions)</b>	<b>2,608,797,875</b>	<b>11,983,529</b>	<b>2,620,781,404</b>	<b>-</b>		<b>2,620,781,404</b>	<b>2,649,866,933</b>	<b>29,085,529</b>	<b>101.11 %</b>	<b>101.57 %</b>
<b>Expenditure</b>										
Employee cost	(743,376,564)	(3,223,357)	(746,599,921)	-	-	(746,599,921)	(720,232,102)	26,367,819	96.47 %	96.89 %
Remuneration of councillors	(33,640,385)	-	(33,640,385)	-	-	(33,640,385)	(31,654,070)	1,986,315	94.10 %	94.10 %
Depreciation and asset impairment	(242,691,338)	-	(242,691,338)	-	-	(242,691,338)	(241,745,856)	945,482	99.61 %	99.61 %
Finance charges	(180,316,454)	-	(180,316,454)	-	-	(180,316,454)	(180,161,755)	154,699	99.91 %	99.91 %
Inventory consumed and bulk purchases	(1,034,355,079)	3,454,808	(1,030,900,271)	-	(7,061,842)	(1,037,962,113)	(1,037,912,149)	49,964	100.00 %	100.34 %
Transfers and grants	(18,117,842)	1,563,448	(16,554,394)	-	330,000	(16,224,394)	(15,343,997)	880,397	94.57 %	84.69 %
Other expenditure	(408,070,699)	(15,321,588)	(423,392,287)	-	6,731,842	(416,660,445)	(397,151,472)	19,508,973	95.32 %	97.32 %
<b>Total expenditure</b>	<b>(2,660,568,361)</b>	<b>(13,526,689)</b>	<b>(2,674,095,050)</b>	<b>-</b>	<b>-</b>	<b>(2,674,095,050)</b>	<b>(2,624,201,401)</b>	<b>49,893,649</b>	<b>98.13 %</b>	<b>98.63 %</b>
<b>Surplus</b>										
Transfers and subsidies - Capital	96,382,569	26,949,114	123,331,683	-		123,331,683	117,812,786	(5,518,897)	95.53 %	122.23 %
<b>Surplus after capital transfers and contributions</b>	<b>44,612,083</b>	<b>25,405,954</b>	<b>70,018,037</b>	<b>-</b>	<b>-</b>	<b>70,018,037</b>	<b>143,478,318</b>	<b>73,460,281</b>	<b>204.92 %</b>	<b>321.61 %</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Comparison of Budget and Actual Amounts for the year ended 30 June 2022

	Original budget	*Budget adjustments	Final adjustments budget	**Shifting of funds	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>										
<b>Reconciliation to statement of financial performance</b>										
<b>Capital expenditure and fund source</b>										
Transfers recognised – capital	96,382,569	26,949,114	123,331,683	-	-	123,331,683	112,773,339	(10,558,344)	91.44 %	117.01 %
Borrowings	-	-	-	-	-	-	-	-	- %	- %
Internally generated funds	31,720,000	14,723,619	46,443,619	-	-	46,443,619	44,278,112	(2,165,507)	95.34 %	139.59 %
	<b>128,102,569</b>	<b>41,672,733</b>	<b>169,775,302</b>	-	-	<b>169,775,302</b>	<b>157,051,451</b>	<b>(12,723,851)</b>	<b>92.51 %</b>	<b>122.60 %</b>
<b>Cash flow</b>										
Total non-current assets	6,096,797,641	41,672,733	6,138,470,374	-	-	6,138,470,374	6,674,145,681	535,675,307	108.73 %	109.47 %
Total current assets	598,313,890	6,345,117	604,659,007	-	-	604,659,007	742,555,800	137,896,793	122.81 %	124.11 %
Total non-current liabilities	(1,999,587,355)	-	(1,999,587,355)	-	-	(1,999,587,355)	(1,997,771,319)	1,816,036	99.91 %	99.91 %
Total current liabilities	(556,198,244)	-	(556,198,244)	-	-	(556,198,244)	(503,754,978)	52,443,266	90.57 %	90.57 %
Community wealth/equity	(4,139,325,932)	(48,017,850)	(4,187,343,782)	-	-	(4,187,343,782)	(4,915,175,184)	(727,831,402)	117.38 %	118.74 %
	-	-	-	-	-	-	-	-	- %	- %



## Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

### Comparison of Budget and Actual Amounts for the year ended 30 June 2022

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	**Shifting of funds	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flow statement</b>										
Net cash from (used) operating	212,555,358	38,479,757	251,035,115	-	-	251,035,115	278,299,104	27,263,989	110.86 %	130.93 %
Net cash from (used) investing	(103,941,545)	(43,262,067)	(147,203,612)	-	-	(147,203,612)	(213,448,879)	(66,245,267)	145.00 %	205.35 %
Net cash from (used) financing	(29,683,298)	11,127,428	(18,555,870)	-	-	(18,555,870)	(13,747,970)	4,807,900	74.09 %	46.32 %
	<b>78,930,515</b>	<b>6,345,118</b>	<b>85,275,633</b>	-	-	<b>85,275,633</b>	<b>51,102,255</b>	<b>(34,173,378)</b>	<b>59.93 %</b>	<b>64.74 %</b>

#### Commentary

Please refer to note 67 to 69 for additional budget information.

\*Budget adjustments done in terms of section 28 and section 31 of the MFMA

\*\*Shifting of funds done in terms of section 31 of the MFMA

\*\*\*Virement in terms of Council Approve Policy, virements must offset each other so that virements in Total Expenditure column equals zero



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### Basis of preparation

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

The audited annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of issued and effective Standards of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of the audited annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior period audited annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in note Changes in accounting policies.

### 1. Summary of significant accounting policies

These standards are summarised as follows:

Reference	Description
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IFRS 4	Insurance contracts
IAS 12	Income taxes
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1. Summary of significant accounting policies (continued)

IGRAP 2	Changes in Existing Decommissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidation – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IFRIC 12	Service Concession Arrangements
SIC 25	Income Taxes – Changes in the status of an enterprise or its shareholders
SIC 29	Disclosure Service Concession
Directive 1	Deletion of Transitional Provisions in Standards of GRAP
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 5	GRAP Reporting Framework
Directive 7	The Application of Deemed Cost
Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP
Guideline	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
Guideline	Accounting for Landfill Sites
Guideline	The Application of Materiality to Financial Statements

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the ASB, but for which an effective date have not been determined by the Minister of Finance.

#### 1.1 New standards and interpretations

##### Standards, amendments to standards and interpretations effective and adopted in the current year

No new Standards have been adopted.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.1 New standards and interpretations (continued)

#### Standards, amendments to standards and interpretations issued, but not yet effective

GRAP 25 on Employee Benefits and effective date for the reporting periods has not yet been set. The ASB agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The ASB decisions to depart are explained in the basis for conclusions. The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

GRAP 104 on Financial Instruments and effective date for the reporting periods has not yet been set. Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the IASB amended its existing Standards to deal with these issues. The IASB issued (IFRS®) Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised IPSAS in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

All other standards as listed above will only be effective on the date it is announced by the Minister of Finance.

The Accounting Standards Board Directive 5 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board or, International Financial Reporting Standards. Where a standard of GRAP has been issued, but is not in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

### 1.2 Presentation currency

These audited annual financial statements are presented in South African Rand and are rounded off to the nearest Rand.

### 1.3 Going concern assumption

These audited annual financial statements have been prepared on a going concern basis.

### 1.4 Offsetting

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

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.5 Comparative of actual information to budgeted information

#### Current year comparatives

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations (MBRR). The amounts are scheduled as a separate additional financial statement, called the Statement of comparison of budget and actual amounts, based on the classifications as contained in the A Schedule, specifically Table A1 – Budget Summary. Actual performance is expressed based the budget classifications as contained in Budget Schedule A, table A1. A reconciliation of the base as presented in the Statement of Financial Performance and Cash Flow Statement is presented in the notes.

Explanatory comment is provided in the notes to the unaudited annual financial statements giving motivations for over- or under spending on line items where it is found to be material. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the unaudited annual financial statements in determining whether a difference between the budgeted and actual amount is material.

The annual budget figures included in the unaudited annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2021 to 30 June 2022.

#### Prior year comparatives

The comparative figures of one prior period is disclosed, where required. When the presentation or classification of items in the audited annual financial statements is amended, prior period comparative amounts are restated. The nature and reasons for the reclassification are disclosed.

### 1.6 Housing development reserve

The Housing development fund was established in terms of the Housing Act (Act No. 107 of 1997).

#### Housing development fund

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund.

The Housing Act also requires in terms of section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development, development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the National Minister of Human Settlements.
- Any contributions to or from the fund must be shown as transfers in the Statement of changes in net assets.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

#### Un-realized housing proceeds

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, (Act 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the un-realized funds due by long-term housing selling schemes and sponsored loan debtors. This account is reduced when debtors are billed for their payment.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.7 Internal reserves and revaluation reserve

#### Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

### 1.8 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of financial performance as a finance cost as it occurs.

#### Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure and post monitoring cost, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of financial performance.

### 1.9 Property, plant and equipment

#### Initial recognition

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

Property, plant and equipment are initially recognised at cost on its acquisition date. 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.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.9 Property, plant and equipment (continued)

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.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

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

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.

#### Subsequent measurement – cost model

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment, excluding land and buildings, are measured at cost, less accumulated depreciation and accumulated impairment losses.

#### Subsequent measurement – revaluation model

Subsequent to initial recognition, land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external independent values every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.9 Property, plant and equipment (continued)

#### Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight-line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

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Asset class	Useful lives as applied in the Asset Register (years)
Infrastructure	
• Roads and storm water	5-100
• Electricity	5-75
• Water	5-100
• Sewerage	5-100
• Solid Waste	5-100
Buildings	
• Buildings	30-50
• Recreational and sports facilities	5-100
• Resorts	5-100
• Housing assets	30-50
Other structures and facilities	
• Parks, gardens and cemeteries	5-100
• Parking structures	30-50
• Other structures	5-50
• Communication assets	30-50
• Leasehold improvements	30-50
• Containerized structures	5-50
Other assets	
• Transport assets	5-20
• Computer and other office equipment	3-10
• Furniture and fittings	5-10
• Machinery and equipment	5-10

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.9 Property, plant and equipment (continued)

Historical reviews have impacted the lives of the assets. The following table indicates the impact on the actual lives of the assets as a result of historical reviews and adjustments made:

Asset class	Useful lives as applied in the Asset Register (years)
Infrastructure	
• Roads and storm water	5-100
• Electricity	5-100
• Water	5-140
• Sewerage	5-120
• Solid Waste	5-100
Buildings	
• Buildings	1 - 60
• Recreational and sports facilities	1 - 100
• Restorts	1 - 100
• Housing assets	1 - 60
Other structures and facilities	
• Parks, gardens and cemeteries	1-100
• Parking structures	30-50
• Other structures	3-50
• Communication assets	30-50
• Leasehold improvements	30-50
• Containerized structures	5-50
Other assets	
• Transport assets	5-35
• Computer and other office equipment	3-45
• Furniture and fittings	5-45
• Machinery and equipment	5 - 50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

### De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying values of assets (Cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of property, plant and equipment.

### 1.10 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.10 Intangible assets (continued)

#### Initial recognition and measurement

Intangible assets are initially recognised at cost. The cost of an intangible assets is the purchase price and other costs attributable to bring the intangible assets to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible assets is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

#### Subsequent measurement

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

#### Derecognition

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

### 1.11 Investment property

Investment property includes property 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. Investment property also includes land held for an undetermined future use.

#### Initial recognition

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.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties;
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.11 Investment property (continued)

#### Subsequent measurement – fair value model

Investment property is subsequently measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuer on reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the municipality measures that investment property using the cost model.

#### Derecognition/Disposal

Investment properties are derecognised (eliminated from the Statement of Financial Position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.12 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified heritage assets. Furthermore, land with a natural significance is not componentised but seen as a single heritage asset due to all parts contributing together to make up its significance.

GRAP 103 requires that land and buildings that qualify as heritage asset, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, should be recognised as property, plant and equipment, rather than heritage asset.

#### Initial recognition and measurement

The cost of an item of heritage assets 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 if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets 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.

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.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.



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### 1.12 Heritage assets (continued)

#### Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

Subsequent to initial recognition, land and buildings which qualify as heritage assets are carried at a revalued amount based on municipal valuations less subsequent accumulated impairment losses. Revaluations are performed by external independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

#### De-recognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

### 1.13 Inventory

Inventory consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for items which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventory comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised In the Statement of Financial Performance in the year in which they arise. 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 were sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

#### Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

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### 1.13 Inventory (continued)

#### Land inventory for BNG housing projects

The Accounting Standards Board issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

In terms of the guideline, land currently controlled by the municipality and recognised as either property, plant and equipment or investment property, that has been designated for the purposes of a BNG housing development - in terms of Council's approved housing pipeline projects - meets the definition of inventory and requires reclassification to inventory.

The municipality only reclassifies the portion of land that it would not control after entering into an arrangement with the provincial Department of Human Settlements, to inventory.

Once the township development is completed, revisions that may need to be made to the values of the land initially reclassified as inventory is treated as a change in accounting estimate in terms of GRAP 3.

The carrying amount of the land up until the date of reclassification, as determined in accordance with the accounting policy of property, plant and equipment or investment property, is the cost amount on the date of reclassification.

Land inventory is derecognised once an agreement has been entered into with the provincial Department of Human Settlement, that passed control to the department.

### 1.14 Living and non-living resources

Living resources are those resources that undergo biological transformation, whilst non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Non-living resources, other than land, are not be recognised as assets.

A living resource is regarded as an asset when the municipality controls the right or access to future economic benefits or service potential of the resource. This is done by considering whether the following indicators that conclude that control, exists:

- The intervention by a municipality in the management of the physical condition of the living resource.
- The ability to restrict the movement of living resource.
- The ability to direct the use of the living resource.

The municipality is in terms of its mandate responsible for management and/or conservation of the environment as a whole, inclusive of natural resources such as plants and trees within parks and recreational facilities, but it does not manage the physical condition of each individual plant within that environment. As a result, the municipality concludes that it does not control these trees and plants as living resources, and does not regard them as separate assets.

Water rights are disclosed as non-living resources.

### 1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

#### Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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### 1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

#### Impairment of non-cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

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

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.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

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### 1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.16 Employee benefits

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

#### Short-term employee benefits

Remuneration to employees is recognised in the Statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

#### Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of financial performance in the period in which the service is rendered by the relevant employees.

#### Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of financial performance.

#### Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

#### Ex-gratia pension benefits

The municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl, Wellington, Gouda and Saron Municipalities (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

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### 1.16 Employee benefits (continued)

#### Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of financial performance.

#### National- and provincially administered defined benefit plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

The municipality does not apply defined benefit accounting to the defined benefit funds to which it is a member where these funds are classified in terms of the Standard of GRAP 25 on Employee Benefits as multiemployer plans, as sufficient information is not available to apply the principals involved. As a result, this standard of GRAP is applied and such funds are accounted for as defined contribution funds.

Salaried personnel are members of the Cape Joint Pension fund established in terms of the Local Authorities Pension Fund Ordinance, 1969 (Ordinance 23 of 1969), and the provisions of the Pension Fund Act, 1956 (Act 24 of 1956) or the SAMWU National Provident Fund.

#### Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

#### Provision for bonus

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

### 1.17 Leases

#### Lease classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

#### Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# Drakenstein Municipality

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### 1.17 Leases (continued)

#### Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

### 1.18 Borrowing costs

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the Statement of financial performance in the period in which they are incurred.

### 1.19 Financial instruments

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities.

A financial instrument is recognised if the municipality becomes a party to the contractual provisions of the instrument.

#### 1.19.1 Classification of financial instruments

##### Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

#### Type of financial asset

Finance lease receivables  
Long-term receivables  
Current portion of long-term receivables  
Consumer debtors  
Other debtors  
Short-term investment deposit - Call  
Bank balances and cash

#### Classification in terms of GRAP 104

Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost



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## Accounting Policies

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### 1.19 Financial instruments (continued)

Investments in stock

Financial assets at fair value

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). 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, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

#### Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist:

- Financial liabilities measured at amortised cost; or
- Financial liabilities measured at fair value.

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Long-term liabilities	Financial liability at amortised cost
Current portion of long-term liabilities	Financial liability at amortised cost
Other creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term loans	Financial liability at amortised cost

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial liabilities where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

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

#### 1.19.2 Initial and subsequent measurement

##### Initial recognition and measurement

###### Financial assets:

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to municipal entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Financial assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the Statement of Financial Performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of Financial Performance.

# Drakenstein Municipality

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### 1.19 Financial instruments (continued)

#### Financial liabilities:

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of financial performance.

Any other financial liabilities classified at amortised cost (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest-bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of financial performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

#### 1.19.3 Impairment of financial assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 104, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

#### Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

#### Other debtors

Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

#### Long-term debtors

##### Housing loans

The loans in this group are assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

##### Other long-term loans

No provision for impairment is made for Other long-term loans, because it is envisaged that these debts will be fully recovered.

Other financial assets at amortised cost are assessed individually for impairment.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.



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### 1.19 Financial instruments (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### 1.19.4 Derecognition

##### Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial assets, the municipality continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

##### Financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

### 1.20 Statutory receivables

#### 1.20.1 Identification

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

The municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables
- Rates debtors
- Traffic fine debtors
- Availability charges debtors:
  - Electricity;
  - Water;
  - Waste; and
  - Waste water.

#### 1.20.2 Recognition

The municipality recognises statutory receivables as follows:

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

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### 1.20 Statutory receivables (continued)

#### 1.20.3 Measurement

The municipality initially measures statutory receivables at their transaction amount.

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

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### 1.20.4 Impairment of statutory receivables

Statutory receivables, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Statutory receivables are impaired where there is objective evidence of impairment of Statutory receivables (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 108.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 108, the assessment for impairment needs to be made for each individual financial asset separately or for groups of statutory receivables with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

##### Rate debtors and availability charge debtors

Rates debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

##### Traffic fine debtors

Traffic fine debtors are reviewed collectively considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### 1.20.5 De-recognition of statutory receivables

The municipality derecognises a statutory receivable, or a part thereof, when:

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

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### 1.20 Statutory receivables (continued)

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.21 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

#### Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

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

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.

#### 1.21.1 Revenue from exchange transactions

##### Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being 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. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers. Basic fees are calculated per the size of connection.

Service charges relating to refuse removal 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, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

##### Pre-paid electricity

Revenue from the sale of pre-paid electricity are recognised at the point of sale. Revenue from the sale of prepaid electricity are recognised based on an estimate of the pre-paid electricity consumed as at the reporting date.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.21 Revenue (continued)

#### Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment.

#### Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

#### Traffic charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

#### Income from agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

#### Housing rental and instalments

Finance income from the sale of housing by way of instalment sale agreements or finance leases is recognised on a time proportion basis.

#### Sale of goods

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

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

### 1.21.2 Revenue from non-exchange transactions

#### Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

#### Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.21 Revenue (continued)

#### Donations and contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met.

Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions 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 are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

#### Government grants and receipts

##### - Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

##### - Conditional grants and receipts

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue 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 are brought into use.

##### - Interest earned on unspent grants and receipts

Interest earned on unspent grants and receipts is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance in accordance with GRAP 9.

#### Services received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

#### Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

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 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.21 Revenue (continued)

#### Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

### 1.22 Accounting by principal and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.22 Accounting by principal and agents (continued)

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.23 Housing arrangements

The ASB issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

#### Top structures

Where the municipality acts as a project manager in a housing arrangement, it is regarded as an agent in terms of the principles of GRAP 109 - Accounting by Principals and Agents.

Where the municipality is regarded as an agent, costs related to the construction of top structures and the related recovery thereof (revenue) is not be recognised in the Statement of financial performance of the municipality.

Where the municipality is identified as a project developer, the construction of the houses is performed by the municipality or by the appointment of a sub-contractor to undertake the construction on the municipality's behalf. The municipality applies the GRAP 11, Construction Contracts to account for these construction activities.

Where the municipality is regarded as the project developer and if the outcome of the construction contract can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract revenue will be in the form of a grant from the Department of Human settlements and presented and disclosed under transfers and subsidies in the Statement of financial performance.

Contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### Other transactions related to housing arrangements:

Other transactions may also arise from the Housing Arrangements and fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-exchange Transactions and GRAP 109: Principal Agent Arrangements.

- Income from grants pertaining to the planning and construction of civil services of a project is considered to be grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions.
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements, and as such the municipality is regarded as an agent.

### 1.24 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax (VAT) on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

### 1.25 Grants and subsidies paid

The municipality transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the audited annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.26 Unauthorised expenditure

Section 1 of the MFMA, defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality's approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the MFMA also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses the Municipal Standard Chart of Accounts (mSCOA) Functions and Sub-functions, previously the Government Finance Statistics (GFS) functions, as well as departments as the main groupings of segments of the municipality's budget segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors as well as per mSCOA classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### 1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular Expenditure is accounted for as an expense in the Statement of financial performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

### 1.28 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### 1.29 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the municipality at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.30 Change in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the audited annual financial statements where applicable.

### 1.31 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of an individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

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.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

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.

### 1.32 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the audited annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the audited annual financial statements.

### 1.33 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.33 Contingent assets and contingent liabilities (continued)

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

### 1.34 Segmental reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The reportable segments identified are those functional segments reported in the Government Finance Statistics (GFS's) format and the Municipal Vote (Departmental) format per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The Government Finance Statistics (GFS's) format allows for universal comparability of segments. The main factors considered in selecting the segments were the level of comparability with other preparers and a level of aggregation that does not detract from presenting the separate revenue or service delivery components.

The Municipality uses the Municipal Vote (Departmental) as Primary and the GFS as Secondary segment reporting levels.

The report will not be aggregated.

The municipality manages its assets and liability as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it's not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The assets and liabilities are not reviewed at all on a segregated basis.

The reporting measurement basis for the management reports is the same as that of the annual financial statements.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 2. Key judgements and sources of estimation uncertainty

In the application of the municipality's accounting policies, which are described above, management is required to make judgements, estimates and assumptions 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 experience and other factors that are considered to be 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 or in the period of the revision and future periods if the revision affects both current and future periods.

#### 2.1. Judgements

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the audited annual financial statements:

##### Materiality

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the decisions that users make on the basis of these audited annual financial statements.

In preparation of the audited annual financial statements materiality has been considered in:

- Deciding what to report in the audited annual financial statements and how to present it.
- Assessing the effect of omissions, misstatements and errors on the audited annual financial statements

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof has been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items, transactions and events), and used as a margin of error or framework within which to assess misstatements and errors.

Classes of transactions	2022	
	Base Rand	Level of materiality Rand
Revenue	2,599,632,211	12,998,161
Capital and Operational Expenditure	2,761,561,199	13,807,806
Total Assets	6,743,545,986	33,717,730
Total Liabilities	2,578,656,583	12,893,283
Equity (Net Assets)	4,164,889,403	20,824,447

Based on professional judgement the quantitative value of materiality for the 2022 financial year is set at R 12.9 million.

The municipality has also considered whether certain transactions or balances may be qualitatively material based on the inherent characteristics thereof, even though the transaction or balance is quantitatively immaterial, if:

- The item, transaction or event relates to legal or regulatory requirements.
- Related party transactions.
- The regularity or frequency with which an item, transaction or event occurs.
- The item, transaction or event results in the reversal of a trend.
- The item, transaction or event is likely to result in a change in accounting policy.
- The commencement of a new function, or the reduction or cessation of an existing function.
- The degree of estimation or judgement that is needed to determine the value of an item, transaction or event.
- An item, transaction or event that affects the going concern assumption of the municipality.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 2. Key judgements and sources of estimation uncertainty (continued)

#### Lease classification – Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

#### Lease classification – Municipality as lessee

The municipality has entered into a number of leases for office equipment. In determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the municipality.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The municipality has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

#### Classification of property as held for strategic purposes

The municipality classifies vacant land that is earmarked for future development in terms of the municipality's Spatial Development Framework, as property, plant and equipment, rather than investment property.

#### Criteria for the classification of properties as investment property rather than property, plant and equipment, when classification is difficult

All properties held to earn market-related rentals or for capital appreciation or both and that are not for administrative purposes and that will not be sold in the ordinary course of operations are classified as investment property.

#### Land held for currently undetermined future use

Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment property. The rental revenue generated is incidental to the purposes for which the property is held.

#### Componentisation of infrastructure assets

All infrastructure assets, acquired before the adoption of GRAP where the acquisition cost could not be obtained, with significant components relating to different useful lives are unbundled into their 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 replacement cost of each component, depreciated for age and condition and recalculated to deemed cost at the acquisition date if known or to the date of initially adopting the standards of GRAP. All infrastructure assets acquired after the adoption of GRAP with significant components relating to different useful lives are unbundled into their components based on the actual expenditure incurred.

#### Determination of repairs and maintenance cost

Repairs and maintenance is based on management's own judgement of costs incurred in cost centres responsible for the maintenance and repair of municipality owned assets. This includes internal charges (inter departmental charges) such as internal transport costs, charged out to the different departments.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 2. Key judgements and sources of estimation uncertainty (continued)

#### 2.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

##### Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is 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. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### Classification of financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

##### Impairment of receivables

The Accounting Policy on Financial Instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of service debtors (receivables from exchange and non-exchange transactions) 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.

The calculation in respect of the impairment of fine receivables (receivables from non-exchange transactions) is based on an assessment of the past payment history of fines per category.

##### Valuation of financial assets at fair value

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### Assessment of control over land

Land is regarded under control of the municipality, where it holds legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land (substantive rights).

Land for which the municipality holds legal title, but is not recognised as under its control, include properties under the house selling schemes, or where a transfer/sales agreement has been entered into with a prospective buyer/transferee, that obtains the right control by means of a binding agreement, if specified that by that agreement that the right transfers before legal title transfers.

Land for which the municipality does not hold legal title or have custodian of land appointed in terms of legislation, but which is recognised as under the control of the municipality, are in instances where the municipality has existing infrastructure such as substations or waste water treatment works or permanent facilities, such as office buildings and community facilities, that it receives the sole economic and service potential from.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 2. Key judgements and sources of estimation uncertainty (continued)

#### Review of useful lives of property, plant and equipment and intangible assets

The useful lives of assets are based on management's estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These include changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

#### Valuation of land and buildings and fair value estimations of investment property

Land and buildings were valued and the fair value of investment property determined, by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

#### Impairment of property, plant and equipment, intangible assets, heritage assets and inventory

The Accounting Policies on impairment of cash and non-cash generating assets as well as inventory describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to the impairment of property, plant and equipment, intangible assets and heritage assets and the write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-cash generating assets.

#### Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation provision due to passage of time is recognised as finance cost in the Statement of financial performance.

#### Revenue recognition

The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the 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.

In particular, in regard to revenue form exchange revenue - when goods are sold, whether the management had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered.

Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. In regard to revenue from non-exchange transactions - significant estimations were made to the initial recognition and measurement of revenue on fines, on the estimated reductions on initial recognition and measurement. Based on past experience, of the amount of revenue the municipality is entitled to collect was calculated as 97.6% of the value of the fines issued, whereas it was estimated that 83.7% of the value of the fines issued were impaired. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### Budget information

Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the audited annual financial statements.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 2. Key judgements and sources of estimation uncertainty (continued)

Management also calculates and supplies some estimates to the calculation of:

- Water inventory;
- Bonus provision accrual;
- Performance bonus accrual;
- Staff leave accrual; and
- Prepaid electricity accrual.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

#### 3.1 Reconciliation of carrying value

2022

	Land	Infrastructure assets	Buildings	Other structures and facilities	Capital spares	Other assets	Total
<b>Opening carrying value at 01 July 2021</b>							
Cost	946,822,528	7,265,691,738	1,028,002,089	38,716,330	11,528,900	361,354,257	9,652,115,842
Construction work-in-progress	-	377,356,429	25,401,956	3,512,416	-	-	406,270,801
Accumulated depreciation	-	(3,428,198,950)	(195,927,569)	(8,907,462)	-	(211,336,890)	(3,844,370,871)
	<b>946,822,528</b>	<b>4,214,849,217</b>	<b>857,476,476</b>	<b>33,321,284</b>	<b>11,528,900</b>	<b>150,017,367</b>	<b>6,214,015,772</b>
Additions from acquisitions	1,603,700	94,723,672	13,956,305	3,632,189	-	15,256,810	129,172,676
WIP Additions	-	34,801,660	9,570,646	2,751,805	-	-	47,124,111
Additions - Transfers from WIP	-	266,506,673	634,000	-	-	-	267,140,673
Revaluation adjustments	169,650,968	-	263,586,677	-	-	-	433,237,645
Reversal of Depreciation against asset cost	-	-	(195,912,542)	-	-	-	(195,912,542)
Reversal of Depreciation against asset Acc depreciation	-	-	195,912,542	-	-	-	195,912,542
Depreciation	42	(163,427,449)	(69,257,531)	(1,601,882)	-	(14,318,579)	(248,605,441)
	<b>171,254,668</b>	<b>232,604,556</b>	<b>218,490,097</b>	<b>4,782,112</b>	<b>-</b>	<b>938,231</b>	<b>628,069,664</b>
<b>Carrying value of disposals / transfers</b>							
Cost - disposals	(2,240,810)	(14,641,842)	(295,800)	(91,785)	-	(16,724,339)	(33,994,576)
Cost - WIP transfer to complete	-	(266,506,673)	(634,000)	-	-	-	(267,140,673)
Accumulated depreciation - disposals	-	10,375,119	19,821	91,785	-	16,635,747	27,122,472
	<b>(2,240,810)</b>	<b>(270,773,396)</b>	<b>(909,979)</b>	<b>-</b>	<b>-</b>	<b>(88,592)</b>	<b>(274,012,777)</b>
Impairment loss / reversal of impairment loss	(73,689)	-	(785,592)	-	-	(1,608,788)	(2,468,069)
Other changes	(5,513,791)	-	-	-	3,218,456	-	(2,295,335)
	<b>(5,587,480)</b>	<b>-</b>	<b>(785,592)</b>	<b>-</b>	<b>3,218,456</b>	<b>(1,608,788)</b>	<b>(4,763,404)</b>
<b>Closing carrying value as at 30 June 2022</b>	<b>1,110,248,906</b>	<b>4,176,680,377</b>	<b>1,074,271,002</b>	<b>38,103,396</b>	<b>14,747,356</b>	<b>149,258,218</b>	<b>6,563,309,255</b>





# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 3. Property, plant and equipment (continued)

Cost	1,110,322,596	7,612,280,240	1,109,970,729	42,256,734	14,747,355	359,886,729	10,249,464,383
Cost - construction work-in-progress	-	145,651,417	34,338,602	6,264,221	-	-	186,254,240
Accumulated depreciation	(73,689)	(3,581,251,280)	(70,038,329)	(10,417,559)	-	(210,628,511)	(3,872,409,368)
	<b>1,110,248,907</b>	<b>4,176,680,377</b>	<b>1,074,271,002</b>	<b>38,103,396</b>	<b>14,747,355</b>	<b>149,258,218</b>	<b>6,563,309,255</b>

The remaining useful lives of all assets were adjusted during 2022, and was treated as a change in accounting estimate. All changes in accounting estimates are applied prospectively, accordingly no prior year adjustments were made.

#### 2021

	Land	Infrastructure assets	Buildings	Other structures and facilities	Capital spares	Other assets	Total
<b>Opening carrying value at 01 July 2020</b>							
Cost	948,775,856	7,067,333,239	983,340,118	32,878,804	8,511,431	354,859,803	9,395,699,251
Construction work-in-progress	-	366,021,800	49,745,583	1,527,332	-	-	417,294,715
Accumulated depreciation	-	(3,286,522,590)	(148,543,810)	(7,505,364)	-	(194,611,876)	(3,637,183,640)
	<b>948,775,856</b>	<b>4,146,832,449</b>	<b>884,541,891</b>	<b>26,900,772</b>	<b>8,511,431</b>	<b>160,247,927</b>	<b>6,175,810,326</b>
Additions from acquisitions	-	114,963,904	12,660,572	5,850,096	-	8,523,585	141,998,157
WIP additions	-	120,495,520	8,086,372	1,985,084	-	-	130,566,976
Transfers from construction work-in-progress	-	109,160,891	32,429,999	-	-	-	141,590,890
Depreciation	42	(160,775,253)	(47,474,287)	(1,414,668)	-	(17,365,415)	(227,029,623)
	-	<b>183,845,062</b>	<b>5,702,656</b>	<b>6,420,512</b>	-	<b>(8,841,830)</b>	<b>187,126,400</b>
<b>Carrying value of disposals / transfers</b>							
Cost - disposals	(1,953,328)	(25,766,296)	(428,600)	(12,570)	-	(2,029,133)	(30,189,927)
Cost - WIP transfers to complete	-	(109,160,891)	(32,430,000)	-	-	-	(141,590,891)
Accumulated depreciation - disposals	-	19,098,893	90,528	12,570	-	394,072	19,596,063
	<b>(1,953,328)</b>	<b>(115,828,294)</b>	<b>(32,768,072)</b>	-	-	<b>(1,635,061)</b>	<b>(152,184,755)</b>



## Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

### Notes to the Audited Annual Financial Statements

#### Figures in Rand

#### 3. Property, plant and equipment (continued)

Impairment loss / reversal of impairment loss	-	-	-	-	-	246,328	246,328
Other changes	-	-	-	-	3,017,469	-	3,017,469
	-	-	-	-	<b>3,017,469</b>	<b>246,328</b>	<b>3,263,797</b>
<b>Closing carrying value as at 30 June 2021</b>	<b>946,822,528</b>	<b>4,214,849,217</b>	<b>857,476,475</b>	<b>33,321,284</b>	<b>11,528,900</b>	<b>150,017,364</b>	<b>6,214,015,768</b>
Cost	946,822,528	7,265,691,738	1,028,002,089	38,716,330	11,528,900	361,354,256	9,652,115,841
Cost - construction work-in-progress	-	377,356,429	25,401,956	3,512,416	-	-	406,270,801
Accumulated depreciation	-	(3,428,198,950)	(195,927,569)	(8,907,462)	-	(211,336,892)	(3,844,370,873)
	<b>946,822,528</b>	<b>4,214,849,217</b>	<b>857,476,476</b>	<b>33,321,284</b>	<b>11,528,900</b>	<b>150,017,364</b>	<b>6,214,015,769</b>

The remaining useful lives of all assets were adjusted during 2021, and was treated as a change in accounting estimate.

All changes in accounting estimates are applied prospectively, accordingly no prior year adjustments were made.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

Included in the carrying value for land is an amount of R2,945,685 (2021: R3,368,099) for land assets where the municipality is not the legal owner or the appointed custodian in terms of legislation, but the land to be under the control of the municipality in terms of IGRAP 18. Please refer to note 2 for key judgements and assumptions made regarding control of land.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 3. Property, plant and equipment (continued)

#### 3.2 Land and buildings carried at fair value

Land and buildings were revalued to fair value during the 2021/2022 financial year. The effective date of revaluation was 01-Jul-2021 and the valuation was performed by registered and independent valuers. The independent valuers are not connected to the municipality.

#### 3.3 Property, plant and equipment pledged as security

No assets have been pledged as security

#### 3.4 Impairment of property, plant and equipment

The municipality assessed its items of property, plant and equipment for any potential impairment losses or reversal of impairment losses on assets.

The following reversals of impairment losses were recognised during the year:

Land	73,689	-
Buildings	788,489	-
Other assets	1,608,788	(246,328)
<b>Total impairment recognised</b>	<b>2,470,966</b>	<b>(246,328)</b>

Impairment losses on vehicles were predominantly due to the assets being damaged beyond repair.

Impairment losses on land and buildings are due to valuation losses.

#### 3.5 Change in estimate

##### Useful life of property, plant and equipment

A review of the useful lives and residual values of items of property, plant and equipment has been performed. The change in the estimated useful lives and residual values of various assets of the municipality has resulted in a decrease in depreciation of R 7,098,696 (2021: R 5,466,056).

#### 3.6 Property, plant and equipment under construction or in the process of being developed

No projects were identified where construction or development has been halted, or that is taking a significantly longer period of time to complete than expected.

#### 3.7 Maintenance of property, plant and equipment

##### 3.7.1 Maintenance of property, plant and equipment by nature and type of expenditure

###### 2022

	Buildings, structures and facilities	Infrastructure assets	Other assets	Total
<b>Expenditure</b>				
Contracted Services	12,838,876	31,970,083	27,036,875	71,845,834
Employee Related Cost	59,206,326	109,014,515	6,255,464	174,476,305
Inventory	5,250,163	11,477,440	688,629	17,416,232
Operation Cost	40,233	225,963	-	266,196
	<b>77,335,598</b>	<b>152,688,001</b>	<b>33,980,968</b>	<b>264,004,567</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 3. Property, plant and equipment (continued)

2021

	Buildings, structures and facilities	Infrastructure assets	Other assets	Total
<b>Expenditure</b>				
Contracted Services	11,735,145	23,654,329	26,641,998	62,031,472
Employee Related Cost	57,999,907	107,380,976	5,980,526	171,361,409
Inventory	3,024,216	8,432,596	628,780	12,085,592
Operation Cost	2,040	285,562	-	287,602
	<b>72,761,308</b>	<b>139,753,463</b>	<b>33,251,304</b>	<b>245,766,075</b>

### 4. Heritage assets

#### 4.1 Reconciliation of carrying value

2022

	Land and buildings	Monuments and parks	Other assets	Total
<b>Opening carrying value as at 01 July 2021</b>				
Cost	20,848,000	18,825,000	1,088,645	40,761,645
Accumulated impairment losses	-	-	-	-
<b>Carrying value as at 30 June 2021</b>	<b>20,848,000</b>	<b>18,825,000</b>	<b>1,088,645</b>	<b>40,761,645</b>
Revaluation	3,447,000	3,425,000	-	6,872,000
<b>Closing carrying value as at 30 June 2022</b>	<b>24,295,000</b>	<b>22,250,000</b>	<b>1,088,645</b>	<b>47,633,645</b>
Cost	24,295,000	22,250,000	1,088,645	47,633,645

2021

	Land and buildings	Monuments and parks	Other assets	Total
<b>Opening carrying value as at 01 July 2020</b>				
Cost	21,698,000	18,825,000	1,088,645	41,611,645
Accumulated impairment losses	-	-	-	-
<b>Closing carrying value as at 30 June 2021</b>	<b>21,698,000</b>	<b>18,825,000</b>	<b>1,088,645</b>	<b>41,611,645</b>
<b>Carrying value of disposals / transfers</b>				
Cost	(850,000)	-	-	(850,000)
<b>Closing carrying value as at 30 June 2021</b>	<b>20,848,000</b>	<b>18,825,000</b>	<b>1,088,645</b>	<b>40,761,645</b>
Cost	20,848,000	18,825,000	1,088,645	40,761,645



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 4. Heritage assets (continued)

#### 4.1.1 Heritage assets

Land, Conservation areas, Nature reserves and Buildings Heritage assets were revalued to fair value during the 2020/2021 financial period. The effective date of revaluation was 1 July 2021 and the valuation were performed by registered and independent valuers.

The comparative sales method was applied to land (historical sites and conservation areas), where comparable valid sales in a specific area was used, compared to the specific property, and market valuation derived. Due to the nature of historical buildings and monuments, i.e. where there are no comparable property sales, the generally accepted methodology of these was limited to the discounted replacement cost of the physical structures.

Included in the historical and naturally significant Conservation areas above is the Paarl Mountain (Paarlberg) and the Paarl Arboretum. Paarl Mountain is particularly known for its mountain or "Paarl Rock". The huge granite rock is formed by three rounded outcrops that make up Paarl Mountain and is the second largest granite outcrop in the world and forms part of the Nature Reserve. The site is a Provincial Heritage Site (SAHRA Nr 9/2/069/0028).

The Paarl Arboretum is situated on the eastern bank of the Berg River, is 2.8 km long and occupies approximately 31 ha. Divided into 6 "continents" a unique feature is that trees and shrubs are grouped according to continents of origin. In excess of 2 600 trees and shrubs, entering some 650 different species can be observed.

The following buildings owned by the Municipality, declared Provincial Heritage sites, have been classified as Heritage assets:

1. De Oude Woning, 214 Main Street, Paarl (SAHRA Nr 9/2/069/0105) dating from the late 1780's.
2. The Old Dutch Reformed Church Parsonage (now the Paarl Museum), Van der Lingen plein, Paarl (SAHRA Nr 9/2/069/0071). The Parsonage was built in 1787.
3. Coronation Arch, Victoria Jubilee Park, Church Street, Wellington (SAHRA Nr 9/2/106/0019/1), dating to 1902.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

### 4.2 Maintenance of heritage assets

#### 2022

The following maintenance costs were incurred:

	Land and buildings	Monuments and parks	Other assets	Total
Contracted Services	-	71,371	-	71,371
Employee Related Cost	-	5,282,055	-	5,282,055
Inventory	-	164,959	-	164,959
Operational Cost	-	-	-	-
<b>Total</b>	-	<b>5,518,385</b>	-	<b>5,518,385</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 4. Heritage assets (continued)

#### 2021

The following maintenance costs were incurred:

	Land and buildings	Monuments and parks	Other assets	Total
Contracted Services	-	46,342	-	46,342
Employee Related Cost	-	5,670,747	-	5,670,747
Inventory	-	73,791	-	73,791
Operational Cost	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,790,880</b>	<b>-</b>	<b>5,790,880</b>

### 5. Intangible assets

#### 5.1 Reconciliation of carrying value

#### 2022

	Computer software	Plans and designs	Licence and rights	Total
<b>Opening carrying value as at 01 July 2021</b>				
Cost	10,591,041	89,659	965,715	11,646,415
Accumulated depreciation and impairment	(5,587,596)	(60,968)	(742,852)	(6,391,416)
	<b>5,003,445</b>	<b>28,691</b>	<b>222,863</b>	<b>5,254,999</b>
Additions from acquisitions	348,031	-	-	348,031
Amortisation	(820,975)	(28,691)	(138,458)	(988,124)
	<b>(472,944)</b>	<b>(28,691)</b>	<b>(138,458)</b>	<b>(640,093)</b>
<b>Carrying value of disposals / transfers</b>				
Cost	(204,720)	(89,659)	-	(294,379)
Accumulated depreciation and impairment	204,720	89,659	-	294,379
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing carrying value as at 30 June 2022</b>	<b>4,530,501</b>	<b>-</b>	<b>84,405</b>	<b>4,614,906</b>
Cost	10,734,352	-	965,715	11,700,067
Accumulated amortisation and impairment	(6,203,851)	-	(881,310)	(7,085,161)
	<b>4,530,501</b>	<b>-</b>	<b>84,405</b>	<b>4,614,906</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021		
<b>5. Intangible assets (continued)</b>				
<b>2021</b>				
	<b>Computer software</b>	<b>Plans and designs</b>	<b>Licence and rights</b>	<b>Total</b>
<b>Opening carrying value as at 01 July 2020</b>				
Cost	9,736,905	89,660	975,357	10,801,922
Accumulated depreciation and impairment	(4,814,745)	(53,795)	(665,626)	(5,534,166)
	<b>4,922,160</b>	<b>35,865</b>	<b>309,731</b>	<b>5,267,756</b>
Additions from acquisitions	904,785	-	-	904,785
Amortisation	42 (823,500)	(7,173)	(86,868)	(917,541)
	<b>81,285</b>	<b>(7,173)</b>	<b>(86,868)</b>	<b>(12,756)</b>
<b>Carrying value of disposals / transfers</b>				
Cost	(50,649)	-	(9,642)	(60,291)
Accumulated depreciation and impairment	50,649	-	9,642	60,291
	-	-	-	-
<b>Closing carrying value as at 30 June 2021</b>	<b>5,003,445</b>	<b>28,692</b>	<b>222,863</b>	<b>5,255,000</b>
Cost	10,591,041	89,660	965,715	11,646,416
Accumulated amortisation and impairment	(5,587,596)	(60,968)	(742,852)	(6,391,416)
	<b>5,003,445</b>	<b>28,692</b>	<b>222,863</b>	<b>5,255,000</b>

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of financial performance (see Note 42).

The amortisation method and useful life of intangible assets is set out in the accounting policy note of intangible assets.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for and liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>6. Investment property</b>		
<b>6.1 Reconciliation of carrying value</b>		
<b>Opening carrying value</b>		
Cost	54,849,000	51,422,200
Fair Value Adjustments	3,644,000	3,426,800
<b>Closing carrying value</b>	<b>58,493,000</b>	<b>54,849,000</b>
Cost	58,493,000	54,849,000
Accumulated depreciation and impairment losses	-	-
	<b>58,493,000</b>	<b>54,849,000</b>

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of investment property.

### Method of asset valuation 2021/2022

The date of fair value assessment was on 30 June 2022.

Each property was identified and inspected and fair values adjusted where appropriate. An investment property could be described as a real estate property that has the ability of earning a return on investment, either through rental income and/or the future resale of the property or both. The methodology applied was therefore based on open market value, taking into account the zoning status of the property, the cost implications of the rezoning process and any other limitations.

A register containing the information required by section 63 of the Municipal Finance Management Act (Act 56 of 2003) is available for inspection at the registered offices of the municipality.

Revaluation of all investment property was performed by a Professional Associated Valuer (Reg no. 4729), Jean Marais from Real Direct Property Valuations.

Revenue and expenditure disclosed in the Statement of financial performance include rental revenue earned from investment property the amount of R 193,303 (2021: R 323,318).

All of the municipality's investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are contractual obligations for repairs to certain investment property which are leased out.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

## 7. Investments

### 7.1 Carrying value of investments

2022

	Fair value	Total
<b>Carrying value as at 30 June 2022</b>		
Eskom stock	-	-
Transferred to cash and cash equivalents	-	-



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>7. Investments (continued)</b>		
<b>2021</b>		
	<b>Fair value</b>	<b>Total</b>
<b>Carrying value as at 30 June 2021</b>		
Eskom stock	39,706	39,706
Transferred to cash and cash equivalents	(39,706)	(39,706)
<b>Total</b>	<b>-</b>	<b>-</b>

### 7.2 Fair value of investments

The fair value of listed investments is estimated at R - (2021: R 39,706). Fair value is determined based on discounted cash flow analysis, at a discounted rate of -% and -%, (2021: 3.75% and 4.30%).

Listed shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum.

The fair value of investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

### 8. Non-current receivables from exchange transactions

<b>Other receivables</b>			
Housing selling schemes		121,637	351,253
Public organisation		-	77,834
<b>Total</b>		<b>121,637</b>	<b>429,087</b>
Transferred to current receivables	14	(26,762)	(156,788)
<b>Total non-current other receivables</b>	<b>8.1</b>	<b>94,875</b>	<b>272,299</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 8. Non-current receivables from exchange transactions (continued)

#### 8.1 Other non-current receivables

	2022			2021		
	Gross	Impairment	Total	Gross	Impairment	Total
Housing selling schemes	220,080	(98,443)	121,637	554,593	(203,340)	351,253
Public organisation	77,834	(77,834)	-	77,834	-	77,834
<b>Total</b>	<b>297,914</b>	<b>(176,277)</b>	<b>121,637</b>	<b>632,427</b>	<b>(203,340)</b>	<b>429,087</b>

#### Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest, as determined by the National Minister of Housing, currently 13.5% per annum and are repayable over 20 years.

#### Public organisations

Loans to public organisations are granted in terms of the National Housing Policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years. Applicable loans were reviewed for any indication of impairment and impaired accordingly.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 8. Non-current receivables from exchange transactions (continued)

#### 8.1.1 Impairment reconciliation of other non-current receivables

	2022			2021		
	Opening balance	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment reversed / debt written off	Closing balance
Housing selling schemes	203,340	(104,897)	98,443	365,654	(162,314)	203,340
Public organisation	-	77,834	77,834	-	-	-
<b>Total</b>	<b>203,340</b>	<b>(27,063)</b>	<b>176,277</b>	<b>365,654</b>	<b>(162,314)</b>	<b>203,340</b>

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of the credit risk is limited due to the customer base being large and unrelated. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>9. Inventories</b>		
Consumables	3,900,542	3,307,990
Materials and supplies	37,694,388	27,450,615
Water	535,720	905,874
Spare parts for Plant & Equipment	176,810	112,355
Plants held for resale	123,762	152,215
Land for BNG housing	8,458,006	2,944,215
Less: Inventory held as spare parts for infrastructure assets	(14,747,341)	(11,528,892)
<b>Total Inventories</b>	<b>36,141,887</b>	<b>23,344,372</b>

No inventories were pledged as security for liabilities.

During the year inventory to the amount of R 59,321 (2021: R 130,203) was written off due to discrepancies identified during the annual stock count. An amount of R 0 (2021: R 47,097) was written off due to valuation of inventory at the lower of cost and NRV in accordance with GRAP 12. A gain of R 139,953 due to the reversal of prior year NRV adjustments was recognised.

Inventories of R 14,540,441 (2021: R 11,528,949) are held as major spare parts for infrastructure assets and has been transferred to property, plant and equipment.

### 10. Trade and other receivables from exchange transactions

<b>Consumer receivables from exchange transactions</b>	10.1		
Electricity		212,395,997	190,302,881
Water		44,815,858	38,584,754
Waste management		45,897,535	39,116,341
Waste water management		33,188,202	30,299,421
Housing rental scheme		925,001	792,938
Housing selling scheme		58,125	76,744
		<b>337,280,718</b>	<b>299,173,079</b>
<b>Other receivables from exchange transactions</b>	10.2		
Sundry debtors		20,568,938	18,843,205
Other receivables from exchange transactions		5,936,992	4,591,995
Less: Provision for impairment		(12,030,822)	(11,303,911)
		<b>14,475,108</b>	<b>12,131,289</b>
<b>Total receivables from exchange transactions</b>		<b>351,755,826</b>	<b>311,304,368</b>

#### 10.1 Consumer receivables

The average credit period for consumer receivables is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of consumer receivables.

The management of the municipality is of the opinion that the carrying value of consumer receivables approximate their fair values.

The fair value of consumer receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer receivables as well as the current payment ratios of the municipality's consumer receivables.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 10. Trade and other receivables from exchange transactions (continued)

	2022			2021		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Consumer receivables from exchange transactions</b>						
Electricity	237,865,757	(25,469,760)	212,395,997	223,092,823	(32,789,942)	190,302,881
Water	89,862,858	(45,047,000)	44,815,858	90,327,424	(51,742,670)	38,584,754
Waste management	56,209,809	(10,312,274)	45,897,535	50,928,929	(11,812,588)	39,116,341
Waste water management	40,239,101	(7,050,899)	33,188,202	35,836,456	(5,537,035)	30,299,421
Housing rental scheme	6,225,471	(5,300,470)	925,001	6,968,172	(6,175,234)	792,938
Housing selling scheme	862,547	(804,422)	58,125	1,000,016	(923,272)	76,744
<b>Total consumer receivables from exchange transactions</b>	<b>431,265,543</b>	<b>(93,984,825)</b>	<b>337,280,718</b>	<b>408,153,820</b>	<b>(108,980,741)</b>	<b>299,173,079</b>

#### 10.1.1 Ageing of consumer receivables

##### 2022

	Not due			Past due		
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from exchange transactions</b>						
<b>Ageing by debt type</b>						
Electricity	168,393,305	1,776,746	9,137,058	1,878,420	5,304,766	1,786,473
Water	23,427,906	1,439,924	6,426,156	1,775,048	3,334,387	1,686,366
Waste management	10,556,364	371,352	2,997,105	398,010	2,314,336	412,947
Waste water management	11,747,110	302,456	2,138,232	315,750	1,559,496	319,755
Housing rental scheme	375,869	14,377	177,312	17,394	141,067	21,897
Housing selling scheme	24,700	8,639	17,057	8,625	15,006	8,273
<b>Total</b>	<b>214,525,254</b>	<b>3,913,494</b>	<b>20,892,920</b>	<b>4,393,247</b>	<b>12,669,058</b>	<b>4,235,711</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from exchange transactions</b>					
<b>Ageing by debt type</b>					
Electricity	36,968,764	20,028,120	219,803,893	25,469,759	27,717,575
Water	56,674,410	40,145,662	89,862,859	45,047,000	22,827,877
Waste management	40,342,004	9,129,965	56,209,809	10,312,274	35,712,523
Waste water management	24,794,262	6,112,938	40,239,100	7,050,899	21,743,547
Housing rental scheme	5,531,223	5,246,802	6,225,471	5,300,470	563,509
Housing selling scheme	805,784	778,886	862,547	804,423	42,063
<b>Total</b>	<b>165,116,447</b>	<b>81,442,373</b>	<b>413,203,679</b>	<b>93,984,825</b>	<b>108,607,094</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 10. Trade and other receivables from exchange transactions (continued)

2021

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from exchange transactions</b>						
<b>Ageing by debt type</b>						
Electricity	179,851,678	2,363,466	7,922,338	2,593,469	4,433,412	3,203,644
Water	20,639,648	1,488,675	4,253,041	1,735,996	3,709,993	2,340,090
Waste management	9,259,078	324,491	2,332,724	334,324	1,809,390	505,220
Waste water management	10,235,983	315,611	1,808,765	319,998	1,246,489	388,481
Housing rental schemes	279,425	19,266	144,754	21,156	157,894	54,172
Housing selling scheme	24,936	5,206	19,703	5,185	17,461	4,757
<b>Total</b>	<b>220,290,748</b>	<b>4,516,715</b>	<b>16,481,325</b>	<b>5,010,128</b>	<b>11,374,639</b>	<b>6,496,364</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from exchange transactions</b>					
<b>Ageing by debt type</b>					
Electricity	30,885,395	24,629,363	223,092,823	32,789,942	12,814,669
Water	61,724,742	46,177,909	90,327,424	51,742,670	19,433,781
Waste management	37,527,737	10,648,553	50,928,929	11,812,588	30,181,754
Waste water management	22,545,219	4,512,945	35,836,456	5,537,035	20,379,049
Housing rental scheme	6,386,099	6,080,640	6,968,172	6,175,234	532,779
Housing selling scheme	937,916	908,124	1,000,016	923,272	57,014
<b>Total</b>	<b>160,007,108</b>	<b>92,957,534</b>	<b>408,153,820</b>	<b>108,980,741</b>	<b>83,399,046</b>

The impairment provision was calculated after individually assessing consumer receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of consumer debtors.

In determining the recoverability of a Consumer receivable, the municipality considers any change in the credit quality of the Consumer receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Included in the Allowance for Doubtful Debts are individually impaired Consumer receivables with a balance of R2,421,935 (2021: R568,836) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer receivables and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 10. Trade and other receivables from exchange transactions (continued)

#### 10.2 Other receivables from exchange transactions

	2022			2021		
	Gross	Impairment	Total	Gross	Impairment	Total
Sundry debtors	20,568,938	-	20,568,938	18,843,205	-	18,843,205
Other receivables from exchange transactions	5,936,992	-	5,936,992	4,591,995	-	4,591,995
Less: Provision for impairment	-	(12,030,822)	(12,030,822)	-	(11,303,911)	(11,303,911)
<b>Total</b>	<b>26,505,930</b>	<b>(12,030,822)</b>	<b>14,475,108</b>	<b>23,435,200</b>	<b>(11,303,911)</b>	<b>12,131,289</b>

#### 10.2.1 Impairment reconciliation of consumer and other receivables from exchange transactions

	2022				2021			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Consumer receivables	108,980,741	26,453,720	(41,449,637)	93,984,824	101,370,143	63,123,235	(55,512,637)	108,980,741
Other receivables	11,303,911	1,839,114	(1,112,203)	12,030,822	10,698,291	1,489,308	(883,688)	11,303,911
<b>Total</b>	<b>120,284,652</b>	<b>28,292,834</b>	<b>(42,561,840)</b>	<b>106,015,646</b>	<b>112,068,434</b>	<b>64,612,543</b>	<b>(56,396,325)</b>	<b>120,284,652</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>11. Receivables from non-exchange transactions</b>			
<b>Consumer receivables</b>	11.1		
Property rates		47,169,876	35,634,758
Electricity		836,131	671,910
Water		1,028,144	875,890
Waste management		2,773,083	2,191,290
Waste water management		2,668,515	2,109,107
Fines		15,918,401	15,924,713
		<b>70,394,150</b>	<b>57,407,668</b>
<b>Other receivables</b>			
Grants and subsidies		16,086,555	32,801,856
Prepayments		8,405,196	7,546,965
Other receivables		7,279,719	5,723,708
Rental leases: straight line		13,935	17,625
		<b>31,785,405</b>	<b>46,090,154</b>
<b>Total receivables</b>		<b>102,179,555</b>	<b>103,497,822</b>

### 11.1 Receivables from non-exchange transactions

	2022			2021		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Consumer receivables</b>						
Property rates	55,478,606	(8,308,730)	47,169,876	46,189,970	(10,555,212)	35,634,758
Electricity	1,015,247	(179,116)	836,131	1,069,228	(397,318)	671,910
Water	2,061,718	(1,033,574)	1,028,144	2,110,717	(1,234,827)	875,890
Waste management	3,045,275	(272,192)	2,773,083	2,715,454	(524,164)	2,191,290
Waste water management	2,774,499	(105,984)	2,668,515	2,550,021	(440,914)	2,109,107
Fines	182,239,880	(166,321,479)	15,918,401	186,818,797	(170,894,084)	15,924,713
	<b>246,615,225</b>	<b>(176,221,075)</b>	<b>70,394,150</b>	<b>241,454,187</b>	<b>(184,046,519)</b>	<b>57,407,668</b>
<b>Other receivables</b>						
Grants and subsidies	16,086,555	-	16,086,555	32,801,856	-	32,801,856
Prepayments	8,405,196	-	8,405,196	7,546,965	-	7,546,965
Other receivables	7,279,719	-	7,279,719	5,723,708	-	5,723,708
Rental leases: straight line	13,935	-	13,935	17,625	-	17,625
	<b>31,785,405</b>	<b>-</b>	<b>31,785,405</b>	<b>46,090,154</b>	<b>-</b>	<b>46,090,154</b>
<b>Total</b>	<b>278,400,630</b>	<b>(176,221,075)</b>	<b>102,179,555</b>	<b>287,544,341</b>	<b>(184,046,519)</b>	<b>103,497,822</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 11. Receivables from non-exchange transactions (continued)

#### 11.1.1 Impairment reconciliation of receivables from non-exchange transactions

	2022				2021			
	Opening balance	Contributions	Impairment reversed / debt written off	Closing balance	Opening balance	Contributions	Impairment reversed / debt written off	Closing balance
<b>Reconciliation of impairment provision</b>								
Property rates	10,555,208	(801,017)	(1,445,461)	8,308,730	8,579,598	3,382,243	(1,406,629)	10,555,212
Availability charges receivables	2,597,223	(668,921)	(337,436)	1,590,866	1,666,547	1,008,025	(77,349)	2,597,223
Fines	170,894,084	88,557,866	(93,130,471)	166,321,479	115,731,373	108,297,890	(53,135,179)	170,894,084
<b>Total</b>	<b>184,046,515</b>	<b>87,087,928</b>	<b>(94,913,368)</b>	<b>176,221,075</b>	<b>125,977,518</b>	<b>112,688,158</b>	<b>(54,619,157)</b>	<b>184,046,519</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 11. Receivables from non-exchange transactions (continued)

#### 11.1.2 Additional information regarding receivables from non-exchange transactions

2022

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from non-exchange transactions</b>						
<b>Aging by debt type</b>						
Property rates	26,720,709	458,786	3,951,762	463,724	1,874,787	454,774
Electricity	173,960	1,880	60,413	1,880	54,373	1,880
Water	147,198	1,559	64,428	1,559	53,222	1,698
Waste management	571,192	17,029	132,391	17,029	110,119	17,246
Waste water management	224,906	3,802	100,332	3,802	80,013	4,000
Fines	7,337,851	6,268,389	8,141,421	7,032,803	9,778,797	8,487,164
<b>Total</b>	<b>35,175,816</b>	<b>6,751,445</b>	<b>12,450,747</b>	<b>7,520,797</b>	<b>11,951,311</b>	<b>8,966,762</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from non-exchange transactions</b>					
<b>Aging by debt type</b>					
Property rates	22,931,348	6,931,446	55,478,606	8,308,730	20,907,953
Electricity	726,501	173,477	1,015,247	179,117	664,050
Water	1,796,871	1,028,759	2,061,719	1,033,575	882,505
Waste management	2,231,573	220,890	3,045,275	272,194	2,218,918
Waste water management	2,369,248	94,381	2,774,499	105,985	2,447,410
Fines	156,981,810	144,533,118	182,239,879	166,321,474	14,848,943
<b>Total</b>	<b>187,037,351</b>	<b>152,982,071</b>	<b>246,615,225</b>	<b>176,221,075</b>	<b>41,969,779</b>



# Drakenstein Municipality

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## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 11. Receivables from non-exchange transactions (continued)

2021

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from non-exchange transactions</b>						
<b>Aging by debt type</b>						
Property rates	22,264,364	638,320	2,639,354	638,776	1,343,573	566,072
Electricity	154,796	10,779	96,821	10,995	62,951	28,837
Water	130,655	7,839	56,822	7,839	48,915	10,136
Waste management	521,430	16,812	119,241	16,644	89,127	19,977
Waste water management	198,936	11,899	88,178	11,899	75,203	13,113
Fines	7,649,182	6,482,777	11,527,787	9,857,321	10,104,111	8,692,677
<b>Total</b>	<b>30,919,363</b>	<b>7,168,426</b>	<b>14,528,203</b>	<b>10,543,474</b>	<b>11,723,880</b>	<b>9,330,812</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from non-exchange transactions</b>					
<b>Aging by debt type</b>					
Property rates	19,942,679	8,712,044	46,189,970	10,555,212	14,008,714
Electricity	754,660	346,707	1,069,228	397,318	527,893
Water	1,874,325	1,209,013	2,110,717	1,234,827	753,074
Waste management	1,985,656	470,731	2,715,454	524,164	1,686,672
Waste water management	2,187,704	404,003	2,550,021	440,914	1,922,070
Fines	157,537,717	145,861,309	186,818,797	170,894,084	14,758,308
<b>Total</b>	<b>184,282,741</b>	<b>157,003,807</b>	<b>241,454,187</b>	<b>184,046,519</b>	<b>33,656,731</b>

#### Property rates

Property rates receivables are statutory receivables and arise from property taxes levied on property owners based on the valuation of properties per the valuation roll in accordance with the Municipal Property Rates Act, No 6 of 2004 and Drakenstein Municipality's Property Rates Policy. A general valuation is performed every four years, with supplementary valuations in between.

The average credit period for property rates receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of property rates receivables.

The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 11. Receivables from non-exchange transactions (continued)

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

#### Availability charges on water, electricity, refuse and sewerage

Availability charges on Water, Electricity, Refuse & Sewerage receivables are statutory receivables and arise from basic charges levied on vacant properties in accordance with the relevant bylaws of the Drakenstein Municipality.

The average credit period for availability charges on Water, Electricity, Refuse & Sewerage receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Availability charges on Water, Electricity, Refuse & Sewerage receivables.

The management of the municipality is of the opinion that the carrying value of Availability charges on Water, Electricity, Refuse & Sewerage receivables approximate their fair values.

The impairment provision was calculated after individually assessing Availability charges on Water, Electricity, Refuse & Sewerage receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of availability charges on Water, Electricity, Refuse & Sewerage debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

#### Traffic fines

Traffic fines receivables are statutory receivables and arise from traffic infringements committed and fines issued as a result, in terms of the Criminal Procedure Act, No 501 of 1977.

The Traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of Traffic fines receivables approximate their fair values.

The impairment provision was calculated after collectively assessing Traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

#### Other receivables

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 11. Receivables from non-exchange transactions (continued)

The average credit period for other receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of other receivables.

The management of the municipality is of the opinion that the carrying value of other receivables approximate their fair values.

The fair value of other receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as other receivables. The current payment ratio of other receivables were also taken into account for fair value determination.

The impairment provision was calculated after individually assessing other receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other receivables exists predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

### 12. Cash and cash equivalents

#### 12.1 Bank accounts

The municipality has the following bank accounts:

FNB Primary Bank Account	627-023-103-85	19,916,665	86,252,360
FNB Secondary Bank Account	627-023-123-49	-	-
FNB Traffic Fines Bank Account	620-715-265-14	-	-
FNB Motor Vehicle Licensing Bank Account	628-046-375-70	-	-
<b>Total</b>		<b>19,916,666</b>	<b>86,252,360</b>
Bank statement balance at beginning of year		86,252,360	84,293,562
Bank statement balance at end of year		19,784,175	86,252,360
Cash book balance at beginning of year		87,671,202	80,567,486
Bank statement balance at end of year		19,784,175	86,252,360
Net movement / reconciling items		132,490	1,418,843
<b>Cash book balance at end of year</b>		<b>19,916,665</b>	<b>87,671,203</b>

Comparative figures have been restated, refer to note 51 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Cash and cash equivalents (continued)</b>		
<b>12.2 Cash and cash equivalents</b>		
Cash and cash equivalents consist of the following:		
<b>Call deposits and investments</b>		
Short term investment deposits	169,942,000	51,045,498
Short term portion of investments	-	39,706
<b>Cash at bank</b>		
Bank account	19,916,665	87,671,203
Cash on hand	24,952	24,952
<b>Total cash and cash equivalents</b>	<b>189,883,617</b>	<b>138,781,359</b>

All account balances are cleared on a daily basis to the main account. The municipality does not have an overdraft facility with FNB.

For the purposes of the Cash flow statement, bank balances, cash and cash equivalents include cash-on-hand, cash in banks and investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents recorded at amortised cost in the audited annual financial statements approximate their fair values.

The fair value of bank balances, cash and cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

### Call deposits and investments by financial institution

Institution	Account number	Account type		
ABSA BANK	92-9096-7912	CALL DEPOSIT	-	1,110
ABSA BANK	92-9214-9948	CALL DEPOSIT	-	1,104
ABSA BANK	92-9416-2871	CALL DEPOSIT	-	1,110
ABSA BANK	92-9735-7532	CALL DEPOSIT	-	1,106
ABSA BANK	92-9737-3681	CALL DEPOSIT	-	1,062
ABSA BANK	40-9637-0104	CALL DEPOSIT	-	488
ABSA BANK	93-5338-8392	CALL DEPOSIT	17,309,378	15,553,360
ABSA BANK	93-5591-4684	CALL DEPOSIT	38,984,463	7,686,567
ABSA BANK	93-5612-6210	CALL DEPOSIT	58,394,773	7,799,591
ABSA BANK	90-5907-5162	CALL DEPOSIT	71	-
			<b>114,688,685</b>	<b>31,045,498</b>
NEDBANK	03/7881536373/000052	CALL DEPOSIT	-	-
NEDBANK	03/7881536373/000199	CALL DEPOSIT	-	-
NEDBANK	03/7881536373/000206	NOTICE DEPOSIT ACCOUNT	-	20,000,000
NEDBANK	03/7881536373/000211	NOTICE DEPOSIT ACCOUNT	10,000,000	-
			<b>10,000,000</b>	<b>20,000,000</b>
ESKOM LIMITED	NO E175	BOND SHARES	-	39,706
STANDARD BANK	07-875-830-0-052	CALL DEPOSIT	-	-
STANDARD BANK	07-875-830-0-054	CALL DEPOSIT	-	-
STANDARD BANK	07-875-830-0-055	CALL DEPOSIT	-	-
STANDARD BANK	07-875-830-0-056	CALL DEPOSIT	20,253,315	-
STANDARD BANK	07-875-830-0-057	CALL DEPOSIT	25,000,000	-
			<b>45,253,315</b>	-
<b>Total investments</b>			<b>169,942,000</b>	<b>51,085,204</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>13. Short term investments</b>		
Grindrod Bank	40,000,000	-
Short term investments consist of two notice deposits accounts with account numbers respectively 196420 and 198235 of R20,000,000 each which matures within 5 months after year end.		
<b>14. Current portion of non-current receivables</b>		
Current portion of non-current receivables	8	156,788
<b>15. Borrowings</b>		
<b>Total borrowings</b>		
Annuity Loans	1,618,401,012	1,636,956,882
<b>Less: Current portion transferred to current liabilities</b>		
Annuity Loans	(78,688,302)	(18,555,870)
<b>Non-current borrowings</b>	<b>1,539,712,710</b>	<b>1,618,401,012</b>

### 15.1 Summary of arrangements

Annuity loans are repaid over periods varying from 1 to 15 (2021: 1 to 16) years and at interest rates varying from 9.68% to 11.48% (2021: 9.68% to 11.48%) per annum.

Annuity loans are not secured.

During 2019/2020, certain long term borrowings were restructured which included a redemption holiday. The biggest capital redemption will start being payable in December 2022. The total repayment (interest and redemption) will be R254,774,703 (2021: R198,639,088), where the amount of interest is R176,086,401 (2021: R180,083,218) and redemption is R78,688,302 (2021: R18,555,870).

The fair value of borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix 'A' for more detail on borrowings.

### 16. Finance lease liabilities

#### 16.1 Carrying value of lease liabilities

##### 2022

	Amortised cost	Total
Transferred to current liabilities	26,762	26,762

##### 2021

	Amortised cost	Total
<b>Carrying value as at 30 June 2021</b>		
Finance lease liability	26,762	26,762
Transferred to current liabilities	1,413,432	1,413,432
<b>Total</b>	<b>1,440,194</b>	<b>1,440,194</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>16. Finance lease liabilities (continued)</b>		
<b>16.2 Obligation under finance leases</b>		
<b>The municipality as lessee</b>		
The obligations under finance leases are as follow:		
<b>Total future minimum lease payments</b>		
Payable within one year	27,036	1,481,969
Payable within two to five years	-	27,037
<b>Total minimum lease payments</b>	<b>27,036</b>	<b>1,509,006</b>
Less: Future finance charges	(274)	(68,812)
	<b>26,762</b>	<b>1,440,194</b>
<b>Present value of minimum lease payments</b>		
Payable within one year	26,762	1,413,432
Payable within two to five years	-	26,762
	<b>26,762</b>	<b>1,440,194</b>

Finance leases were entered into for certain photocopier machines for a lease period of 36 months, electronic cashboxes/drop safes for a lease period of 48 months. Interest rates are fixed at the inception of the agreements. No arrangements have been entered into for contingent rental payments. The minimum lease payments equal the fair value of the equipment.

## 17. Employee benefits

### Non-current employee benefits

Post-employment health care benefits	17.1	195,128,000	187,191,000
Ex-Gratia pension benefits	17.2	807,000	1,008,000
Provision for long-service awards	17.3	44,210,000	38,850,000
		<b>240,145,000</b>	<b>227,049,000</b>

### Current employee benefits

Post-employment health care benefits	17.1	10,966,001	11,132,001
Ex-Gratia pension benefits	17.2	108,000	115,000
Provision for long-service awards	17.3	3,716,000	4,403,000
Provision for bonuses	17.4	19,901,977	19,276,622
Performance bonuses	17.5	2,400,802	2,311,736
Provision for staff leave	17.6	44,677,102	47,007,578
Provision for TASK backpay	17.7	-	6,627,428
		<b>81,769,882</b>	<b>90,873,365</b>
<b>Total employee benefits</b>		<b>321,914,882</b>	<b>317,922,365</b>

### 17.1 Post-employment health care benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr Julian van der Spuy and Ms Althea Eksteen of ZAQEN Actuaries Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 17. Employee benefits (continued)

The Post Employee Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	Number	Number
In-service members (Employees)	731	720
Continuation members (Retirees)	213	222
<b>Total members</b>	<b>944</b>	<b>942</b>

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	106,249,000	92,853,000
Continuation members (Retirees)	99,845,001	105,470,001
<b>Total liability</b>	<b>206,094,001</b>	<b>198,323,001</b>
Non-current	195,128,000	187,191,000
Current	10,966,001	11,132,001
<b>Total liability</b>	<b>206,094,001</b>	<b>198,323,001</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health
- Fed Health
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R 7,525,000 whereas the Interest Cost is estimated to be R 24,178,000.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

#### i) Rates of interest

Discount rate	Yield curve	Yield curve
Consumer Price Inflation (CPI)	Difference between nominal and yield curve	Difference between nominal and yield curve
Health care cost inflation rate	CPI+1%	CPI+1%
Net effective discount rate	Yield curve base	Yield curve base

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

'The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.'



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 17. Employee benefits (continued)

The Actuaries used the nominal and real zero curves as at 30 June 2022 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

#### ii) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

#### iii) Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

#### iv) Spouses and dependents

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

#### v) Withdrawal rates

Assumptions have also been made on the withdrawal rates from service per 5 years of age gap and per gender.

#### Amounts recognised in the statement of financial position are as follow:

Fair value of plan assets	-	-
Unrecognised actuarial gains / (losses)	-	-
Present value of unfunded obligations	206,094,001	198,323,001
<b>Total benefit liability</b>	<b>206,094,001</b>	<b>198,323,001</b>

#### Amounts recognised in the statement of financial performance are as follow:

Current service cost	6,380,000	5,380,000
Interest cost	20,954,000	21,469,000
Actuarial loss/ (gain) recognised in the year	(8,843,977)	3,462,532
<b>Total post-retirement benefit included in employee related costs</b>	<b>18,490,023</b>	<b>30,311,532</b>

#### Movements in the present value of the defined benefit obligation were as follow:

Balance at the beginning of the year	198,323,001	177,959,001
Current service cost	6,380,000	5,380,000
Interest cost	20,954,000	21,469,000
Actual employer benefit payments	(10,719,023)	(9,947,532)
Actuarial loss/ (gain) recognised in the year	(8,843,977)	3,462,532
<b>Present value of fund obligation at the end of the year</b>	<b>206,094,001</b>	<b>198,323,001</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>17. Employee benefits (continued)</b>		
<b>Movements in the present value of the defined benefit assets were as follow:</b>		
Balance at the beginning of the year	-	-
Contributions from the employer	10,719,023	7,926,583
Benefits paid	(10,719,023)	(7,926,583)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

History of experienced adjustments are as follow:

	2018	2019	2020	2021	2022
Present value of defined benefit obligation	124,485,000	210,897,000	177,959,000	198,323,000	206,094,000
Fair value of plan assets	-	-	-	-	-
<b>Deficit</b>	<b>124,485,000</b>	<b>210,897,000</b>	<b>177,959,000</b>	<b>198,323,000</b>	<b>206,094,000</b>

The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	1% Decrease	1% Increase
Effect on the defined benefit obligation	182,844,000	234,171,000
Effect on the aggregate of the interest cost	21,354,000	27,593,000
Effect on the aggregate of the current service cost	6,249,000	9,134,000

### Total accrued liability

The effect of a 20% movement in the assumed mortality rates are as follow on the ensuing years assumptions:

	-20% Mortality rate	+20% Mortality rate
Total accrued liability	225,977,000	190,061,000
Effect on the aggregate of the interest cost	26,571,000	22,248,000
Effect on the aggregate of the current service cost	8,241,000	6,934,000

The municipality expects to make a contribution of R 10,966,000 to the Defined Benefit Plan during the next financial year.

Refer to note 60 Retirement Benefit Information to the audited annual financial statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 17. Employee benefits (continued)

#### 17.2 Ex-Gratia pension benefits

The municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the [Former Paarl, Wellington and Gouda Municipality] (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr Julian van der Spuy and Mr Chris van Wyk of ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the multiplying the annual pension provided, by an appropriate annuity factor as at the valuation date.

The Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	Number	Number
In-service members (Employees)	114	135
Continuation members (Retirees)	4	6
<b>Total members</b>	<b>118</b>	<b>141</b>

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	640,000	786,000
Continuation members (Retirees)	275,000	337,000
<b>Total liability</b>	<b>915,000</b>	<b>1,123,000</b>

Non-current	807,000	1,008,000
Current	108,000	115,000
<b>Total liability</b>	<b>915,000</b>	<b>1,123,000</b>

Lump sum benefit	640,000	786,000
Pension benefit	275,000	337,000
	<b>915,000</b>	<b>1,123,000</b>

The interest-cost for the next year is estimated to be R 74,000. The actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

#### i) Rates of interest

##### Lump sum valuation

Discount rate	9.06 %	8.01 %
Consumer Price Inflation (CPI)	6.61 %	5.15 %
Pension increase rate (Pensioners)	7.61 %	6.15 %
Net effective discount rate	1.35 %	1.75 %

##### Pensioner valuation

Discount rate	8.13 %	6.94 %
Consumer Price Inflation (CPI)	5.83 %	4.50 %
Pension increase rate (Pensioners)	6.83 %	5.50 %
Net effective discount rate	1.22 %	1.36 %

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 17. Employee benefits (continued)

In accordance with GRAP 25 the discount rate was determined using the implied duration of the liability to obtain an appropriate interest rate on the yield curve. The nominal and real zero curves as at 30 June 2022 supplied by the JSE was used to determine the discounted rates and CPI assumptions.

#### ii) Mortality rates

Mortality before retirement has been based on the PA (90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.

#### iii) Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

#### The amounts recognised in the statement of financial position are as follow:

Fair value of plan assets	-	-
Unrecognised actuarial gains / (losses)	-	-
Present value of unfunded obligations	915,000	1,123,000
<b>Total benefit liability</b>	<b>915,000</b>	<b>1,123,000</b>

#### The amounts recognised in the statement of financial performance are as follow:

Service cost	-	-
Interest cost	82,000	77,000
Actuarial (Gains) / Losses recognised	(227,274)	(8,550)
<b>Total post-retirement benefit included in employee related costs</b>	<b>(145,274)</b>	<b>68,450</b>

(Note 40)

#### Movements in the present value of the defined benefit obligation were as follow:

Balance at the beginning of the year	1,123,000	1,141,000
Service cost	-	-
Interest cost	82,000	77,000
Benefits paid	(62,726)	(86,450)
Actuarial (Gains) / Losses recognised	(227,274)	(8,550)
<b>Present value of the fund obligation at the end of the year</b>	<b>915,000</b>	<b>1,123,000</b>

#### Movements in the present value of the defined benefit assets were as follow:

Balance at the beginning of the year	-	-
Contributions from employer	(62,726)	(86,450)
Benefits paid	62,726	86,450
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

#### The history of experienced adjustments are as follow:

	2018	2019	2020	2021	2022
Present value of defined benefit obligation	2,515,000	1,771,000	1,141,000	1,123,000	915,000
Fair value of plan assets	-	-	-	-	-
<b>Deficit</b>	<b>2,515,000</b>	<b>1,771,000</b>	<b>1,141,000</b>	<b>1,123,000</b>	<b>915,000</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 17. Employee benefits (continued)

The effect of a 1% movement in the assumed rate of pension increase inflation is as follow:

	1% Decrease	1% Increase
Effect on the interest cost	906,000	924,000
Effect on the defined benefit obligation	73,000	75,000

The municipality expects to make a contribution of R 108,000 to the Defined Benefit Plan during the next financial year.

Refer to note 60 Retirement Benefit Information to the audited annual financial statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

### 17.3 Provision for long-service awards

Provision for long-service awards	47,926,000	43,253,000
Less: Transfer to current provisions	(3,716,000)	(4,403,000)
<b>Total non-current provisions</b>	<b>44,210,000</b>	<b>38,850,000</b>
Non-current	44,210,000	38,850,000
Current	3,716,000	4,403,000
<b>Total provisions at the end of the year</b>	<b>47,926,000</b>	<b>43,253,000</b>

### Long-service awards

The municipality operates a unfunded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr Julian van der Spuy and Mr Chris van Wyk of ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 1701 (2021: 1772) employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Discount rate	Yield curve	Yield curve
Consumer Price Inflation (CPI)	Difference between nominal and yield curve	Difference between nominal and yield curve
Normal salary increase rate CPI+1	CPI+1%	CPI+1%
Net effective discount rate	Yield curve base	Yield curve base

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 17. Employee benefits (continued)

The Actuaries used the nominal and real zero curves as at 30 June 2022 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

#### The amounts recognised in the statement of financial position are as follow:

Fair value of plan assets	-	-
Present value of unfunded obligations	47,926,000	43,253,000
<b>Total benefit liability</b>	<b>47,926,000</b>	<b>43,253,000</b>

#### The amounts recognised in the statement of financial performance are as follow:

Current service cost	3,031,000	2,688,000
Interest cost	4,560,000	4,433,000
Actuarial losses / (gains) recognised	2,053,072	876,567
<b>Total expense included in employee related costs</b>	<b>9,644,072</b>	<b>7,997,567</b>

#### Movements in the present value of the defined benefit obligation

Balance at the beginning of the year	43,253,000	39,894,000
Service cost	3,037,000	2,688,000
Interest cost	4,560,000	4,433,000
Benefits paid	(4,977,072)	(4,638,567)
Actuarial losses / (gains) recognised	2,053,072	876,567
<b>Balance at the end of the year</b>	<b>47,926,000</b>	<b>43,253,000</b>

#### Movements in the present value of the defined benefit assets

Balance at the beginning of the year	-	-
Contributions from the employer	4,977,072	4,638,567
Benefits paid	(4,977,072)	(4,638,567)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

The effect of a 1% movement in the withdrawal rates are as follow on the ensuing years assumptions:

	1% Decrease	1% Increase
Effect on the defined benefit obligation	42,805,000	48,864,000
Effect on the aggregate of the current service cost	2,924,000	3,421,000
Effect on the aggregate of the interest cost	4,997,000	5,742,000

The effect of a 20% movement in the withdrawal rates are as follow on the ensuing years assumptions:

	-20% Withdrawal rate	-20% Withdrawal rate
Effect on the defined benefit obligation	47,711,000	43,854,000
Effect on the aggregate of the current service cost	3,377,000	2,967,000
Effect on the aggregate of the interest cost	5,604,000	5,123,000

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>17. Employee benefits (continued)</b>		
The municipality expects to make a contribution of R 3,716,000 to the Defined Benefit Plan during the next financial year.		
The Future-service Cost for the ensuing year is estimated to be R 3,159,000 whereas the Interest Cost is estimated to be R 5,351,000.		
<b>17.4 Provision for bonuses</b>		
The movement in provisions for bonuses are reconciled as follow:		
Balance at the beginning of the year	19,276,622	19,229,140
Net movement	625,355	47,482
<b>Balance at the end of the year</b>	<b>19,901,977</b>	<b>19,276,622</b>
Non-current	-	-
Current	19,901,977	19,276,622
<b>Total provision at the end of the year</b>	<b>19,901,977</b>	<b>19,276,622</b>
Services bonuses are granted to municipal employees as a 13th cheque. An estimate amount for the provision raised is determined according to the amount accruing to employees up to June from their bonus payment.		
<b>17.5 Performance bonuses</b>		
Provision has been made for performance bonuses in accordance with the performance agreements with each Executive Manager and the Municipal Manager using the best estimate of the potential performance bonus payable. The actual bonuses will only be paid once the evaluation committee appointed in terms of the Performance Management regulations has reviewed the performance agreements of the Executive Management team and made a recommendation to the Council for final approval. The performance bonuses have been provided as follow:		
<b>Strategic management team</b>		
Leibbrandt, JH (City Manager)	278,236	278,236
Brown, B (Chief Financial Officer)	223,545	223,545
Johaar, S (Executive Director: Corporate Services)	223,545	223,545
Wüst, M (Executive Director: Engineering Services)	223,545	223,545
Esau, G (Executive Director: Community Services)	223,545	223,545
Waring, L (Executive Director: Planning and Development)	-	186,287
Samson-Swartz, JJ (Executive Director Planning and Economic Development)	223,545	-
	<b>1,395,961</b>	<b>1,358,703</b>
<b>Provision for performance bonuses</b>		
Balance at the beginning of the year	2,311,734	2,254,518
Bonus paid	(953,033)	(929,081)
Reversals of prior provision	(353,860)	(372,404)
Increase in provision	1,395,961	1,358,703
<b>Closing balance</b>	<b>2,400,802</b>	<b>2,311,736</b>
Non-current	-	-
Current	2,400,802	2,311,736
<b>Closing balance</b>	<b>2,400,802</b>	<b>2,311,736</b>
<b>17.6 Provision for staff leave</b>		
Staff leave provision	44,677,102	47,007,578



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>17. Employee benefits (continued)</b>			
Non-current		-	-
Current		44,677,102	47,007,578
<b>Total provisions at the end of the year</b>		<b>44,677,102</b>	<b>47,007,578</b>
<b>17.7 Provision for TASK backpay</b>			
Provision for TASK backpay		-	6,627,428
Non-current		-	-
Current		-	6,627,428
<b>Total provisions at the end of the year</b>		<b>-</b>	<b>6,627,428</b>
Included in Employee cost is a provision for TASK backpay, due to the revaluation of post on TASK and the movement from the "Van Der Merwe" Salary scales to the TASK salary scales.			
<b>18. Provisions</b>			
Provision for rehabilitation of landfill sites	18.1	218,484,399	195,378,926
Transferred to current provisions		(570,790)	-
<b>Total non-current provision</b>		<b>217,913,609</b>	<b>195,378,926</b>
Balance of non-current provisions for rehabilitation at end of year		217,913,609	195,378,926
Balance of current provisions for rehabilitation at end of year		570,790	-
<b>Balance of provisions for rehabilitation at end of year</b>		<b>218,484,399</b>	<b>195,378,926</b>
<b>18.1 Provision for rehabilitation of landfill sites</b>			
Balance at the beginning of the year		195,378,926	168,950,709
Changes in estimates: asset increase ito iGRAP2		8,807,999	18,493,398
Changes in estimates: asset decrease ito iGRAP2		(776,972)	(2,596,123)
Unwinding of discount & other changes		15,074,446	10,530,942
<b>Balance at the end of the year</b>		<b>218,484,399</b>	<b>195,378,926</b>
Transferred to current provisions		(570,790)	-
<b>Total non-current provision</b>		<b>217,913,609</b>	<b>195,378,926</b>

The council will incur further rehabilitation cost on its unrehabilitated dumping/landfill sites over the period 2024/25 up to 2031/32 and post monitoring costs thereafter. Provision has been made for the net present value of this cost based on the status quo as at 30 June 2022.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand			2022	2021
<b>18. Provisions (continued)</b>				
<b>Location</b>	<b>Proposed rehabilitation date</b>	<b>Post closure monitoring date</b>		
Wellington existing	2031/2032	2061/2062	59,523,286	54,711,497
Wellington old	2031/2032	2059/2060	35,124,700	31,095,441
Gouda	Rehabilitation complete	2050/2051	721,662	742,878
Saron	Rehabilitation complete	2048/2049	610,010	557,471
Hermon	Rehabilitation complete	2050/2051	704,452	652,761
Dal Josafat	2024/2025	2054/2055	19,504,514	16,661,880
Orleans	2024/2025	2054/2055	36,297,061	30,981,632
Boy Louw	2024/2025	2054/2055	62,680,227	56,636,204
Klapmuts Landfill	Rehabilitation complete	2029/2030	1,164,745	1,785,591
Wateruintjiesvlei Landfill	Rehabilitation complete	2029/2030	2,153,742	1,553,571
			<b>218,484,399</b>	<b>195,378,926</b>

JPCE is a consulting engineering and environmental consulting firm appointed to determine a high-level concept-design stage costing-value (amount) to cap and rehabilitate the landfill sites at the end of the current Financial Year. Their independence from management is monitored. The firm is a member and fully subscribes to the Constitution and Code of Conduct of the Council of Engineers of South Africa.

Based on the work provided by JPCE, an applicable inflation rate of 5.40%-5.80% has been determined and a discounted rate of 7.2%-11.565% has been utilised.

The funding required by the municipality to fund the rehabilitation has been assessed and based on the government bond rates with similar maturity periods. The municipality assessed the effect of discounting coupled with the future inflation rate to approximate the current cost of the expected rehabilitation cost as disclosed above.

### 19. VAT control receivable / (payable)

Accrual VAT transactions	13,955,642	24,105,815
VAT return balance	10,850,269	(4,649,860)
<b>Total</b>	<b>24,805,911</b>	<b>19,455,955</b>

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the VAT Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

### 20. Consumer deposits

Deposits	65,330,962	59,109,630
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Guarantees held in lieu of deposits were R 20,618,922 (2021: R 20,886,922).

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

The management of the municipality is of the opinion that the carrying value of consumer deposits approximate their fair values.

The fair value of consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>21. Payables from exchange transactions</b>			
Trade Creditors	21.1	151,064,804	230,932,784
Payments received in advance	21.2	48,521,653	46,832,182
Retention	21.3	14,310,341	25,055,876
Other payables	21.4	10,783,575	19,363,728
Net VAT accrual on outstanding receivables	21.5	43,224,269	36,961,770
<b>Total</b>		<b>267,904,642</b>	<b>359,146,340</b>
<b>21.1 Trade Creditors</b>			
Eskom Limited (Electricity bulk purchase)		114,035,749	174,340,692
Other trade creditors		37,029,055	56,592,092
<b>Total</b>		<b>151,064,804</b>	<b>230,932,784</b>
<b>21.2 Payments received in advance</b>			
Payments received in advance		48,521,653	46,832,182
<b>21.3 Retention</b>			
Retentions		14,310,341	25,055,876
<b>21.4 Other payables</b>			
Other payables and accruals		10,783,575	19,363,728
<b>21.5 Net VAT accrual on outstanding receivables</b>			
VAT accrual on receivables		54,417,656	49,985,240
VAT on provision for doubtful debt		(11,193,387)	(13,023,470)
<b>Total</b>		<b>43,224,269</b>	<b>36,961,770</b>

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The amount payable to ESKOM included in trade and other payables are for June accounts. The Municipality did not owe ESKOM any debt older than 30 days during 2021/22.

The VAT accrual on outstanding receivables, refers to the VAT portion of outstanding receivables, which is not yet payable to SARS, as the Municipality is registered on the payments basis for VAT with SARS, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>22. Unspent conditional grants and receipts</b>		
<b>Conditional grants from other spheres of government</b>		
National Government (Conditional Grants)	-	13
Provincial Government (Conditional Grants)	7,180,414	7,458,300
Other Grants (Conditional)	1,749,713	1,362,556
Other Grants (Conditional)	2,407,695	1,445,158
Guarantees and Donations (Conditional)	363,574	363,573
<b>Total conditional grants and receipts</b>	<b>11,701,396</b>	<b>10,629,600</b>

These amounts are separately invested in terms of section 12 of the MFMA. Refer note 38 for more detail of grants from National and Provincial Government.

Refer to Appendix "C" for more detail on Conditional Grants.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

### 23. Housing Development Fund

<b>Realising housing proceeds</b>		
Opening balance	25,219,314	21,201,519
Plus: Interest and redemption, and other on housing schemes	56,486	93,394
Plus: (Net loss) / surplus on letting schemes	2,858,250	4,057,213
Less: Housing subsidies expenditure	(287,409)	(132,812)
<b>Balance at the end of the year</b>	<b>27,846,641</b>	<b>25,219,314</b>
<b>Unrealised housing proceeds</b>		
Opening balance	632,424	799,235
Long term housing loans	(334,512)	(166,811)
<b>Balance at the end of the year</b>	<b>297,912</b>	<b>632,424</b>
<b>Total</b>	<b>28,144,553</b>	<b>25,851,738</b>

The housing development fund is not cash backed, as the value of outstanding housing receivables exceeds the value of the fund.

### 24. Reserves and Funds

Re-valuation reserve	1,785,178,262	1,407,367,304
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The Re-valuation reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Re-valuation reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Re-valuation reserve can be made when it is in accordance with the requirements of the municipality's accounting policy. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's policy. These restrictions do not apply to any amounts transferred to the Accumulated Surplus. Council do not currently intend to make any distribution from the Re-valuation reserve.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

Refer to Statement of changes in net assets for more detail and the movement on Reserves.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>25. Accumulated surplus/ (deficit)</b>		
Accumulated Surplus/(Deficit)	3,101,852,369	2,897,891,411
<p>The capitalisation reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The capitalisation reserve ensures consumer equity and is not backed by cash.</p> <p>Refer to Statement of changes in net assets for more detail and the movement on Accumulated surplus.</p>		
<b>26. Service charges</b>		
<b>Electricity</b>		
Consumption - Electricity	1,436,339,113	1,277,925,458
Less: Income forgone	(50,452,024)	(47,704,175)
<b>Total</b>	<b>1,385,887,089</b>	<b>1,230,221,283</b>
<b>Water</b>		
Consumption - Water	185,981,326	167,347,685
Less: Income forgone	(16,655,390)	(16,880,819)
<b>Total</b>	<b>169,325,936</b>	<b>150,466,866</b>
<b>Waste management</b>		
Consumption - Waste management	186,791,866	170,335,178
Less: Income forgone	(51,052,887)	(44,707,711)
<b>Total</b>	<b>135,738,979</b>	<b>125,627,467</b>
<b>Waste water management</b>		
Consumption - Waste water management	154,349,187	145,160,919
Less: Income forgone	(28,633,138)	(23,712,074)
<b>Total</b>	<b>125,716,049</b>	<b>121,448,845</b>
<b>Total service charges</b>	<b>1,816,668,053</b>	<b>1,627,764,461</b>
<b>27. Availability charges</b>		
<b>Electricity</b>		
Availability charges	1,902,418	1,639,713
<b>Waste management</b>		
Availability charges	3,153,904	2,779,837
<b>Waste water management</b>		
Availability charges	2,804,994	2,500,447
<b>Water</b>		
Availability charges	1,841,167	1,601,232
<b>Total availability charges</b>	<b>9,702,483</b>	<b>8,521,229</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>28. Sales of goods and rendering of services</b>		
Advertisements	2,609	3,835
Building Plan Approval	7,569,421	4,122,034
Camping Fees	1,173,750	861,162
Cemetery and Burial	4,097,651	3,828,298
Cleaning and Removal	403,750	236,303
Demolition Application Fees	6,213	8,450
Entrance Fees	562,115	277,012
Legal Fees	1,069,843	1,145,301
Library Fees	66,098	23,767
Occupation Certificates	592,188	417,204
Photocopies and Faxes	175,721	134,702
Sale of Goods	3,459,558	517,141
Scrap, Waste & Other Goods	2,197	-
<b>Total</b>	<b>19,181,114</b>	<b>11,575,209</b>
The comparative figures have been restated, refer to note 51 for more detail information.		
<b>29. Rental from fixed assets</b>		
Land and buildings	1,809,665	2,002,326
Housing rentals	12,349,004	13,867,932
Other rental revenue	957,121	729,769
Less: Income foregone	(9,867,307)	(11,409,897)
<b>Total</b>	<b>5,248,483</b>	<b>5,190,130</b>
<b>Operating leases (municipality as lessor)</b>		
<b>At Statement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease payments.</b>		
Within one year	522,771	1,210,753
In second to fifth year inclusive	1,008,002	1,079,140
After five years	825	172,788
<b>Total</b>	<b>1,531,598</b>	<b>2,462,681</b>
The Municipality has significant current lease arrangements for land and buildings over a period varying from 2 up to 32 years (2021: 2 up to 32 years) being subject to increased lease payments.		
All contingent lease payments are based on the actual contract value of the property leased and the escalations vary from 7.5% up to 12.32%.		
No other restrictions were imposed.		
<b>30. Interests on investments</b>		
Short-term investments and call accounts	9,673,336	5,215,173
<b>31. Dividends</b>		
External investment	-	7,560



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>32. Interest on receivables</b>			
Exchange receivables		7,271,333	7,084,609
<b>33. Operational revenue</b>			
<b>Revenue from exchange transactions</b>			
Operation revenue from exchange transactions		13,272,599	11,499,275
<b>Revenue from non-exchange transactions</b>			
Goods and services received in kind		1,507,493	8,798,882
Exchange Revenue		13,272,599	11,499,275
Non-exchange revenue		1,507,493	8,798,882
<b>Total operational revenue</b>		<b>14,780,092</b>	<b>20,298,157</b>
<b>Services received in kind</b>			
During the financial year, the municipality received the services in kind, that was recognised in terms of GRAP 23.			
<b>34. Licences or permits</b>			
Exchange revenue		20,745,433	20,628,986
Included in licenses and permits is an amount of R16,707,734 (2021: R17,488,433) received from the Department of Transport and Public Works as agency fees for motor vehicle license services, which the Municipality performs on behalf of the Department of Transport and Public Works.			
<b>35. Fair value and loss on disposal adjustment of assets</b>			
Gains/(losses) on disposals	35.1	(3,078,476)	(9,565,874)
Fair value adjustment	35.2	3,641,627	3,421,542
<b>Total</b>		<b>563,151</b>	<b>(6,144,332)</b>
<b>35.1 Gains/(losses) on disposals</b>			
Gains / (losses) on disposal on PPE, IA, IP & HA		2,207,807	(5,693,646)
Gains / (losses) on inventory		139,954	(47,097)
Water losses		(5,426,237)	(3,825,131)
<b>Total</b>		<b>(3,078,476)</b>	<b>(9,565,874)</b>
Refer to note 46.2 for details on water losses			
<b>35.2 Fair value adjustment</b>			
Investment property		3,644,000	3,426,800
Financial assets		(2,373)	(5,258)
<b>Total</b>		<b>3,641,627</b>	<b>3,421,542</b>

The prior year comparatives have been restated, please refer to note 51 for more detail information.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>36. Property rates</b>		
Residential properties	320,323,110	264,128,100
Business and commercial properties	101,262,789	89,217,179
Farm properties: Agricultural purposes	67,144,384	62,452,981
Mining properties	274,231	255,379
Municipal properties	15,375,307	13,466,172
National monument properties	166,054	154,829
Other categories	21,385,360	18,302,914
Protected areas	275,548	275,287
Public benefit organisations	1,846,402	1,537,477
Public service infrastructure properties	1,166,705	951,178
State-owned properties	35,244,448	30,257,479
Less: Income forgone / rebates	(147,580,615)	(137,287,620)
<b>Total</b>	<b>416,883,723</b>	<b>343,711,355</b>

The prior year comparatives have been restated, please refer to note 51 for more detail information.

### Valuation as at 30 June 2022

Residential	45,391,306,400	36,619,324,450
Agricultural	9,439,584,850	8,518,218,800
Commercial	8,797,771,000	7,556,665,700
Other categories	5,696,746,400	4,732,180,092
State-owned properties	2,947,382,500	2,459,914,550
<b>Total property valuations</b>	<b>72,272,791,150</b>	<b>59,886,303,592</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 01-Jul-2021. Supplementary valuations are processed on an annual basis to consider changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates are granted to certain property categories as per the approved Property Rates Policy that is reviewed by Council annually. Exemptions are also granted to certain property categories as per the stipulations of the Property Rates Act.

Rates are levied for property owners on a monthly basis for monthly rate payers and are payable on the 15th of each month and for annual rate payers on 15th October.

### 37. Fines, penalties and forfeits

Fines, penalties and forfeits	37.1	105,224,151	128,602,942
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#### 37.1 Fines, penalties and forfeits

##### Traffic fines

Service provider fines		101,474,435	126,613,594
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##### Other fines

Building fines		242,837	172,233
Illegal connections - Electricity		726,470	346,763
Overdue books		40,989	22,283
Pound fees		2,739,420	1,448,069
		<b>3,749,716</b>	<b>1,989,348</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
37. Fines, penalties and forfeits (continued)		
Total	<u>105,224,151</u>	<u>128,602,942</u>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>38. Transfers and subsidies - Revenue</b>		
<b>Operational</b>		
Allocations	202,460,011	220,606,266
<b>Capital</b>		
Allocations	117,812,787	177,435,677
<b>Total</b>	<b>320,272,798</b>	<b>398,041,943</b>
<b>Unconditional grants</b>		
Equitable share	171,259,001	187,332,000
Other	10,448,668	37,371,595
<b>Operational grants</b>	<b>181,707,669</b>	<b>224,703,595</b>
<b>Conditional grants</b>		
National Government	83,572,998	87,687,067
Provincial Government	45,315,931	90,266,515
Other	9,880,476	2,853,688
<b>Total conditional grants</b>	<b>138,769,405</b>	<b>180,807,270</b>
<b>Subtotal</b>	<b>320,477,074</b>	<b>405,510,865</b>
Offsetting of housing expenditure where municipality is seen as an agent	-	(118,192)
Recognition of revenue in terms of GRAP 11	(204,277)	(3,830,730)
<b>Total Government Grant and Subsidies</b>	<b>320,272,797</b>	<b>401,561,943</b>
<b>National Government (Unconditional Grants)</b>		
Balance unspent at beginning of year	-	-
Current year	(171,259,000)	(187,332,000)
Conditions met - transferred to revenue	171,259,000	187,332,000
<b>Conditions still to be met - transferred to liabilities</b>	<b>22</b>	<b>-</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy for the basic charges of Electricity, Refuse Removal, Sewerage and Water Services, the subsidy is adjusted as tariffs increase. All qualifying registered indigent households receive 6 kl water and between 50-100 kWh electricity free every month.		
<b>National Government (Conditional Grants)</b>		
Balance unspent at beginning of year	(7)	(179,322)
Current year receipts	(83,573,000)	(87,507,754)
Conditions met - transferred to revenue	83,572,998	87,687,069
<b>Conditions still to be met - transferred to liabilities</b>	<b>22</b>	<b>(7)</b>

These grants were used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met.

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA. Other than the unspent amount, the conditions of the grant have been met.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>38. Transfers and subsidies - Revenue (continued)</b>			
<b>Provincial Government (Conditional Grants)</b>			
Balance unspent at beginning of year		(6,750,600)	(7,844,643)
Current year receipts		(46,453,434)	(89,172,472)
Conditions met - transferred to revenue		45,315,931	90,266,515
<b>Conditions still to be met - transferred to liabilities</b>	22	<b>(7,888,103)</b>	<b>(6,750,600)</b>
Conditions not met - repaid to grant provider		707,694	12,747

These grants received from Provincial Government are for operational and capital expenditure such as Revenue from Housing Grants and the related housing operating expenditure where Drakenstein Municipality is regarded as an agent in terms of GRAP amounted to R 0 (2021: R 118,192). In terms of a GRAP interpretation, where a municipality is regarded as an agent, the revenue should be set off against the operating expenditure. Revenue from housing grants and the related housing expenditure where Drakenstein Municipality is regarded as an agent in terms.

### Other Grants (Unconditional)

Balance unspent at beginning of year		(1,362,556)	(5,019,406)
Current year receipts		(1,251,693)	(32,237,449)
Conditions met - transferred to revenue		864,535	35,894,299
<b>Conditions still to be met - transferred to liabilities</b>	22	<b>(1,749,714)</b>	<b>(1,362,556)</b>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld. These include monetary capital in-kind.

### Other Grants (Conditional)

Balance unspent at beginning of year		(1,445,158)	(1,673,171)
Current year receipts		(9,978,477)	(2,625,675)
Conditions met - transferred to revenue		9,015,941	2,853,688
<b>Conditions still to be met - transferred to liabilities</b>	22	<b>(2,407,694)</b>	<b>(1,445,158)</b>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

### Guarantees, donations and other contributions (Unconditional)

Balance unspent at beginning of year		(363,572)	(363,572)
Current year receipts		(10,448,667)	(8,246,659)
Conditions met - transferred to revenue		10,448,667	8,246,659
<b>Conditions still to be met - transferred to liabilities</b>	22	<b>(363,572)</b>	<b>(363,572)</b>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>39. Construction contract revenue</b>		
<b>Housing projects</b>		
Kingston / Lantana (Construction)	151,981	2,645,398
Paarl East Housing (Planning)	52,296	1,185,332
<b>Total</b>	<b>204,277</b>	<b>3,830,730</b>

Revenue and expenses on housing contracts are recognized by reference to the stage of completion of the specific contract.

### 40. Employee related cost

Employee related cost	716,436,654	713,033,715
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# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 40. Employee related cost (continued)

#### 40.1 Senior management costs

2022

	<b>JH Leibbrandt City Manager</b>	<b>B Brown Chief Financial Officer</b>	<b>JJ Samson Executive Director: Planning and Development</b>	<b>S Johaar Executive Director: Corporate Services</b>	<b>M Wüst Executive Director: Engineering Services</b>	<b>G Esau Executive Director: Community Services</b>	<b>J Carstens Chief Financial Officer</b>	<b>LA Waring Executive Director: Planning and Development</b>	<b>Total</b>
Cost to company package	2,019,462	1,622,947	1,622,947	1,622,947	1,622,947	1,622,947	-	-	10,134,197
Performance bonuses	238,488	-	-	159,675	131,732	175,642	71,854	175,642	953,033
Other allowances and reimbursement	52,268	45,243	43,653	43,653	43,653	43,653	177	177	272,477
	<b>2,310,218</b>	<b>1,668,190</b>	<b>1,666,600</b>	<b>1,826,275</b>	<b>1,798,332</b>	<b>1,842,242</b>	<b>72,031</b>	<b>175,819</b>	<b>11,359,707</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 40. Employee related cost (continued)

2021

	JH Leibbrandt City Manager	B Brown Chief Financial Officer	S Johaar Executive Director: Corporate Services	G Esau Executive Director: Community Services	LA Warning Executive Director: Planning and Development	M Wüst Executive Director: Engineering Services	J Carstens Chief Financial Officer	D Delaney Acting Executive Director: Planning and Development	E Saayman Acting Executive Director: Community Services	D Hattingh Executive Director: Engineering Services	Total
Cost to company packages	1,987,402	1,596,747	1,596,747	1,596,747	1,330,623	1,596,747	-	-	-	-	9,705,013
Performance bonuses	238,488	-	175,642	87,821	159,675	-	159,675	-	-	107,780	929,081
Leave and other lumpsum payments	-	-	-	-	58,579	-	-	-	-	-	58,579
Other allowances and reimbursement	32,384	25,244	25,244	25,244	21,162	44,671	149	4,288	11,238	149	189,773
	<b>2,258,274</b>	<b>1,621,991</b>	<b>1,797,633</b>	<b>1,709,812</b>	<b>1,570,039</b>	<b>1,641,418</b>	<b>159,824</b>	<b>4,288</b>	<b>11,238</b>	<b>107,929</b>	<b>10,882,446</b>

The City Manager and Executive Directors are remunerated in terms of the Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers, issued in terms of the Local Government: Municipal Systems Act 32 of 2000.

Included in the post-employment health care liability (see Note 16.1) is a benefit that the City Manager, Dr JH Leibbrandt, will receive after termination. At 30 June 2022 the present value of the associated liability amounted to R632,085 (2021: R623,741).

Where other officials acted in the Executive Director positions and was remunerated accordingly, only the additional remuneration for acting in that position is disclosed.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>40. Employee related cost (continued)</b>		
<b>40.2 Municipal staff costs</b>		
Basic Salary	481,502,170	472,757,047
Social Contributions	112,508,161	108,654,250
Travel or Motor Vehicle	29,210,676	29,048,646
Housing Benefits	3,501,891	4,194,525
Overtime payments	34,964,714	26,599,972
Acting and Post Related Allowances	1,710,542	1,872,146
Shift Additional Remuneration	2,290,229	2,291,930
Standby Allowance	9,645,665	9,232,642
Night Shift	3,001,029	3,040,267
Workman Compensation	3,222,706	3,444,765
Cellular and Telephone	4,082,765	4,087,153
Contribution to leave reserve	1,759,186	1,819,097
Provision for Performance Bonuses	1,042,099	986,298
Provision for TASK Backpay	-	6,627,428
<b>Defined Benefit Plan Expenses: Post Employment Health Care</b>		
Current Service Cost	6,380,000	5,380,000
Actuarial Gains and Losses	(8,843,977)	3,462,532
Interest Cost	20,954,000	21,469,000
<b>Defined Benefit Plan Expenses: Ex Gratia Pension Benefits</b>		
Actuarial Gains and Losses	(227,274)	(8,550)
Interest Cost	82,000	77,000
<b>Defined Benefit Plan Expenses: Long Services</b>		
Current Service Cost	3,037,000	2,688,000
Actuarial (Gains) / Losses	2,053,072	876,567
Interest Cost	4,560,000	4,433,000
<b>Total</b>	<b>716,436,654</b>	<b>713,033,715</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>41. Remuneration of councillors</b>		
Executive mayor (Poole, CJ)	1,066,454	1,046,997
Speaker (Stowman, AC)	306,746	837,597
Speaker (JK Le Roux)	539,202	-
Deputy executive mayor (Combrink, GC)	845,948	837,597
Chief Whip (Koegelenberg, RA)	287,575	785,247
Chief Whip (C Kearns)	505,502	-
<b>Mayoral Committee Members - before elections</b>		
Mayoral Committee Member of Rural Development (MA Andreas)	279,199	785,247
Mayoral Committee Member of Social Services (E Gouws)	279,199	785,247
Mayoral Committee Member of Human Settlements And Property Development (L Cyster)	279,199	785,247
Mayoral Committee Member of Environment And Open Spaces (C Kearns)	279,199	785,247
Mayoral Committee Member of Corporate Services (LP Mokoena)	279,199	785,247
Mayoral Committee Member of Public Safety (R Smuts)	279,199	785,247
Mayoral Committee Member of Communication And Intergovernmental Relations (RH Van Nieuwenhuizen)	279,199	785,247
Mayoral Committee Member of Engineering Services (JF Le Roux)	279,199	785,247
Mayoral Committee Member of Planning & Economic Development And Tourism (J Miller)	279,199	785,247
Mayoral Committee Member of Recreation, Arts And Culture (LT Van Niekerk)	279,199	785,247
<b>Mayoral Committee Members - after elections</b>		
Mayoral Committee Member of Sport, Recreation Arts and Culture (L Arendse)	490,779	-
Mayoral Committee Member of Social Development (E Gouws)	490,779	-
Mayoral Committee Member of Human Settlements (MA Andreas)	490,779	-
Mayoral Committee Member of Parks, Waste & Cemeteries (L Cyster)	490,779	-
Mayoral Committee Member of Corporate Services (E Baron)	490,779	-
Mayoral Committee Member of Public Safety (A Appollis)	490,779	-
Mayoral Committee Member of Communication And Intergovernmental Relations (RH Van Nieuwenhuizen)	490,779	-
Mayoral Committee Member of Engineering Services (T Bester)	490,779	-
Mayoral Committee Member of Planning & Development (LT van Niekerk)	492,134	-
Mayoral Committee Member of Governance Compliance (J Miller)	491,620	-
All other councillors	17,756,472	16,871,395
Cell phone allowance	2,644,196	2,869,843
<b>Total</b>	<b>31,654,071</b>	<b>31,101,146</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 41. Remuneration of councillors (continued)

#### In kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Councillors receive a total cost to company package as determined by the Notice for 'Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils', issued in terms of Remuneration of Public Office Bearers Act, 1998, and may structure it as it wishes, furthermore they receive a maximum of R 40,800 (2021: R 44,200) per year, as a cellphone and data allowance in accordance with the notice. Other councillors receive an average of R 341,275 (2021: R 331,335) per year, except the chairperson of MPAC, who receives an average of R 437,970 (2021: R 423,214) per year.

Furthermore councillors receive the benefit of special risk insurance cover (SASRIA) as provided for in terms of the notice. This insurance cover, should cover the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder.

List the name of the councillor which at any time during the relevant financial year was in arrears for more than 90 days	Amount outstanding for more than 90 days
<b>DECEMBER 2021</b>	
ARENDSE PP/LC	3,550
BOLANI/NDABENI L	<u>1,373</u>
	<u><b>4,923</b></u>
<b>JANUARY 2022</b>	
BOLANI/NDABENI L	1,245
LANDU-MQELA PN	<u>2,054</u>
	<u><b>3,299</b></u>
<b>FEBRUARY 2022</b>	
LANDU-MQELA PN	<u>5,180</u>
	<u><b>5,180</b></u>
<b>MARCH 2022</b>	
LANDU-MQELA PN	<u>685</u>
	<u><b>685</b></u>
<b>JUNE 2022</b>	
JACOBS/DOUW M/N/L	<u>41,725</u>
	<u><b>41,725</b></u>

### 42. Depreciation and amortisation

<b>Amortisation</b>			
Intangible assets	5.1	988,126	<u>917,542</u>
<b>Depreciation</b>			
Property, plant and equipment	3	240,757,742	<u>218,518,486</u>
<b>Total</b>		<u><b>241,745,868</b></u>	<u><b>219,436,028</b></u>

The prior year comparatives have been restated, please refer to note 51 for more detail information.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>43. Impairment losses on financial assets</b>			
<b>Contribution (to)/from provision for impairment to surplus and deficit:</b>			
Consumer receivables and availability charges receivables	10	29,484,764	63,969,463
Statutory receivables: Property rates	11	(801,018)	3,382,241
Statutory receivables: Traffic fines		88,557,866	108,297,890
Long term receivables		(27,063)	(162,315)
		<b>117,214,549</b>	<b>175,487,279</b>
Drakenstein Municipality uses the allowance account (provision for impairment) against which actual debts written off are recorded. During the year, the following debt was written off against the allowance account.			
<b>Bad debts written-off</b>			
Consumer receivables and availability charges receivables		(42,899,275)	(56,473,674)
Statutory receivables: Property Rates		(1,445,461)	(1,406,629)
Statutory receivables: Traffic Fines		(93,130,471)	(53,131,179)
<b>Total</b>		<b>(137,475,207)</b>	<b>(111,011,482)</b>
<b>44. Impairment losses on PPE, IA and HA</b>			
<b>Impairment losses on fixed assets recognised</b>			
Property, plant and equipment		2,468,069	(246,328)
<b>45. Interest, dividends and rent on land</b>			
Interest	45.1	180,161,754	179,830,803
<b>45.1 Interest cost</b>			
Financial liabilities			
• Long-term liabilities - interest paid		180,083,217	179,597,568
• Finance leases		68,537	233,235
		<b>180,151,754</b>	<b>179,830,803</b>
Overdue accounts		10,000	-
<b>Total</b>		<b>180,161,754</b>	<b>179,830,803</b>
<b>46. Bulk purchases</b>			
Electricity: Eskom		947,924,224	812,160,020
Electricity: Independent power producers		1,799,607	1,249,161
Water		28,016,744	21,584,410
<b>Total</b>		<b>977,740,575</b>	<b>834,993,591</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>46. Bulk purchases (continued)</b>		
<b>46.1 Electricity losses</b>		
<b>Reconciliation of kWh losses</b>		
kWh units purchased	704,042,625	710,002,179
kWh units sold	(659,354,788)	(656,553,200)
<b>Total loss</b>	<b>44,687,837</b>	<b>53,448,979</b>
Average value of losses (cost)	60,405,037	61,290,294
<b>Percentage loss:</b>		
Technical losses	6.35 %	7.53 %
Norm of losses	10.00 %	10.00 %
<b>Reasons for the losses</b>		
Losses occurred because of the following reasons:		
<ul style="list-style-type: none"> <li>• Technical losses</li> <li>• Unmetered services</li> <li>• Theft</li> </ul>		
<b>46.2 Water losses</b>		
System input volume (Kilolitres)	14,106,456	13,425,170
Billed metered consumption (Kilolitres)	(11,802,368)	(11,363,179)
<b>Total loss</b>	<b>2,304,088</b>	<b>2,061,991</b>
<b>Comprising of:</b>		
Technical losses	2,220,308	1,913,887
Non-technical losses	83,780	148,104
<b>Total</b>	<b>2,304,088</b>	<b>2,061,991</b>
<b>Percentage loss: *</b>		
Technical losses	15.70 %	14.29 %
Non-technical losses	0.60 %	1.11 %
<b>Total</b>	<b>16.30 %</b>	<b>15.40 %</b>
Norm of losses:	15.00 %	15.00 %

### Reasons for the losses

Losses occurred because of the following reasons:

- Burst pipes.
- Use of unmetered fire water connections at flat buildings and factories.
- Open spaces and sports fields that are still unmetered.
- Undetected leaks underground.
- Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality.

\* The water losses per the audited annual financial statements take into account water that was metered but not billed. Whereas the Annual performance report shows an actual technical water loss of 15.70% (2021: 14.29%), as unbilled metered water and unbilled unmetered water is not taken into account.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>47. Contracted services</b>			
Consultants and professional services	47.1	17,846,203	19,619,171
Contractors	47.2	116,662,433	114,615,920
Outsourced services	47.3	13,843,400	13,787,686
<b>Total</b>		<b>148,352,036</b>	<b>148,022,777</b>
<b>47.1 Consultants and professional services</b>			
Business advisory services		9,266,508	9,556,569
Legal advice and litigation		6,288,491	5,665,361
Other consultants and professional services		2,291,204	4,397,241
<b>Total consultants and professional services</b>		<b>17,846,203</b>	<b>19,619,171</b>
<b>47.2 Contractors</b>			
<b>General services</b>			
Housing project expenditure		378,897	3,970,285
Catering services		102,982	29,594
Management of informal settlements		5,710,643	2,119,685
Other contractor services		4,148,644	12,066,187
Safeguard and security		35,145,579	34,413,327
<b>Total general services</b>		<b>45,486,745</b>	<b>52,599,078</b>
<b>Maintenance services</b>			
Maintenance of buildings and facilities		12,745,209	11,528,388
Maintenance of equipment		27,589,204	27,804,694
Maintenance of unspecified assets		30,841,275	22,683,760
<b>Total maintenance service</b>		<b>71,175,688</b>	<b>62,016,842</b>
<b>Total contractor</b>		<b>116,662,433</b>	<b>114,615,920</b>
<b>47.3 Outsourced services</b>			
<b>General services</b>			
Traffic Fines Management		5,945,094	4,562,168
Waste management		3,951,740	5,635,642
Other outsourced services		3,946,566	3,589,876
<b>Total outsourced services</b>		<b>13,843,400</b>	<b>13,787,686</b>

The prior year comparatives have been restated, please refer to note 51 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>48. Operational cost</b>		
Advertising, Publicity and Marketing	2,759,290	2,410,088
Bank Charges, Facility and Card Fees	7,002,989	6,418,440
Commission	10,025,457	10,319,833
Communication	4,701,201	4,325,519
Contribution to provision for rehab and landfill site	15,074,446	10,530,942
External Audit Fees	5,954,970	6,444,898
External Computer Service	12,864,023	12,391,317
Insurance Underwriting	9,862,382	10,120,264
Licences	2,299,882	2,119,207
Other operational cost	4,245,756	2,202,736
Printing, Publications and Books	918,265	1,001,676
Professional Bodies, Membership and Subscription	7,168,053	6,996,011
Skills Development Fund Levy	5,711,596	4,137,413
Standing time claim	1,199,312	-
Uniform and Protective Clothing	2,566,679	2,809,641
<b>Total</b>	<b>92,354,301</b>	<b>82,227,985</b>
<b>49. Operating leases</b>		
Operating leases	20,467,526	18,956,121
<b>Operating leases (municipality as a lessee)</b>		
<b>Land and buildings</b>		
Payable within one year	3,472,263	4,335,511
Payable in second to fifth year inclusive	2,090,144	7,158,751
<b>Total</b>	<b>5,562,407</b>	<b>11,494,262</b>

The Municipality has significant current lease arrangements for land and buildings over a period varying from 2 years and 4 months up to 9 years and 11 months being subject to increased lease payments.

All contingent lease payments are based on the actual contract value of the property leased and the escalations vary from 5.6% up to 8.5% (2021: 5.6% up to 8.5%).

No other restrictions were imposed.

The prior year comparatives have been restated, please refer to note 51 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>50. Net cash from/(used) operating activities</b>		
Surplus after capital transfers and contributions	143,478,286	111,113,784
<b>Adjustments for:</b>		
Depreciation and amortisation	241,745,868	219,436,028
(Gains) / Losses on disposal of assets	(2,207,807)	3,218,300
Fair value adjustment	(3,644,000)	(583,767)
(Gain) / Losses on disposal of inventory	(139,954)	(320,590)
Increase / (Decrease) in provisions	23,105,473	26,428,217
Impairment losses	119,682,618	175,240,951
Overtime and standby	4,146,535	303,163
Council remuneration provision	937,677	-
Provision for landfill rehab - iGRAP 2 adjustment	(8,031,027)	(15,897,275)
Housing development fund	(230,923)	(39,419)
Assets from capital grant in-kind	(10,448,667)	(33,664,166)
Fair value adjustments on listed stock	2,373	5,258
Lease smoothing	3,690	1,923
Leave provision	1,759,186	1,819,097
13th Cheque provision	625,355	47,482
Long service award provision	9,644,072	7,997,567
Task provision	-	6,627,428
Post retirement provision	18,490,023	30,311,532
Performance bonus provision	1,042,099	986,298
Ex-gratia provision	(145,274)	68,400
Water losses	7,847,709	8,511,138
<b>Movement in working capital</b>		
(Decrease) / Increase in consumer deposits	6,221,332	6,502,977
(Increase) / Decrease in receivables from non-exchange transactions	(86,312,828)	(109,017,358)
(Increase) / Decrease in inventory	(10,362,220)	(72,123)
(Increase) / Decrease in receivables from exchange transactions	(69,936,222)	(49,299,026)
Increase / (Decrease) in Employee benefits	(27,422,944)	(38,641,184)
(Increase) / Decrease in long term receivable	307,450	4,496
Increase / (Decrease) in trade and other payables	(61,876,957)	(41,971,911)
Increase / (Decrease) in unspent conditional grants and receipts	1,779,503	(5,158,210)
Increase / (Decrease) in VAT	(15,539,987)	(3,352,693)
<b>Net cash flows from operating activities</b>	<b>284,520,439</b>	<b>300,606,317</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021		
<b>51. GRAP 3 adjustments</b>					
The following restatements and adjustments occurred which are set out below:					
<b>51.1 Adjustments of Statement of Financial Performance items</b>					
<b>2021</b>					
	<b>Note</b>	<b>Previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
<b>Revenue</b>					
<b>Exchange revenue</b>					
Services charges - Electricity	26	1,221,112,686	9,108,597	-	1,230,221,283
Services charges - Water	26	150,466,866	-	-	150,466,866
Services charges - Waste management	26	125,627,467	-	-	125,627,467
Services charges - Waste water management	26	121,448,845	-	-	121,448,845
Sales of goods and rendering of services	28	11,062,873	-	512,336	11,575,209
Rental from fixed assets	29	5,190,130	-	-	5,190,130
Interest on investments	30	5,215,173	-	-	5,215,173
Dividends	31	7,560	-	-	7,560
Interest on receivables	32	7,084,609	-	-	7,084,609
Operational revenue	33	12,011,611	-	(512,336)	11,499,275
Licences or permits	34	20,628,986	-	-	20,628,986
		<b>1,679,856,806</b>	<b>9,108,597</b>	<b>-</b>	<b>1,688,965,403</b>
<b>Non-exchange revenue</b>					
Property rates	36	343,711,355	-	-	343,711,355
Availability charges - Electricity	27	1,639,713	-	-	1,639,713
Availability charges - Water	27	1,601,232	-	-	1,601,232
Availability charges - Waste management	27	2,779,837	-	-	2,779,837
Availability charges - Waste water management	27	2,500,447	-	-	2,500,447
Surcharges and taxes		1,060,460	-	-	1,060,460
Fines, penalties and forfeits	37	128,602,942	-	-	128,602,942
Transfers and subsidies	38	396,564,647	1,477,296	-	398,041,943
Operational revenue		8,798,882	-	-	8,798,882
Construction contract revenue	39	3,830,730	-	-	3,830,730
		<b>891,090,245</b>	<b>1,477,296</b>	<b>-</b>	<b>892,567,541</b>
<b>Total revenue</b>		<b>2,570,947,051</b>	<b>10,585,893</b>	<b>-</b>	<b>2,581,532,944</b>
<b>Expenditure</b>					
Employee related cost	40	714,717,910	(1,684,195)	-	713,033,715
Remuneration of councillors	41	31,101,146	-	-	31,101,146
Depreciation, amortisation and impairment	42	227,481,741	(8,045,713)	-	219,436,028
Impairment losses on financial assets	43	175,487,279	-	-	175,487,279
Impairment losses on PPE, IA and HA	44	(246,328)	-	-	(246,328)
Finance costs	45	179,830,803	-	-	179,830,803
Bulk purchases	46	828,326,127	6,667,464	-	834,993,591
Inventory consumed		53,129,377	(231,827)	-	52,897,550
Contracted services	47	147,688,674	334,103	-	148,022,777
Transfers and subsidies		8,534,159	-	-	8,534,159
Operational cost	48	82,293,420	(65,435)	-	82,227,985
Operating leases	49	18,956,121	-	-	18,956,121
Fair value and loss on disposal adjustment of assets	35	2,319,201	3,825,131	-	6,144,332
<b>Total expenditure</b>		<b>2,469,619,630</b>	<b>799,528</b>	<b>-</b>	<b>2,470,419,158</b>
<b>Surplus for the year</b>		<b>101,327,421</b>	<b>9,786,365</b>	<b>-</b>	<b>111,113,786</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021		
<b>51. GRAP 3 adjustments (continued)</b>					
<b>51.2 Adjustments of Statement of Financial Position items</b>					
<b>2021</b>					
	<b>Note</b>	<b>Previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	6,178,954,703	35,061,066	-	6,214,015,769
Heritage assets	4	40,373,700	387,945	-	40,761,645
Intangible assets	5	5,255,000	-	-	5,255,000
Investment property	6	45,620,000	9,229,000	-	54,849,000
Investments	7	-	-	-	-
Non-current receivables from exchange transactions	8	272,299	-	-	272,299
		<b>6,270,475,702</b>	<b>44,678,011</b>	<b>-</b>	<b>6,315,153,713</b>
<b>Current assets</b>					
Inventories	9	23,344,372	-	-	23,344,372
Trade and other receivables from exchange transactions	10	292,074,802	18,715,768	513,799	311,304,369
Receivables from non-exchange transactions	11	104,011,621	-	(513,799)	103,497,822
Cash and cash equivalents	12	138,781,359	-	-	138,781,359
Current portion of non-current receivables	14	156,788	-	-	156,788
VAT control	19	19,455,955	-	-	19,455,955
		<b>577,824,897</b>	<b>18,715,768</b>	<b>-</b>	<b>596,540,665</b>
<b>Total assets</b>		<b>6,848,300,599</b>	<b>63,393,779</b>	<b>-</b>	<b>6,911,694,378</b>
<b>Net assets and liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	15	1,618,401,012	-	-	1,618,401,012
Finance lease liabilities	16	26,762	-	-	26,762
Employee benefits	17	227,049,000	-	-	227,049,000
Provisions	18	195,378,926	-	-	195,378,926
		<b>2,040,855,700</b>	<b>-</b>	<b>-</b>	<b>2,040,855,700</b>
<b>Current liabilities</b>					
Consumer deposits	20	59,109,630	-	-	59,109,630
Payables from exchange transactions	21	358,674,661	471,679	-	359,146,340
Unspent conditional grants and receipts	22	18,527,914	(7,898,327)	-	10,629,587
Borrowings	15	18,555,870	-	-	18,555,870
Finance lease liabilities	16	1,413,432	-	-	1,413,432
Employee benefits	17	90,873,365	-	-	90,873,365
		<b>547,154,872</b>	<b>(7,426,648)</b>	<b>-</b>	<b>539,728,224</b>
<b>Total net assets</b>					
Housing Development Fund	23	25,851,738	-	-	25,851,738
Reserves and Funds	24	1,421,127,598	(13,760,294)	-	1,407,367,304
Accumulated surplus	25	2,813,310,691	84,580,721	-	2,897,891,412
		<b>4,260,290,027</b>	<b>70,820,427</b>	<b>-</b>	<b>4,331,110,454</b>
<b>Total net assets and liabilities</b>		<b>6,848,300,599</b>	<b>63,393,779</b>	<b>-</b>	<b>6,911,694,378</b>





# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021			
<b>51. GRAP 3 adjustments (continued)</b>					
<b>51.3 Adjustment of Cash flow statement items</b>					
	Note	Previously reported	Correction of error	Re-classification	Restated
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Property rates		342,405,926	-	-	342,405,926
Service charges		1,593,352,476	-	-	1,593,352,476
Transfers, subsidies and construction contracts revenue received		375,862,779	-	-	375,862,779
Interest		8,738,749	-	-	8,738,749
Dividends		7,560	-	-	7,560
Other receipts and fines received		59,597,333	-	2,139,874	61,737,207
<b>Payments</b>					
Employees		(736,602,436)	-	154,012	(736,448,424)
Suppliers		(1,143,895,152)	(334,103)	(17,637,203)	(1,161,866,458)
Interest paid		(179,830,803)	-	-	(179,830,803)
Net VAT paid		(18,700,507)	-	15,347,813	(3,352,694)
<b>Net cash from operating activities</b>		<b>300,935,925</b>	<b>(334,103)</b>	<b>4,496</b>	<b>300,606,318</b>
<b>Cash flows from investing activities</b>					
<b>Receipts</b>					
Proceeds on disposal of fixed and intangible assets		3,115,991	-	-	3,115,991
Increase in non-current receivables		4,496	-	(4,496)	-
Increase in call investment deposits		77,040	-	-	77,040
<b>Payments</b>					
Purchase of PPE and intangible assets		(224,552,145)	334,103	-	(224,218,042)
<b>Net cash from investing activities</b>		<b>(221,354,618)</b>	<b>334,103</b>	<b>(4,496)</b>	<b>(221,025,011)</b>
<b>Cash flows from financing activities</b>					
Decrease in long-term liabilities		(19,681,847)	-	-	(19,681,847)
Decrease in finance lease liability		(1,717,999)	-	-	(1,717,999)
<b>Net increase/(decrease) in cash</b>		<b>58,181,461</b>	<b>-</b>	<b>-</b>	<b>58,181,461</b>
Cash and cash equivalents at the beginning of the year		80,599,898	-	-	80,599,898
Cash and cash equivalents at the end of the year		138,781,359	-	-	138,781,359
<b>Net increase/(decrease) in cash</b>		<b>58,181,461</b>	<b>-</b>	<b>-</b>	<b>58,181,461</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021		
<b>51. GRAP 3 adjustments (continued)</b>				
<b>51.4 Adjustment of opening balances</b>				
	<b>Note</b>	<b>Previously reported</b>	<b>Correction of error</b>	<b>Restated</b>
<b>Net assets</b>				
<b>Accumulated surplus</b>				
		2,684,543,970	-	2,684,543,970
Property, Plant and Equipment		-	46,893,239	46,893,239
Heritage Assets		-	387,945	387,945
Investment Property		-	9,229,000	9,229,000
Unspent Conditional Grants and Receipts		-	7,898,327	7,898,327
Trade and other receivables from exchange transactions		-	9,607,169	9,607,169
<b>Total</b>		<b>2,684,543,970</b>	<b>74,015,680</b>	<b>2,758,559,650</b>
<b>Revaluation reserve</b>				
		1,452,457,291	-	1,452,457,291
Property, Plant and Equipment		-	(12,981,618)	(12,981,618)
<b>Total</b>		<b>1,452,457,291</b>	<b>(12,981,618)</b>	<b>1,439,475,673</b>
<b>Assets and liabilities</b>				
Property, plant and equipment		6,141,427,027	34,383,300	6,175,810,327
Heritage assets		41,223,700	387,945	41,611,645
Investment property		42,193,200	9,229,000	51,422,200
Trade and other receivables from exchange transactions		316,367,637	9,607,169	325,974,806
Payables from exchange transactions		(385,804,014)	(471,679)	(386,275,693)
Unspent conditional grants and receipts		(23,686,124)	7,898,327	(15,787,797)

### 51.5 Correction of errors

The following prior period errors adjustments occurred:

#### Property, Plant and Equipment

During the financial year errors on PPE and Investment property were corrected. These corrections include assets incorrectly included in the asset register based on classification, existence and legal ownership.

#### Opening balances at 1 July 2020 effects

Accumulated Surplus	(46,893,239)
Revaluation Reserve	12,981,618
Property, Plant and Equipment	34,383,300
Retention	(471,679)

#### Prior year at 30 June 2021 effects

Depreciation and amortisation (Depreciation on PPE)	465,426
Operational revenue (In-kind donations)	(1,477,296)
Contracted services (Maintenance of unspecified assets)	334,103
Property, Plant and Equipment	677,767
Accumulated Surplus	71,324
Revaluation Reserve	(71,324)
Accumulated Surplus	(850,000)
Revaluation Reserve	850,000
	-



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>51. GRAP 3 adjustments (continued)</b>		
<b>Heritage Assets</b>		
During the financial year items were identified which were not previously included in the disclosure for Heritage assets. These corrections relate to books and a monument.		
<b>Opening balances at 1 July 2020 effects</b>		
Accumulated Surplus		(387,945)
Heritage Assets		387,945
		<u>-</u>
<b>Investment Property</b>		
During the financial year properties were reviewed to determine the correct classification. Corrections were made to correct and include properties as part of Investment properties.		
<b>Opening balances at 1 July 2020 effects</b>		
Accumulated Surplus		(9,229,000)
Investment Property		9,229,000
		<u>-</u>
<b>Unspent Conditional Grants and Receipts</b>		
During the year under review it was discovered that expenditure relating to grants were expensed, but the income side of the transaction was not recognised.		
<b>Opening balances at 1 July 2020 effects</b>		
Accumulated Surplus		(7,898,327)
Unspent Conditional Grants and Receipts		7,898,327
		<u>-</u>
<b>Electricity Income levied incorrectly</b>		
During the financial year, a billing correction was performed which had an impact on previous financial year disclosures relating to electricity billed.		
<b>Opening balances at 1 July 2020 effects</b>		
Accumulated Surplus		(9,607,169)
Trade and other receivables from exchange transactions		9,607,169
<b>Prior year at 30 June 2021 effects</b>		
Trade and other receivables from exchange transactions		9,108,598
Service charges - electricity		(9,108,598)
		<u>-</u>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 51. GRAP 3 adjustments (continued)

#### Correction of prior year water inventory consumed and water losses recognised

During the prior year water inventory consumed and water losses recognised were corrected, based on the guidance issued by NT.

#### Prior year at 30 June 2021 effects

Operational cost - other	(65,436)
Bulk purchases - water	7,422,424
Bulk purchases - electricity	(754,960)
Employee related cost - basic salaries	(1,684,196)
Inventory consumed	(231,828)
Depreciation and amortisation	(8,511,137)
Loss on disposal of PPE, IA, IP & inventory	3,825,133
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#### Retirement benefit information

Previously the comparative amounts disclosed for the valuation of the National Fund for Municipal Workers was R17,107,067,000 and this should be R18,423,317,000.

#### Principal and agent arrangements

Previously it was reported that the amount of revenue received on behalf of principal (incl. commission) was R105,023,031, this amount should have been R105,145,209 and corrected accordingly. This also resulted in the total amount being reported as R61,070, which was corrected to R183,248.

#### Other

#### Cash flow statement - reclassifications and corrections

Prior year comparatives were restated on the cash flow statement and reconciliation note, due to the effect of the corrections and detailed above as well as other errors identified between items within the Cash flow statement.

#### Financial instruments

The financial instruments note, specifically the fair value of assets (note 55.1), liquidity risk (note 55.7) and credit risk management (note 55.8) was restated due to the correction of errors.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 51. GRAP 3 adjustments (continued)

#### 51.6 Reclassification

The following reclassifications adjustment occurred:

#### Sale of good and operational revenue

##### Nature of reclassification

Sale of goods and services	512,336
Operational Revenue	(512,336)
	<hr/>
	-
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#### Property Rates

During the period under review some more detail line items in the property rates note 36 are disclosed. The total amount of the note previously reported does not change and therefore only more detail for the user of the financial statements are given.

#### Trade and other receivables from exchange and receivables from non-exchange

During the year vote numbers, previously incorrectly classified under non-exchange transactions, were reallocated to Trade and other receivables from exchange transactions due to the nature of the transactions. This was corrected in the year under review.

##### Nature of reclassification

Trade and other receivables from exchange transactions	513,799
Receivables from non-exchange transactions	(513,799)
	<hr/>
	-
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### 52. Adjusting events after the reporting date

#### Unauthorised, irregular, fruitless and wasteful expenditure

With the issuing of the financial statements for audit, Drakenstein Municipality was in the process of a salary exemption application process, where it applied for the exemption from the Circular 32/2018 - Salary and Wage Collective Agreement 2018-2021 for the 2020/21.

a) The following expenditure was written off by Council on 25 August 2022:

Irregular expenditure - R2,007,928.

The write-off was taken into account in note 53.

b) The following expenditure was identified after the financial year end, but before submission to the auditors:

Irregular expenditure - R4,598,244

A forensic investigation into certain allegations of collusion resulted in certain expenditure incurred being declared irregular. The investigation focussed on one tender. Furthermore, the investigation into the rest of the services provided by the tender will be undertaken, which may result in further identification of irregular and/or fruitless and wasteful expenditure.

#### Contingent liabilities

Paarl Print (Pty) Ltd - Destruction of property - claim for damages - after submission of the unaudited annual financial statements to the AGSA, the municipality became aware on 27 October 2022 that the case was concluded.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 52. Adjusting events after the reporting date (continued)

#### Senior Officials remuneration adjustment

On 18 November the notice on Upper Limits of Total Remuneration Packages payable to Municipal Managers and Managers directly accountable to Municipal Managers, was issued. The impact is that additional provision to the amount of R273,083 had to be made to the remuneration payable in 2021/22.

### 53. Unauthorised, irregular, fruitless and wasteful expenditure

#### 53.1 Unauthorised expenditure

##### Application of Sec (a) of the definition of Unauthorised expenditure in terms of the MFMA - Total operating budget

Opening balance as previously reported	-	-
Add: Unauthorised expenditure – current	-	-
Add: Unauthorised expenditure – prior period	-	-
Less: Amounts written-off – current	-	-
Less: Amounts written-off – prior period	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

##### Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA - Total Operating Budget

##### Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - Department)

Opening balance as previously reported	-	34,503,469
Less: Amounts written-off – current	-	(34,503,469)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

#### 2022

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
<b>Unauthorised expenditure per Vote (Department)</b>				
Office of the City Manager	4,432,875	4,385,618	-	-
Financial Services	121,449,981	111,841,624	-	-
Corporate Services	176,808,541	167,878,836	-	-
Planning and Development	134,814,827	126,125,846	-	-
Community Services	490,420,316	482,112,643	-	-
Engineering Services	1,723,075,726	1,709,999,023	-	-
Department of Chief Audit Executive	9,396,923	9,165,012	-	-
Department of Risk And Compliance	2,084,104	2,022,938	-	-
Department of IDP And PMS	6,407,908	5,756,114	-	-
Department of Communication	5,203,849	4,913,747	-	-
	<b>2,674,095,050</b>	<b>2,624,201,401</b>	<b>-</b>	<b>-</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021		
<b>53. Unauthorised, irregular, fruitless and wasteful expenditure (continued)</b>				
<b>2021</b>				
	<b>Budget</b>	<b>Actual expenditure</b>	<b>Unauthorised expenditure</b>	<b>Amount written off by council</b>
<b>Unauthorised expenditure per Vote (Department)</b>				
Office of the City Manager	4,285,735	4,227,406	-	-
Financial Services	124,552,102	111,947,071	-	-
Corporate Services	166,176,503	162,486,960	-	-
Planning and Development	47,567,393	46,977,991	-	-
Community Services	480,389,198	469,159,599	-	-
Engineering Services	1,687,221,688	1,661,164,537	-	-
Department of Chief Audit Executive	8,800,760	8,723,623	-	-
Department of Risk And Compliance	2,194,349	2,109,762	-	-
Department of IDP And PMS	6,327,808	5,714,506	-	-
Department of Communication	4,840,388	4,339,423	-	-
	<b>2,532,355,924</b>	<b>2,476,850,878</b>	-	-

### 53.2 Irregular expenditure

Opening balance as previously reported	1,135,168	3,024,725
Add: Irregular expenditure - current	8,382,160	3,201,819
Add: Irregular expenditure – prior periods	18,935,731	-
Less: Amounts approved by Council - current	(20,968,419)	(5,091,376)
Less: Amounts approved by Council - prior period	(1,046,406)	-
<b>Closing balance</b>	<b>6,438,234</b>	<b>1,135,168</b>

All above mentioned amounts include VAT.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>53. Unauthorised, irregular, fruitless and wasteful expenditure (continued)</b>			
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
Composition of bid committees	Investigated and report submitted to Council. Prior and current year amount written off as recommended.	1,994,603	2,066,651
Deviation: Emergency repair to damaged Sulzer Pump no.4 at Pentz Street, Wellington.	Investigated and report submitted to Council. Prior year amount written off as recommended.	-	334,834
Deviation: Emergency repair to damaged Sulzer Pump no.2 at Pentz Street, Wellington.	Investigated and report submitted to Council. Prior year amount written off as recommended.	-	711,572
The expenditure was deemed to be irregular due to incorrect processes followed for repairs at Mbekweni Fire Station.	Investigated and report submitted to Council and written off.	24,760	-
Prior year: A recent report from the Public Protector pertaining to Knysna Municipality, revealed that procuring services from the SPCA/Tourism must be done in line with section 217 of the Constitution, section 112(1)(a) of the Local Government: Municipal Finance Management Act, 2003 (MFMA), Supply Chain Management Regulations (SCM Regulations) 11, 12 and 36(1)(a) and paragraphs 11, 12 and 36(1)(a) of the Municipality's Supply Chain Management Policy (SCM Policy), in terms of which it was required to follow a fair, equitable, transparent, competitive and cost effective tender process and only to deviate from it, inter alia, in an emergency.	Investigated and report submitted to Council and written off.	18,935,731	-
Current year: A recent report from the Public Protector pertaining to Knysna Municipality, revealed that procuring services from the SPCA/Tourism must be done in line with section 217 of the Constitution, section 112(1)(a) of the Local Government: Municipal Finance Management Act, 2003 (MFMA), Supply Chain Management Regulations (SCM Regulations) 11, 12 and 36(1)(a) and paragraphs 11, 12 and 36(1)(a) of the Municipality's Supply Chain Management Policy (SCM Policy), in terms of which it was required to follow a fair, equitable, transparent, competitive and cost effective tender process and only to deviate from it, inter alia, in an emergency.	Matter will be investigated and reported to Council.	1,577,938	-





# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand		2022	2021
<b>53. Unauthorised, irregular, fruitless and wasteful expenditure (continued)</b>			
In service of the state payment for an individual who was newly appointed as a teacher.	Matter will be investigated and reported to Council.	173,290	88,762
The sole director of the supplier became a councillor at the Cape Winelands District Municipality after the November 2021 local government elections. Work instructions were given to the supplier prior to the sole director becoming a councillor. Although payment was done based on actual work performed, the payment occurred during the time that the sole director was in the service of the state.	Investigated and report submitted to Council and written off.	13,325	-
Forensic investigation into certain allegations concluded that some expenditure are irregular of nature.	Matter was investigated and will be reported to Council.	4,598,244	-
<b>Total</b>		<b>27,317,891</b>	<b>3,201,819</b>

### 53.3 Fruitless and wasteful expenditure

Opening balance as previously reported	-	463,947
Add: Fruitless and wasteful expenditure – current	10,000	-
Less: Amount recovered of prior period expenditure	-	(207,406)
Less: Amounts written-off – current	(10,000)	(256,541)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

Incident	Disciplinary steps/criminal proceedings		
Payment of interest to supplier on outstanding account. Engagement with the supplier was entered into in order to avoid paying the interest. However, the supplier maintained its position of claiming interest although it could not be traced to individual invoices. After negotiations the amount was reduced to R10,000. It was decided to pay the invoice to ensure that there is no disruption in service delivery with the delivery of suppliers.	None	10,000	-

All above mentioned amounts include VAT.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021				
<b>54. Additional disclosures in terms of Municipal Finance Management Act</b>						
	<b>SALGA contributions</b>	<b>Audit fees</b>	<b>PAYE</b>	<b>UIF</b>	<b>Pension</b>	<b>Medical aid</b>
<b>As at 30 June 2022</b>						
Opening balance	(5,411,586)	-	9,044,845	618,803	-	-
Subscription/fees	7,079,783	6,848,214	100,315,838	5,438,784	169,904,964	44,594,350
Amount paid – current year	(7,835,634)	(6,826,839)	(109,360,683)	(6,057,587)	(169,904,964)	(44,594,350)
<b>Balance (prepaid) / unpaid **</b>	<b>(6,167,437)</b>	<b>21,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>SALGA contributions</b>	<b>Audit fees</b>	<b>PAYE</b>	<b>UIF</b>	<b>Pension</b>	<b>Medical aid</b>
<b>As at 30 June 2021</b>						
Opening balance	1,421,648	-	7,203,086	538,479	-	-
Subscription/fees	8,344,040	7,411,633	98,442,909	6,793,420	115,534,139	43,961,936
Amount paid – current year	(15,177,274)	(7,411,633)	(96,601,150)	(6,713,096)	(115,534,139)	(43,961,936)
<b>Balance (prepaid) / unpaid **</b>	<b>(5,411,586)</b>	<b>-</b>	<b>9,044,845</b>	<b>618,803</b>	<b>-</b>	<b>-</b>

\*\* These balances are either included in (debtors) or creditors respectively.

VAT output payables and VAT input receivables are shown in Note 18 . All VAT returns have been submitted by the due date throughout the year.

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non-Compliance to the following sections of chapters of the MFMA:

CHAPTER	SECTION	SUB-SECTION
8	74	1

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 55. Additional disclosures in terms of the supply chain management regulations

##### 55.1. Deviation from, and ratification of minor breaches of, the procurement processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements. All amounts listed below are VAT inclusive.

SCM paragraph reference	Description of deviation		
36 (1)(a) i	Dispense with the official procurement processes in an emergency	5,909,437	1,649,496
36 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider.	8,220,587	8,508,009
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	5,300,371	132,945
<b>Total deviations</b>		<b>19,430,395</b>	<b>10,290,450</b>

##### 55.2. Awards to close family members of persons in service of the state - SCM Regulation 45

###### Awards to close family members of persons in the service of Drakenstein Municipality

Supplier name	Employee name	Relationship	Department		
Business Connexion ***	C van Der Bank	Spouse	Drakenstein Municipality: Planning & Development	4,896,465	4,157,848
D Uren Construction *	Z Naidoo	Child	Drakenstein Municipality: Finance	688,305	821,148
	U Naidoo	Son-in-law	Drakenstein Municipality: Engineering		
Wab Printmedia (Pty) Ltd *	A Brink	Spouse	Drakenstein Municipality: Finance	48,215	93,841
Zutari (Pty) Ltd (previous Aurecon South Africa (Pty) Ltd) ***	P W Pansegrouw	Spouse	Drakenstein Municipality: Engineering Services	2,165,540	2,763,421
Harold's Auto Repairs *	B van Rooy	Child	Drakenstein Municipality: Engineering Services	262,000	528,435
EHH Building Construction *	H Fredericks	Brother	Drakenstein Municipality	41,283	1,039,035
Roll-a-add CC *	R Jaftha	Spouse	Drakenstein Municipality: Internal Audit	-	22,000
Imivisiwano Infrastructure Development (Pty) Ltd **	C Boonzaaier	Sister	Drakenstein Municipality: Finance	-	35,514
BD Uren *	Z Naidoo	Sister	Drakenstein Municipality: Finance	250,017	111,343
	U Naidoo	Brother-in-law	Drakenstein Municipality: Engineering		
				<b>8,351,825</b>	<b>9,572,885</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### Awards to close family members of persons in the service of other state departments and entities (not listed above)

Supplier name	Employee name	Relationship	Department		
CSM Consulting Services (Pty) Ltd *	A Van Collie	Child	Department of Environmental Affairs	91,262	657,479
Mubesko Africa (PTY) Ltd *	J Niehaus	Spouse	Northern Cape department of Health	24,581	103,500
Motheo Construction Group (Pty) Ltd **	R Mantlhasi	Parent	Department of Home Affairs	-	2,861,193
Humafield (Pty) Ltd **	N Kobeli	Spouse	South Africa Social Security Agency (SASSA)	-	207,262
Servelec (Pty) Ltd *	L de Lange	Spouse	South African Revenue Services	604,385	805,255
Van Der Spuy (Wes-Kaap) Inc Van Der Spuy en Vennote *	M Van Zyl	Spouse	Western Cape Department of Education	2,011,636	2,338,582
Webber Wentzel *	Dr E Watson	Brother	Road Accident Fund	2,593,368	784,565
	E Watson	Parent	Department of Public Services and Administration		
	JCL Smit	Parent	Beaufort West Municipality		
	N Ndebele	Sister	Gauteng Department of Education		
	Dr D Signh	Parent	Department of Basic Education (KZN)		
	P Singh	Parent	Department of Basic Education (KZN)		
Barends Industrial Solutions *	W Barends	Spouse	Western Cape Department of Education	22,682	509,136
Masiqhame Trading ZZ CC *	S Gxilishe	Parent	Western Cape Department of Education	9,755	2,402
	B Gxilishe	Parent	Department of Agriculture and Fisheries		
WRP Consulting Engineers (Pty) Ltd *	K Mamphita	Spouse	South African Broadcasting Corporation	135,597	584,660
J Walters T/A JC Travel *	J Walters	Spouse	Western Cape Department of Education	2,900	11,800
Multimode Trading (Pty) Ltd *	H Esterhuizen	Spouse	South African Police Services	857,904	439,768
Piston Power Chemicals *	N Anidhee	Spouse	KNZ Department of Education	357,221	252,902
JPCE (Pty) Ltd *	J Minnie	Spouse	City of Cape Town	1,001,106	696,967
Neil Lyners and Associates CC t/a Lyners *	H Lyners	Brother	Western Cape Provincial Government	3,006,866	4,705,945
Rhode Bros Steel Projects CC *	D Rhode	Child	South African Police Services	8,050	13,800
Ikapa Reticulation & Flow CC *	S Davids	Spouse	Western Cape Department of Education	3,749,202	1,098,547
Kozain Panel Beaters **	J Kozain	Child	Western Cape Department of Education	39,423	61,494
	T Kozain	Child	Western Cape Department of Health		



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### Awards to close family members of persons in the service of other state departments and entities (not listed above)(continue)

Supplier name	Employee name	Relationship	Department		
Zutari (Pty) Ltd (previous Aurecon South Africa (Pty) Ltd) ***	WZ Erasmus	Spouse	Cape Nature	2,165,540	2,763,421
TC Events Co (Pty) Ltd **	L Johnson	Brother	South African Police Services	193,900	32,275
JF van Wyk **	M Renier	Sister	Western Cape Department of Education	90,480	61,500
	D Renier	Brother-in-law	South African Police Service		
LJ Projects and Events *	C Jafta	Spouse	Department of Water Affairs	87,600	-
Massamatic (Pty) Ltd *	M Barnard	Inlaw	Department of Health	21,614	-
<b>All amounts include VAT</b>				<b>17,075,072</b>	<b>18,992,453</b>

#### References:

\*\*\* Rates and fixed - Awards were made based on tendered rates and fixed amounts.

\*\* Fixed - Awards were made based on fixed amounts only.

\* Rates - Awards were made based on tendered rates only.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>56. Capital commitments</b>		
Commitments in respect of capital expenditure:		
<b>Approved and contracted for:</b>		
Infrastructure	12,310,042	39,193,792
Other	3,069,995	789,926
Intangibles	2,586,103	2,879,608
	<b>17,966,140</b>	<b>42,863,326</b>

All above mentioned amounts include VAT.

### 57. Financial instruments

#### 57.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the audited annual financial statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Cash flow, are as follow:

		2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
<b>Fair value</b>					
Listed investments	7&12	-	-	39,706	39,706
<b>Amortised cost</b>					
Non-current receivables from exchange transactions	8	94,875	94,875	272,299	272,299
Trade and other receivables from exchange transactions	10	351,898,123	351,898,123	310,790,566	310,790,566
Receivables from non-exchange transactions	11	3,212,031	3,212,031	2,935,096	2,935,096
Current portion of non-current receivables	8	26,762	26,762	156,788	156,788
Short-term investments		40,000,000	40,000,000	-	-
Cash and cash equivalents	12	189,883,617	189,883,617	138,741,652	138,741,652
		<b>585,115,408</b>	<b>585,115,408</b>	<b>452,896,401</b>	<b>452,896,401</b>
<b>Total financial assets</b>		<b>585,115,408</b>	<b>585,115,408</b>	<b>452,936,106</b>	<b>452,936,106</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
<b>Unsecured bank facilities:</b>					
Annuity Loans	15	1,539,712,709	1,539,712,709	1,618,401,012	1,618,401,012
Finance Leases	15	-	-	26,762	26,762
		<b>1,539,712,709</b>	<b>1,539,712,709</b>	<b>1,618,427,774</b>	<b>1,618,427,774</b>
<b>Trade and other payables:</b>					
Consumer deposits	20	65,330,962	65,330,962	59,109,630	59,109,630
Trade and other payables from exchange transactions	21	166,310,687	166,310,687	267,367,249	267,367,249
Current portion of financial liabilities	15	78,688,303	78,688,303	18,555,870	18,555,870
Current portion of Finance Leases	15	26,762	26,762	1,413,432	1,413,432
		<b>310,356,714</b>	<b>310,356,714</b>	<b>346,446,181</b>	<b>346,446,181</b>
<b>Total financial liabilities</b>		<b>1,850,069,423</b>	<b>1,850,069,423</b>	<b>1,964,873,954</b>	<b>1,964,873,954</b>
<b>Total financial instruments</b>		<b>(1,264,954,015)</b>	<b>(1,264,954,015)</b>	<b>(1,511,937,848)</b>	<b>(1,511,937,848)</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 57. Financial instruments (continued)

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The Fair Value of Long-term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

The audited annual financial statements include holdings in Listed Government Stock which are measured at Fair Value (Note 7). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

#### Assumptions used in determining fair value of financial assets and financial liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments.

The levels have been defined as follow:

#### Level 1

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

#### Level 2

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

#### Level 3

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

#### 30 June 2022

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial instruments at fair value:</b>				
Listed investments	-	-	-	-
Call deposits	-	-	-	-
Short-term portion of Investments	-	-	-	-
Bank balances and cash	-	-	-	-
<b>Total financial assets</b>	-	-	-	-
<b>Financial liabilities</b>				
<b>Financial instruments at fair value:</b>				
Other loans	-	-	-	-
Bank overdraft	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand 2022 2021

### 57. Financial instruments (continued)

30 June 2021

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial instruments at fair value:</b>				
Listed investment	39,706	-	-	39,706
Call deposits	-	-	-	-
Short-term portion of Investments	-	-	-	-
Bank balances and cash	-	-	-	-
<b>Total financial assets</b>	<b>39,706</b>	<b>-</b>	<b>-</b>	<b>39,706</b>
<b>Financial liabilities</b>				
<b>Financial instruments at fair value:</b>				
Other loans	-	-	-	-
Bank overdraft	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 57.2 Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Borrowings disclosed in Note 15, Cash and Cash Equivalents disclosed in Note 12; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note(s) 23&24&25 and the Statement of changes in net assets.

#### 57.3 Financial risk management objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit and risk management, responsible for monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### 57.4 Significant accounting policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the audited annual financial statements.

#### 57.5 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 57.6 below). No formal policy exists to hedge volatilities in the interest rate market.

#### 57.6 Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 57. Financial instruments (continued)

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the municipality's interest bearing external loan liabilities, as detailed in Appendix 'A', are fixed interest rate loans. Similarly with financial assets, the municipality invests its surplus funds on call deposit interest rate deposits with banks for fixed terms not exceeding one year.

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

#### 57.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

#### 30 June 2022

	Within 1 year	2 to 5 years	5 years +	Total
<b>Maturity analysis</b>				
Annuity loans	254,774,703	999,329,870	1,773,082,018	3,027,186,591
Finance leases	27,037	-	-	27,037
Payables from exchange transaction	166,310,687	-	-	166,310,687
Consumer deposits	65,330,962	-	-	65,330,962
	<b>486,443,389</b>	<b>999,329,870</b>	<b>1,773,082,018</b>	<b>3,258,855,277</b>

#### 30 June 2021

	Within 1 year	2 to 5 years	5 years +	Total
<b>Maturity analysis</b>				
Annuity loans	198,639,088	1,004,723,266	2,022,463,325	3,225,825,679
Finance leases	1,481,969	27,037	-	1,509,006
Payables from exchange transaction	267,367,249	-	-	267,367,249
Consumer deposits	59,109,629	-	-	59,109,629
	<b>526,597,935</b>	<b>1,004,750,303</b>	<b>2,022,463,325</b>	<b>3,553,811,563</b>

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

#### 57.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 11 to the audited annual financial statements.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>57. Financial instruments (continued)</b>		
The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.		
The carrying amount of financial assets recorded in the audited annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:		
Listed Investments	-	39,706
Non-current receivables from exchange transactions	94,875	272,299
Trade and other receivables from exchange transactions	351,898,123	310,790,566
Receivables from non-exchange transactions	3,212,031	2,935,096
Current portion of non-current receivables	26,762	156,788
Short term investments	40,000,000	-
Cash and cash equivalents	189,883,617	138,741,652
<b>Maximum credit and interest risk exposure</b>	<b>585,115,408</b>	<b>452,936,107</b>

### 57.9 Other price risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

### 58. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) is included in the Annual Report under the section titled Employment Equity.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>59. Related party disclosures</b>		
<b>59.1 Nature of related party relationships</b>		
<b>Related party</b>	<b>Nature of relationship</b>	
Compensation made to Senior management	Refer to note 40.1	
Remuneration of Councillors	Refer to note 41	
<b>59.2 Related party transactions</b>		
<b>Revenue</b>		
Consumer services rendered to Key Management Personnel	55,464	50,812
Consumer services rendered to Councillors	1,482,488	1,459,749
	<u>1,537,952</u>	<u>1,510,561</u>
<b>59.3 Related party balances</b>		
<b>Outstanding balances</b>		
<b>Consumer accounts</b>		
Key Management Personnel	-	-
Councillors	114,143	73,065
	<u>114,143</u>	<u>73,065</u>

The consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councillors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in GRAP 20, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes in terms of Supply Chain Management Regulations 45, awards to close family members of persons in the service of the state are disclosed in note 55.2 .

### 60. Retirement benefit information

The municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of financial performance of R 169,904,964 (2021: R 115,534,139) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 60. Retirement benefit information (continued)

#### a) LA Retirement Fund (Previously Cape Joint Pension Fund)

The LA Retirement Fund operates both as a defined benefit and defined contribution scheme.

##### Defined benefit scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2021 disclosed an actuarial valuation amounting to R1,486,110,000 (30 June 2020: R1,420,856,000), with a net accumulated surplus of R69,420,000 (2020: R0), with a funding level of 104.9% (30 June 2020: 100.00%).

##### Defined contribution scheme

The actuarial valuation report at 30 June 2021 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R2,082,488,000 (30 June 2020: R1,891,631,000), net investment reserve of R0 (30 June 2020: R0) and with a funding level of 100% (2020: 100%).

The actuary concluded that:

- The Pensioner Account has a funding level of 104.9% and is in a sound financial condition;
- The DC Section has a funding level of 100% and is in a sound financial condition;
- The Fund is in a sound financial condition with a funding level of 102%;
- The Trustees awarded a 3.41% pension increase effective 1 January 2022; and
- The Trustees awarded 100% of monthly pension bonus to pensioners payable in December 2021.

#### b) Consolidated Retirement Fund for local government (Previously Cape Joint Retirement Fund)

The last statutory valuation performed as at 30 June 2021 revealed that the net assets of the Fund amounted to R34,148,000,000 (30 June 2020: R28,560,000,000). The members share account and processing reserve account had assets amounting to R33,231,698,000 (2020: R27,710,650,000), and the pensions account had assets amounting to R672,300,000 (2020: R619,700,000) with funding levels of 100.5% and 133.0% (30 June 2020 100.5% and 132.2%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account amounted to R84,364,000 (30 June 2020: R93,944,000), with a funding level of 100% (30 June 2020: 100%). The contribution rate paid by the members (7.5%) and the municipalities (7.5% or 19.5%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date

#### c) SALA Pension Fund

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 01 July 2021 revealed that the assets of the fund amounted to R12,238,000.00 (01 July 2018: R14,298,600), with funding levels of 85.5% (01 July 2018: 96.0%). Recommended that employers continue to contribute at the current rate of 18.97% and the participating employees' contribute rate increased from 19.18% to 21.03% of pensionable salaries.

It is the actuary's opinion that:

- The Fund is 85.5% funded at the current valuation date. The financial position of the Fund has deteriorated since the previous statutory valuation date;
- The deficit at the valuation date has increased since the previous statutory valuation. The drop in the funding level is mainly due to the poor investment returns experienced over the valuation period; and
- I further certify that I am satisfied with the investment policy of the Fund and that the nature of the assets is, in my opinion, suitable for the nature of the liabilities of the Fund at the valuation date.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

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### 60. Retirement benefit information (continued)

#### d) Municipal Councillors' Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R1,798,030,000 (30 June 2017: R1,480,549,000), with funding levels of 103.26% (30 June 2017: 101.31%). The contribution rate paid by the members (13.75%) and council (15.00%) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2018, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

#### e) National Fund for Municipal Workers

The fund operates on defined contribution principles, in terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the local authority and the member, subject to an absolute minimum contribution of 2% or 5% of their remuneration respectively.

The local authority must, in respect of category A and category C members contribute such an amount as agreed between the local authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively.

Category B members are members who belong to both category A and category C and the local authority must, on behalf of such members, not contribute less than 7% of their remuneration.

The contribution rates specified above include the amounts payable towards the insured risk benefits policy as well as an allowance for administration fees.

The exact member contribution rate and employer contribution rate payable by each of the local authorities are specified in the schedule to the consolidated rules.

The last statutory valuation performed as at 30 June 2021 revealed that the assets of the fund amounted to R22,598,540,000 (30 June 2020: R18,423,317,000), with funding levels of 100.00% (30 June 2020: 100%). The actuary certifies that as at 30 June 2021 the assets of the fund were sufficient to cover 100.0% members' liabilities and reserve account balances. They thus confirm that, the fund continues to be able to meet its liabilities.

#### f) The Municipal Workers Retirement Fund (Previously South African Municipal Workers Union Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18% from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948,000 (30 June 2014: R6,574,775,000), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members Funds Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members Funds Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152,827,000 which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position. Newer information could not be obtained as the fund only releases information on payment.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
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### 61. Contingent liabilities

#### TE Joka

During Feb 2019, the Plaintiffs' vehicle was impounded for not having a valid permit to transport passengers. The Plaintiff received a fine and appeared in Court to dispute the fine and was successful. The charges against the plaintiff were withdrawn, but the fine of R7,000 (2021: R7,000) was not refunded. The claim is currently with attorneys appointed by the Municipality.

#### DC de Villiers

In February 2018 a fire broke out on Wolfkloof, the plaintiff is not aware of the cause of fire. The fire continued to burn for 3 days where after it spread onto the Trusts Farms on February 2018 and amount to R20,667,475. We are one of eight (8) defendants and in the event that the claim is successful, the Municipality will be liable for the excess amount of R25,000.

#### NORSA Community Care

In February 2021, near Wellington a collision occurred. The driver of Defendant, Amos Thelethe, collided with the plaintiffs parked vehicle while trying to pass. The matter is currently in settlement negotiations. The amount claimed was R18,779 (2021: R18,799), The claim is currently with attorneys appointed by the Municipality.

#### IM Lawrence

During November 2021, the plaintiff drove through a pothole/exposed excavated trench. The incident occurred on the corner of Jan van Riebeeck & Orleans Ave Charleston Hill. As a result of this incident, the applicant lodged a claim against the municipality to the amount of R37,537. A combined summons was received on 30 May 2022 and the matter is currently with attorneys appointed by the municipality. The appointed attorneys filed a notice to defend.

#### ND Muller

The applicant filled a Salary Dispute against the Municipality. As a result of this incident, the applicant lodged a claim of R22 700 000 against the municipality. The claim is currently with attorneys appointed by the municipality.

#### L Britz

During October 2021, an incident took place in Geffer Street, Charleston Hill. The driver(applicant) attempted to park on the side of the road and the vehicle collided with an unsecured manhole. As a result of this incident the applicant lodge a claim against the municipality to the amount of R18,687. The matter was referred to the internal insurance section and was rejected. The claim is the in the process of settlement with the Legal Services.

#### N Largardien

In January 2022, the applicant drove through a pothole in Annie Benjamin Street. As a result of this incident the applicant lodge a claim against the municipality to the amount of R11,814.24. The matter was referred to the internal insurance section and was rejected. The claim is in settlement negotiations with a legal advisor.

#### Baruch Security

The applicant filled a security services claim against the Municipality. As a result of this incident, the applicant lodged a claim of R897,717.13. The claim is current with attorneys appointed by the Municipality.

#### Francois Levens, WJ de Kock, A Gelderblom and S Lagardien

These cases were reported in the previous year, but were finalised during the current year under review.

#### Various other insurance claims

To date a total of 6 (2021: 14) cases are being dealt with at the Municipality's insurer and amounts to R3,613,729 (2021: R2,423,105) in total claims. In the event that the claims are successful, the Municipality will be liable for the amount of R110,000 (2021: R278,000), which is the excess payable.

#### D Hattingh

The municipality has a current arbitration process with the former Director of Engineering Services, who claims an alleged constructive dismissal. The maximum exposure for the municipality is the payment of the former director's contract package for 12 months, amounting to R1,596,747 (2021: R1,596,747)



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 61. Contingent liabilities (continued)

#### Arbitration cases

The municipality has 4 (2021: 6) ongoing arbitration cases, which varies in circumstances. The maximum exposure for the municipality amounts to R856,282 (2021: R143,050).

#### VAT - Library Grant

The municipality has submitted a request for a non-binding private opinion to the South African Revenue Service (SARS) concerning the output tax treatment of the library funding received from the Western Cape Department of Cultural Affairs (DCAS). The objective of the opinion request is for the SARS to confirm if the municipality must declare output tax at 15% (14% before 1 April 2018) or zero % on the funding received from the DCAS. At the date of these financial statements, the municipality is awaiting the outcome of their non-binding private opinion request to the SARS. If the SARS non-binding private opinion outcome is negative, the output tax payable (including penalties and interest) by the municipality to the SARS as of 30 June 2022 will be R 18,377,342 (2021: R 15,394,464).

According to Section 217 (3) of the Tax Administration Act (TAA), the municipality may remit to The South African Revenue Service (SARS) for the reversal of the penalty imposed in terms of section 213, if SARS is satisfied that the penalty which has been imposed in respect of a "first incidence" of non-compliance; reasonable grounds for the non-compliance exist; and the non-compliance in issue has been remedied, it may result in the total liability being reduced by R1,592,072 (2021: R1,331,150).

### 62. Contingent assets

#### Neil Lyners & Associates CC

Claim of R300,000 (2021: R300,000) for damages during installation of Civil Infrastructure services under contract CES9/2011 Siyahlala. Formal letter of demand was served on the Respondent dated 22/07/2015. Summons was issued. Awaiting a date to appear before a supervising Judge to prepare for trial. Matter still in progress.

#### Insurance Claim - Parys Substation fire

A dispute with the insured underwriter with regards to the amount of the insurance claim to be paid out by the insurance company, and the uncertainty on the claim amount to be paid out, no provision could be made in the 2018/19 Capital Adjustment Budget in February 2019. The claim is estimated at R25,007,410.00 (2021: R24,394,037).

### 63. Reporting against the framework for schedule 4 of DORA allocations

Submit project registrations and detail project implementation plans before the prescribed due dates. Department of Provincial and Local Government is monitoring the overall programme implementation.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021	
<b>64. Registered IUDG programme</b>			
<b>2021/2022</b>	<b>Received</b>	<b>Expenditure</b>	<b>Unspent</b>
Development of existing cemetery	1,203,432	(1,203,432)	-
Upgrading of parks and main roads	1,116,602	(1,116,602)	-
Upgrade swimming pools	3,165,966	(3,165,966)	-
Development of De Kraal sport complex	4,470,896	(4,470,896)	-
Upgrading of main roads: van der Stel & Klein drakenstein road	863,621	(863,621)	-
Upgrading of Parys Cemetery	2,316,202	(2,316,202)	-
Dal sports stadium: upgrading facility	1,424,082	(1,424,082)	-
Zanddrift fencing	1,133,363	(1,133,363)	-
Solid waste vehicles	5,684,409	(5,684,409)	-
Solid waste mini drop offs	600,316	(600,316)	-
Solid waste diversion infrastructure at landfill	447,287	(447,287)	-
Replace / upgrade water reticulation system	9,649,934	(9,649,934)	-
Paarl Wastewater Treatment Works mechanical	232,990	(232,990)	-
Replace / upgrade sewerage system	4,002,927	(4,002,927)	-
Upgrading of areas around Paarl East aprons	2,603,567	(2,603,567)	-
Reseal of streets /road network	4,599,477	(4,599,477)	-
Upgrading of sidewalks	1,149,930	(1,149,930)	-
Electrical transformer upgrade Dal Weide substation	3,941,963	(3,941,963)	-
Electrical switchgear	1,725,000	(1,725,000)	-
Spruit River water pipeline	774,036	(774,036)	-
Paint my story	1,150,000	(1,150,000)	-
	<b>52,256,000</b>	<b>(52,256,000)</b>	-
<b>2020/2021</b>	<b>Received</b>	<b>Expenditure</b>	<b>Unspent</b>
Upgrading of parks and main roads	1,301,244	(1,301,244)	-
Basic services: Schoongezicht emergency	3,557,203	(3,557,203)	-
Upgrade of cemetery	782,345	(782,345)	-
Upgrade swimming pools	5,501,275	(5,501,275)	-
Development of De Kraal sport complex	4,355,665	(4,355,665)	-
Dal Sports Stadium: upgrading facility	497,009	(497,009)	-
Water meters and connections Amstelhof	1,000,000	(1,000,000)	-
Upgrading own rental stock	577,930	(577,930)	-
Schoongezicht electrification	4,499,999	(4,499,999)	-
Drommedaris housing electrification	234,179	(234,179)	-
Kingston / Lantana street lights	899,998	(899,998)	-
Lantana housing sewer manholes	299,109	(299,109)	-
Schoongezicht boundary wall	1,262,708	(1,262,708)	-
Digger loader waste management vehicles	1,436,380	(1,436,380)	-
Replace / upgrade water reticulation system	5,063,653	(5,063,653)	-
Extension of basic services: informal settlements	1,000,000	(1,000,000)	-
Replace / upgrade sewerage systems Paarl	6,737,474	(6,737,474)	-
Upgrading of areas around Paarl East aprons	3,922,820	(3,922,820)	-
Reseal of streets /road network (Paarl West)	4,013,163	(4,013,163)	-
Upgrading of sidewalks	4,848,264	(4,848,264)	-
Replacement: Dal Wes substation	2,899,993	(2,899,993)	-
Maintenance of buildings & facilities	2,500,000	(2,500,000)	-
Software licences	736,589	(736,589)	-
	<b>57,927,000</b>	<b>(57,927,000)</b>	-





# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

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### 65. Going concern

In terms of the accounting standard GRAP 1, paragraphs 27 to 30, the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality has a constitutional mandate to levy property rates and service charges to enable the municipality to be considered as a going concern even though the municipality will be operational over the short to medium term in a state where liquidity will be under pressure.

To improve liquidity, the municipality has introduced a revenue management, expenditure management and cost containment programme including an exercise to restructure existing long-term external loans. For the 2021/22 budget the operating and capital expenditure budget was reduced considerably, even before the onset of the COVID-19 pandemic. The municipality has made substantial investments in revenue generating infrastructure over the past five years that created capacity for development and growth. The municipality do have a stable and growing revenue base, although slower than projected five years ago.

The municipality has not defaulted on payment of creditors. By sustaining a revenue collection rate above 95%, the municipality do have the ability to operate as a going concern and to continue rendering services to its community.

### 66. Principal and agent arrangements

#### Agent arrangements: Traffic services

##### Agent for the Western Cape Department of Transport and Public Works

The municipality acts as agent for the Western Cape Department of Transport and Public Works, where it provides motor vehicle registration and licenses services on behalf of the Western Cape Department of Transport and Public Works.

##### Reconciliation of amounts payable to the WC Department of Transport and Public Works

Balance at beginning of year	183,246	429,781
Revenue received on behalf of principal (including commission)	102,434,607	105,145,209
Revenue recognised by the municipality as agency*	(19,213,894)	(20,111,698)
Revenue paid over to principal	(83,081,183)	(85,280,044)
	<u>322,776</u>	<u>183,248</u>

\* VAT included

##### Agent for the National Department of Justice

The municipality acts as agent for the National Department of Justice, where it collects Contempt of court fines imposed for non-appearance in court of traffic fine offenders. The municipality does not derive any revenue from this functions.

##### Reconciliation of amounts payable to the Department of Justice

Balance at beginning of year	436,900	454,300
Revenue received on behalf of principal	158,700	240,600
Revenue recognised by the municipality as agency fee	-	-
Revenue paid over to the principal	(160,500)	(258,000)
	<u>435,100</u>	<u>436,900</u>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

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### Principal arrangements: Traffic services

#### Issuing of traffic fines

The municipality has a service provider TMT (2021: TMT) who acts as agent for the municipality with the issuing of traffic fines. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

Amounts remitted, but not received at year-end	-	-
Commission received by the agent	5,945,094	4,562,168

### Principal arrangements: Financial Services

#### Agent for the Drakenstein Municipality

The municipality has a service provider EasyPay & Pay@ (2021: EasyPay) who acts as agent for the municipality with the 3rd party collection of debtor payments. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.

Amounts remitted, but not received at year end	739,550	757,260
Commission received by the agent	3,716,327	3,385,597

### Principal arrangements: Financial Services

#### Agent for the Drakenstein Municipality

The municipality has a service provider ONTEC who acts as agent for the municipality with the sale of prepaid electricity and water. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. No penalties are payable if the contract with the agent is terminated.

Amounts remitted, but not received at year end	3,445,482	4,396,326
Commission received by the agent	10,025,457	8,179,388

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>67. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance</b>		
<b>Net surplus/(deficit) per the statement of financial performance</b>		
Basis differences		143,478,271
<b>Revenue by Source</b>		
Property rates		-
Property rates - penalties & collection charges (Surcharges and Taxes*)		(1,170,821)
Service charges - electricity revenue		(1,385,887,089)
Service charges - water revenue		(169,325,937)
Service charges - sanitation revenue		(125,716,050)
Service charges - refuse revenue		(135,738,980)
Service charges		1,826,370,540
Availability charges - Waste management		(3,153,904)
Availability charges - Water		(1,841,167)
Availability charges - Waste water management		(2,804,994)
Availability charges - Electricity		(1,902,418)
Availability charges		-
Rental of facilities and equipment (Rental of Fixed Assets*)		(5,248,483)
Investment revenue (Interest earned - external investments)		-
Interest earned - outstanding debtors		(7,271,334)
Finance income and Dividends*		-
Licences and permits		(20,745,433)
Fines (Fines, Penalties & Forfeits*)		(105,224,152)
Transfers recognised - operational / (Transfers and Subsidies*)		(116,101,016)
Other revenue (Operational Revenue (Exchange)*)		179,494,956
Operational Revenue ( Non - Exchange)*		(1,507,493)
Sale of Goods and Rendering of Services*		(19,181,115)
Inventory Surpluses (Gains/losses on Inventory)		-
Gains /(losses) on disposal of assets		(563,150)
Construction Contract Revenue		(204,277)
<b>Total</b>		<b>(97,722,317)</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand	2022	2021
<b>67. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance (continued)</b>		
<b>Expenditure By Type</b>		
Employee related costs		(3,795,473)
Remuneration of councillors (Councillor Related Cost *)		-
Collection cost		-
Debt impairment		-
Impairment losses on financial assets		117,214,549
Depreciation & asset impairment (Depreciation and Amortisation *)		-
Impairment Losses		2,468,069
Interest, Dividends and Rent on Land (Interest paid *)		-
Materials and Bulk purchases		(1,037,912,149)
Bulk Purchases		977,740,575
Contracted services		-
Amounts remitted, but not received at year end		148,352,033
Transfers and grants (Transfers and Subsidies : Operational Exp*)		-
Other expenditure (Operational cost*)		(304,797,172)
Inventory*		60,171,574
Operating Leases*		20,467,525
Loss on disposal of Assets (Gains /(losses) on disposal of PPE, IA, IP & HA*)		-
<b>Total</b>		<b>(20,090,469)</b>
<b>Surplus/(Deficit)</b>		
Transfers recognised - capital		117,812,786
Contributions recognised - capital		-
		<b>117,812,786</b>
Amounts remitted, but not received at year end		-
Amounts remitted, but not received at year end		-
<b>Net surplus/(deficit) per statement of budget comparison</b>		<b>143,478,271</b>

\* - Statement of Financial Performance classifications

Budget basis differences mainly relate to grouping differences of revenue and expenditure items between budget items per the Budget Schedules as issued by National Treasury, as opposed to the actual nature per GRAP. The mSCOA tables and the format of the Budget Schedules as issued by National Treasury are not yet fully aligned to the Standards of GRAP and this is therefore the reason for the disparity in classifications between the 2021/22 Budget and GRAP Annual Financial Statements.

## 68. Reconciliation of cash flows per the budget regulations with the cash flows per the cash flow statement

Net cash from operating activities	(6,221,332)
Net cash from investing activities	-
Net cash from financing activities	6,221,332
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>-</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 69. Budget information

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

#### Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of Drakenstein Municipality as approved by Council.

Explanation of variances greater than 10%: Final Budget and Actual Amounts.

#### 69.1. Cash flow

##### Net cash from (used) financing, investing and financing

- Due to the direct impact of our continues cost containment procedures, more cash were generated in operations. This result in the increase in operating activities.
- Budget amount in lower than the actual amounts spend, thus resulting in a increase in cash outflow or investment activities.
- The movement in consumer deposits were not budgeted for.

#### 69.2. Statement of financial performance

##### Revenue

- *Investment revenue*  
Due to increase in investment portfolio and stabilisation of the economy, higher interest rates were acquired and thus the increase in interest was received on our investments

##### Current Assets and Accumulated Surplus

- Due to the increase in cash, as a result of our continues cost containment procedures, more cash were available. This result in the increase in current assets. Also impacting on the accumulated surplus due to this increase.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 70. Segment information

##### Segment surplus or deficit, assets and liabilities

##### By Department

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
<b>Revenue</b>											
Services charges - Electricity	-	-	-	-	-	1,385,887,089	-	-	-	-	1,385,887,089
Services charges - Water	-	-	-	-	-	169,325,936	-	-	-	-	169,325,936
Services charges - Waste management	-	-	-	-	135,738,979	-	-	-	-	-	135,738,979
Services charges - Waste water management	-	-	-	-	-	125,716,049	-	-	-	-	125,716,049
Sales of goods and rendering of services	-	3,454,636	1,069,843	8,170,431	6,062,727	423,477	-	-	-	-	19,181,114
Rental from fixed assets	-	(9,867,307)	-	12,705,111	575,049	1,835,630	-	-	-	-	5,248,483
Interests on investments	-	9,673,336	-	-	-	-	-	-	-	-	9,673,336
Interest on receivables	-	-	6,646	-	1,998,551	5,266,136	-	-	-	-	7,271,333
Operational revenue - Exchange revenue	-	10,353,921	599,766	117,962	395,992	1,804,958	-	-	-	-	13,272,599
Operational revenue - Non-exchange revenue	-	1,507,493	-	-	-	-	-	-	-	-	1,507,493
Licences or permits	-	-	-	286,674	20,452,619	6,140	-	-	-	-	20,745,433
Gain on disposal of assets	-	139,954	-	-	-	423,197	-	-	-	-	563,151
Property rates	-	416,883,723	-	-	-	-	-	-	-	-	416,883,723
Availability charges - Electricity	-	-	-	-	-	1,902,418	-	-	-	-	1,902,418
Availability charges - Water	-	-	-	-	-	1,841,167	-	-	-	-	1,841,167
Availability charges - Waste management	-	-	-	-	-	3,153,904	-	-	-	-	3,153,904
Availability charges - Waste water management	-	-	-	-	2,804,994	-	-	-	-	-	2,804,994
Surcharges and taxes	-	1,170,821	-	-	-	-	-	-	-	-	1,170,821
Fines, penalties and forfeits	-	-	-	242,837	104,254,844	726,470	-	-	-	-	105,224,151
Transfers and subsidies	-	40,792,842	2,200,442	8,535,716	72,152,582	196,591,216	-	-	-	-	320,272,798
Construction contract revenue	-	151,981	-	52,296	-	-	-	-	-	-	204,277
<b>Total segment revenue</b>	-	<b>474,261,400</b>	<b>3,876,697</b>	<b>30,111,027</b>	<b>344,436,337</b>	<b>1,894,903,787</b>	-	-	-	-	<b>2,747,589,248</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 70. Segment information (continued)

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
<b>Expenditure</b>											
Employee related cost	4,234,666	74,164,354	82,865,779	70,802,541	238,520,410	227,451,188	8,608,159	1,973,018	4,676,011	3,140,528	716,436,654
Remuneration of councillors	-	-	31,654,071	-	-	-	-	-	-	-	31,654,071
Debt impairment / write-off	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	123,940	3,194,745	5,275,008	33,138,797	25,370,486	174,528,129	24,271	8,171	35,336	46,985	241,745,868
Impairment losses on financial assets	-	(801,018)	-	2,744,614	95,628,794	19,642,159	-	-	-	-	117,214,549
Impairment losses on PPE, IA and HA	-	1,608,788	-	-	-	859,281	-	-	-	-	2,468,069
Finance costs	-	78,537	261,228	4,814,048	7,333,026	167,674,915	-	-	-	-	180,161,754
Bulk purchases	-	-	-	-	-	977,740,575	-	-	-	-	977,740,575
Inventory consumed	21,023	1,764,373	1,777,743	3,420,249	24,900,671	28,276,277	(38,028)	4,406	44,902	(38)	60,171,578
Contracted services	2,000	4,894,450	10,250,438	7,687,909	63,733,675	59,999,293	542,930	30,823	800,268	410,250	148,352,036
Transfers and subsidies	-	-	3,098,651	1,030,013	983,732	10,000,000	-	-	-	231,600	15,343,996
Operational cost	3,990	27,074,977	23,624,672	2,227,028	20,671,068	17,434,345	27,680	6,522	199,596	1,084,423	92,354,301
Operating leases	-	-	-	260,650	4,970,796	15,236,080	-	-	-	-	20,467,526
<b>Total segment expenditure</b>	<b>4,385,619</b>	<b>111,979,206</b>	<b>158,807,590</b>	<b>126,125,849</b>	<b>482,112,658</b>	<b>1,698,842,242</b>	<b>9,165,012</b>	<b>2,022,940</b>	<b>5,756,113</b>	<b>4,913,748</b>	<b>2,604,110,977</b>
<b>Sub-total</b>	<b>(4,385,619)</b>	<b>362,282,194</b>	<b>(154,930,893)</b>	<b>(96,014,822)</b>	<b>(137,676,321)</b>	<b>196,061,545</b>	<b>(9,165,012)</b>	<b>(2,022,940)</b>	<b>(5,756,113)</b>	<b>(4,913,748)</b>	<b>143,478,271</b>
<b>Internal charges</b>											
OC : Municipal services	-	339,239	-	8,743,846	20,648,481	44,563,634	-	-	-	-	74,295,200
OC : Municipal services (Income)	-	-	-	-	(6,118,452)	(68,176,748)	-	-	-	-	(74,295,200)
<b>Total segment internal charges</b>	<b>-</b>	<b>339,239</b>	<b>-</b>	<b>8,743,846</b>	<b>14,530,029</b>	<b>(23,613,114)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(4,385,619)</b>	<b>362,621,433</b>	<b>(154,930,893)</b>	<b>(87,270,976)</b>	<b>(123,146,292)</b>	<b>172,448,431</b>	<b>(9,165,012)</b>	<b>(2,022,940)</b>	<b>(5,756,113)</b>	<b>(4,913,748)</b>	<b>143,478,271</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 70. Segment information (continued)

2021

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
<b>Revenue</b>											
Services charges - Electricity	-	-	-	-	-	1,230,221,283	-	-	-	-	1,230,221,283
Services charges - Water	-	-	-	-	-	150,466,866	-	-	-	-	150,466,866
Services charges - Waste management	-	-	-	-	125,627,467	-	-	-	-	-	125,627,467
Services charges - Waste water management	-	-	-	-	-	121,448,845	-	-	-	-	121,448,845
Sales of goods and rendering of services	-	512,336	1,145,301	4,551,523	5,106,851	259,198	-	-	-	-	11,575,209
Rental from fixed assets	-	(11,409,897)	-	14,233,128	356,514	2,010,385	-	-	-	-	5,190,130
Interests on investments	-	5,222,733	(7,560)	-	-	-	-	-	-	-	5,215,173
Dividends	-	-	7,560	-	-	-	-	-	-	-	7,560
Interest on receivables	-	-	8,497	-	1,909,173	5,166,939	-	-	-	-	7,084,609
Operational revenue - Exchange revenue	-	5,887,847	471,944	121,240	1,707,376	3,310,868	-	-	-	-	11,499,275
Operational revenue - Non-exchange revenue	-	8,798,882	-	-	-	-	-	-	-	-	8,798,882
Licences or permits	-	-	-	7,388	20,615,573	6,025	-	-	-	-	20,628,986
Property rates	-	343,711,355	-	-	-	-	-	-	-	-	343,711,355
Availability charges - Electricity	-	-	-	-	-	1,639,713	-	-	-	-	1,639,713
Availability charges - Water	-	-	-	-	-	1,601,232	-	-	-	-	1,601,232
Availability charges - Waste management	-	-	-	-	2,779,837	-	-	-	-	-	2,779,837
Availability charges - Waste water management	-	-	-	-	-	2,500,447	-	-	-	-	2,500,447
Surcharges and taxes	-	1,060,460	-	-	-	-	-	-	-	-	1,060,460
Fines, penalties and forfeits	-	-	-	172,233	128,083,946	346,763	-	-	-	-	128,602,942
Transfers and subsidies	-	71,383,411	716,797	15,426,839	74,737,672	235,572,782	-	204,442	-	-	398,041,943
Construction contract revenue	-	2,645,398	-	1,185,332	-	-	-	-	-	-	3,830,730
<b>Total segment revenue</b>	-	<b>427,812,525</b>	<b>2,342,539</b>	<b>35,697,683</b>	<b>360,924,409</b>	<b>1,754,551,346</b>	-	<b>204,442</b>	-	-	<b>2,581,532,944</b>





# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 70. Segment information (continued)

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
<b>Expenditure</b>											
Employee related cost	4,033,439	71,979,279	92,322,090	70,100,376	227,492,791	229,429,039	8,129,537	1,858,942	4,837,513	2,850,709	713,033,715
Remuneration of councillors	-	-	31,101,146	-	-	-	-	-	-	-	31,101,146
Debt impairment / write-off	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	117,826	2,920,264	4,093,858	30,294,378	24,473,156	157,451,179	21,969	7,681	31,985	23,732	219,436,028
Impairment losses on financial assets	-	3,382,241	-	-	110,047,591	62,057,447	-	-	-	-	175,487,279
Impairment losses on PPE, IA and HA	-	-	-	-	-	(246,328)	-	-	-	-	(246,328)
Finance costs	-	233,235	260,524	4,801,066	7,313,251	167,222,727	-	-	-	-	179,830,803
Bulk purchases	-	-	-	-	-	834,993,591	-	-	-	-	834,993,591
Inventory consumed	45,931	1,264,021	1,103,757	4,628,132	9,356,227	36,391,271	53,151	9,925	13,672	31,463	52,897,550
Contracted services	22,089	4,945,581	9,033,350	19,619,314	54,717,821	58,087,805	493,280	226,620	716,008	160,909	148,022,777
Transfers and subsidies	-	-	1,502,619	2,480,593	4,457,105	-	-	-	-	93,842	8,534,159
Operational cost	8,119	27,142,467	20,228,905	350,147	14,562,286	18,612,468	22,905	6,595	115,325	1,178,768	82,227,985
Operating leases	-	12,280	2,818,123	82,657	2,943,061	13,097,220	2,780	-	-	-	18,956,121
Fair value and loss on disposal adjustment of assets	-	56,810	22,591	35	1,534,919	4,529,977	-	-	-	-	6,144,332
<b>Total segment expenditure</b>	<b>4,227,404</b>	<b>111,936,178</b>	<b>162,486,963</b>	<b>132,356,698</b>	<b>456,898,208</b>	<b>1,581,626,396</b>	<b>8,723,622</b>	<b>2,109,763</b>	<b>5,714,503</b>	<b>4,339,423</b>	<b>2,470,419,158</b>
<b>Internal charges</b>											
OC : Municipal services	-	191,879	-	-	28,671,792	38,445,069	-	-	-	-	67,308,740
OC : Municipal services (Income)	-	-	-	-	-	(67,308,740)	-	-	-	-	(67,308,740)
<b>Total segment internal charges</b>	<b>-</b>	<b>191,879</b>	<b>-</b>	<b>-</b>	<b>28,671,792</b>	<b>(28,863,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(4,227,404)</b>	<b>315,684,468</b>	<b>(160,144,424)</b>	<b>(96,659,015)</b>	<b>(124,645,591)</b>	<b>201,788,621</b>	<b>(8,723,622)</b>	<b>(1,905,321)</b>	<b>(5,714,503)</b>	<b>(4,339,423)</b>	<b>111,113,786</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

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### 70. Segment information (continued)

By GFS

2022

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
<b>Revenue</b>															
Services charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,385,887,089	-	-	-	1,385,887,089
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	169,325,936	-	169,325,936
Services charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	135,738,979	-	-	135,738,979
Services charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	125,716,049	125,716,049
Sales of goods and rendering of services	1,069,843	3,523,349	-	4,273,366	1,721,060	-	-	8,167,822	27,118	-	-	2,197	-	396,359	19,181,114
Rental from fixed assets	-	(8,008,289)	-	305,849	264,134	522	12,545,406	122,600	-	-	18,261	-	-	-	5,248,483
Interests on investments	-	9,673,336	-	-	-	-	-	-	-	-	-	-	-	-	9,673,336
Interest on receivables	6,646	-	-	-	-	-	-	-	-	-	1,552,416	1,998,551	2,461,701	1,252,019	7,271,333
Operational revenue - Exchange revenue	599,307	11,690,630	-	33,371	-	234,126	56,565	61,397	-	-	108,387	-	478,886	9,930	13,272,599
Licences or permits	-	286,674	-	-	109,356	20,343,263	-	-	-	-	-	-	6,140	-	20,745,433
Gain on disposal of assets	-	9,479,138	-	-	-	-	-	-	-	-	(1,732,928)	-	(5,710,103)	(1,472,956)	563,151
Property rates	-	416,883,723	-	-	-	-	-	-	-	-	-	-	-	-	416,883,723
Availability charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,902,418	-	-	-	1,902,418
Availability charges - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	1,841,167	-	1,841,167
Availability charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	3,153,904	-	-	3,153,904
Availability charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	2,804,994	2,804,994
Surcharges and taxes	-	1,170,821	-	-	-	-	-	-	-	-	-	-	-	-	1,170,821
Fines, penalties and forfeits	-	-	-	40,989	-	104,213,855	-	242,837	-	-	726,470	-	-	-	105,224,151
Transfers and subsidies	93,872	63,775,438	-	-	2,385,156	860,000	5,752,876	5,287,000	17,498,009	-	67,414,441	51,502,295	24,745,555	80,958,156	320,272,798
Operational revenue - Non-exchange revenue	-	1,507,493	-	-	-	-	-	-	-	-	-	-	-	-	1,507,493
Construction contract revenue	-	151,981	-	-	-	-	52,296	-	-	-	-	-	-	-	204,277
<b>Total segment revenue</b>	<b>1,769,668</b>	<b>510,134,294</b>	<b>-</b>	<b>4,653,575</b>	<b>4,479,706</b>	<b>125,651,766</b>	<b>18,407,143</b>	<b>13,881,656</b>	<b>17,525,127</b>	<b>-</b>	<b>1,455,876,554</b>	<b>192,395,926</b>	<b>193,149,282</b>	<b>209,664,551</b>	<b>2,747,589,248</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 70. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
<b>Expenditure</b>															
Employee related cost	51,019,045	213,765,150	8,608,159	26,657,533	51,091,716	75,266,198	26,501,693	54,468,191	44,179,915	1,691,433	60,507,084	34,748,697	23,980,959	43,950,881	716,436,654
Remuneration of councillors	31,654,071	-	-	-	-	-	-	-	-	-	-	-	-	-	31,654,071
Debt impairment / write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	583,759	32,470,752	24,271	3,818,608	7,741,472	381,145	32,821,580	210,114	52,812,409	-	49,167,516	8,767,841	29,671,387	23,275,014	241,745,868
Impairment losses on financial assets	-	(801,018)	-	-	-	88,557,866	2,744,614	-	-	-	1,562,092	7,070,928	12,230,933	5,849,134	117,214,549
Impairment losses on PPE, IA and HA	-	2,468,069	-	-	-	-	-	-	-	-	-	-	-	-	2,468,069
Finance costs	-	19,353,351	-	-	-	261,226	4,814,048	-	28,604,385	-	67,270,367	6,810,572	10,691,659	42,356,146	180,161,754
Bulk purchases	-	-	-	-	-	-	-	-	-	-	949,723,831	-	28,016,744	-	977,740,575
Inventory consumed	25,981,990	4,501,758	(38,028)	2,740,246	2,926,785	423,130	2,774,752	254,799	3,180,071	-	10,685,462	3,376,288	1,319,767	2,044,558	60,171,578
Contracted services	22,586,206	16,777,936	542,930	1,502,151	3,004,418	42,196,333	6,828,452	800,268	6,056,930	-	18,645,856	6,769,838	7,511,669	15,129,049	148,352,036
Transfers and subsidies	2,551,656	1,736,928	-	-	400,000	583,732	71,680	-	10,000,000	-	-	-	-	-	15,343,996
Operational cost	3,052,283	56,488,720	27,680	3,008,639	533,473	538,572	1,519,385	579,087	642,444	-	10,204,023	15,387,317	113,826	258,852	92,354,301
Operating leases	-	6,409,898	-	45,437	(727)	-	164,683	80,237	2,953,774	-	4,609,113	4,926,086	-	1,279,025	20,467,526
<b>Total segment expenditure</b>	<b>137,429,010</b>	<b>353,171,544</b>	<b>9,165,012</b>	<b>37,772,614</b>	<b>65,697,137</b>	<b>208,208,202</b>	<b>78,240,887</b>	<b>56,392,696</b>	<b>148,429,928</b>	<b>1,691,433</b>	<b>1,172,375,344</b>	<b>87,857,567</b>	<b>113,536,944</b>	<b>134,142,659</b>	<b>2,604,110,977</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(135,659,342)</b>	<b>156,962,750</b>	<b>(9,165,012)</b>	<b>(33,119,039)</b>	<b>(61,217,431)</b>	<b>(82,556,436)</b>	<b>(59,833,744)</b>	<b>(42,511,040)</b>	<b>(130,904,801)</b>	<b>(1,691,433)</b>	<b>283,501,210</b>	<b>104,538,359</b>	<b>79,612,338</b>	<b>75,521,892</b>	<b>143,478,271</b>
<b>Internal charges</b>															
OC : Municipal services	-	6,193,343	-	1,415,835	17,461,396	205,117	8,743,846	-	9,250,655	-	5,001,536	273,261	6,801,169	18,949,042	74,295,200
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	(54,296,771)	(6,118,452)	(11,949,581)	(1,930,396)	(74,295,200)
<b>Total segment internal charges</b>	<b>-</b>	<b>6,193,343</b>	<b>-</b>	<b>1,415,835</b>	<b>17,461,396</b>	<b>205,117</b>	<b>8,743,846</b>	<b>-</b>	<b>9,250,655</b>	<b>-</b>	<b>(49,295,235)</b>	<b>(5,845,191)</b>	<b>(5,148,412)</b>	<b>17,018,646</b>	<b>-</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(135,659,342)</b>	<b>163,156,093</b>	<b>(9,165,012)</b>	<b>(31,703,204)</b>	<b>(43,756,035)</b>	<b>(82,351,319)</b>	<b>(51,089,898)</b>	<b>(42,511,040)</b>	<b>(121,654,146)</b>	<b>(1,691,433)</b>	<b>234,205,975</b>	<b>98,693,168</b>	<b>74,463,926</b>	<b>92,540,538</b>	<b>143,478,271</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 70. Segment information (continued)

2021

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
<b>Revenue</b>															
Services charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,230,221,283	-	-	-	1,230,221,283
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	150,466,866	-	150,466,866
Services charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	125,627,467	-	-	125,627,467
Services charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	121,448,845	121,448,845
Sales of goods and rendering of services	1,145,301	540,234	-	3,962,704	1,120,084	-	-	4,547,688	22,895	-	-	-	-	236,303	11,575,209
Rental from fixed assets	-	(9,325,398)	-	242,588	103,675	1,087	14,048,781	119,749	-	-	(352)	-	-	-	5,190,130
Interests on investments	(7,560)	5,222,733	-	-	-	-	-	-	-	-	-	-	-	-	5,215,173
Dividends	7,560	-	-	-	-	-	-	-	-	-	-	-	-	-	7,560
Interest on receivables	8,497	-	-	-	-	-	-	-	-	-	1,455,177	1,909,173	2,532,868	1,178,894	7,084,609
Operational revenue - Exchange revenue	471,241	8,273,182	-	45,912	964,748	566,595	1,559	117,491	529,892	-	21,500	-	480,919	26,236	11,499,275
Operational revenue - Non-exchange revenue	-	8,798,882	-	-	-	-	-	-	-	-	-	-	-	-	8,798,882
Licences or permits	-	7,388	-	-	30,296	20,585,277	-	-	-	-	-	-	6,025	-	20,628,986
Gain on disposal of assets	-	3,595,727	-	(4,938)	(32)	(1,528,794)	(35)	-	-	-	(2,803,724)	-	(4,018,278)	(1,384,258)	(6,144,332)
Property rates	-	343,711,355	-	-	-	-	-	-	-	-	-	-	-	-	343,711,355
Availability charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,639,713	-	-	-	1,639,713
Availability charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	1,601,232	-	1,601,232
Availability charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	2,779,837	-	-	2,779,837
Availability charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500,447	2,500,447
Surcharges and taxes	-	1,060,460	-	-	-	-	-	-	-	-	-	-	-	-	1,060,460
Fines, penalties and forfeits	-	-	-	22,283	-	128,061,663	-	172,233	-	-	346,763	-	-	-	128,602,942
Transfers and subsidies	11,619	96,656,419	-	1,575,000	1,000,000	460,000	12,573,151	4,829,589	57,247,999	-	77,596,315	53,215,040	16,331,845	76,544,966	398,041,943
Construction contract revenue	-	2,645,398	-	-	-	-	1,185,332	-	-	-	-	-	-	-	3,830,730
<b>Total segment revenue</b>	<b>1,636,658</b>	<b>461,186,380</b>	<b>-</b>	<b>5,843,549</b>	<b>3,218,771</b>	<b>148,145,828</b>	<b>27,808,788</b>	<b>9,786,750</b>	<b>57,800,786</b>	<b>-</b>	<b>1,308,476,675</b>	<b>183,531,517</b>	<b>167,401,477</b>	<b>200,551,433</b>	<b>2,575,388,612</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2022

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 70. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
<b>Expenditure</b>															
Employee related cost	68,373,273	206,517,127	8,129,537	26,020,851	46,191,310	70,737,662	26,119,367	57,299,850	42,893,260	1,658,762	58,124,624	33,032,261	23,973,908	43,961,923	713,033,715
Remuneration of councillors	31,101,146	-	-	-	-	-	-	-	-	-	-	-	-	-	31,101,146
Debt impairment / write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	510,081	28,752,142	21,969	4,109,443	6,903,425	303,485	30,013,890	198,079	48,072,483	-	44,745,850	8,946,796	25,985,651	20,872,734	219,436,028
Impairment losses on financial assets	-	3,382,241	-	-	-	108,297,890	1,749,701	-	-	-	17,916,153	16,493,426	20,214,740	7,433,128	175,487,279
Impairment losses on PPE, IA and HA	-	(246,328)	-	-	-	-	-	-	-	-	-	-	-	-	(246,328)
Finance costs	-	19,456,068	-	-	-	260,522	4,801,066	-	28,527,246	-	67,088,950	6,792,205	10,662,826	42,241,920	179,830,803
Bulk purchases	-	-	-	-	-	-	-	-	-	-	813,409,181	-	21,584,410	-	834,993,591
Inventory consumed	153,402	23,781,711	53,151	2,829,510	2,188,732	1,045,950	4,036,198	334,849	2,910,251	-	8,958,229	2,942,752	2,210,949	1,451,866	52,897,550
Contracted services	5,730,417	29,199,541	493,280	1,968,051	3,700,572	40,627,113	18,840,209	783,008	6,850,440	-	13,486,248	7,968,464	7,130,681	11,244,753	148,022,777
Transfers and subsidies	1,686,034	2,178,665	-	104,875	3,400,000	952,230	212,355	-	-	-	-	-	-	-	8,534,159
Operational cost	919,186	53,552,009	22,905	2,677,242	453,570	474,743	146,566	1,515,367	636,307	-	10,658,832	10,784,501	96,412	290,345	82,227,985
Operating leases	-	8,823,306	2,780	105,258	145,290	-	-	59,122	2,793,990	-	4,240,839	2,692,513	-	93,023	18,956,121
<b>Total segment expenditure</b>	<b>108,473,539</b>	<b>375,396,482</b>	<b>8,723,622</b>	<b>37,815,230</b>	<b>62,982,899</b>	<b>222,699,595</b>	<b>85,919,352</b>	<b>60,190,275</b>	<b>132,683,977</b>	<b>1,658,762</b>	<b>1,038,628,906</b>	<b>89,652,918</b>	<b>111,859,577</b>	<b>127,589,692</b>	<b>2,464,274,826</b>
<b>Internal charges</b>															
OC : Municipal services	-	3,031,262	-	1,269,249	17,657,333	220,080	8,113,402	-	6,082,968	-	8,319,003	263,631	6,561,062	15,790,750	67,308,740
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	(45,852,573)	(5,669,730)	(13,935,791)	(1,850,646)	(67,308,740)
<b>Total segment internal charges</b>	<b>-</b>	<b>3,031,262</b>	<b>-</b>	<b>1,269,249</b>	<b>17,657,333</b>	<b>220,080</b>	<b>8,113,402</b>	<b>-</b>	<b>6,082,968</b>	<b>-</b>	<b>(37,533,570)</b>	<b>(5,406,099)</b>	<b>(7,374,729)</b>	<b>13,940,104</b>	<b>-</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(106,836,881)</b>	<b>82,758,636</b>	<b>(8,723,622)</b>	<b>(33,240,930)</b>	<b>(77,421,461)</b>	<b>(74,773,847)</b>	<b>(66,223,966)</b>	<b>(50,403,525)</b>	<b>(80,966,159)</b>	<b>(1,658,762)</b>	<b>307,381,339</b>	<b>99,284,698</b>	<b>62,916,629</b>	<b>59,021,637</b>	<b>111,113,786</b>



**Drakenstein Municipality**

**Appendix A**

**Schedule of external loans as at 30 June 2022**

External Loans	Interest Rate %	Loan Number	Redeemable Date	Balance at 30 June 2021 Rand	Redeemed/ written off during the period Rand	Balance at 30 June 2022 Rand
<b>Annuity and other loans</b>						
DBSA	10.734 %	61007616	2037	962,981,450	-	962,981,450
NEDBANK	11.480 %	7831030646-0011	2029	198,701,741	-	198,701,741
STANDARD BANK	11.440 %	0053-7722	2028	433,066,762	11,379,716	421,687,046
STANDARD BANK	10.970 %	0053-8368	2028	30,149,419	1,663,322	28,486,097
STANDARD BANK	9.680 %	0053-7738	2022	1,094,848	1,094,848	-
STANDARD BANK	9.870 %	0053-7565	2023	6,371,532	3,032,193	3,339,339
STANDARD BANK	9.840 %	0053-1097	2024	4,591,130	1,385,791	3,205,339
				<b>1,636,956,882</b>	<b>18,555,870</b>	<b>1,618,401,012</b>

Drakenstein Municipality

Appendix B1

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	2022/2021										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
<b>Revenue - Standard</b>											
<b>Governance and administration</b>	<b>476,119,224</b>	<b>28,027,325</b>	<b>504,146,549</b>	-		<b>504,146,549</b>	<b>523,130,738</b>		<b>18,984,189</b>	<b>104 %</b>	<b>110 %</b>
Executive and council	436,663	1,486,380	1,923,043	-		1,923,043	10,840,919		8,917,876	564 %	2,483 %
Finance and administration	475,682,561	26,540,945	502,223,506	-		502,223,506	512,289,819		10,066,313	102 %	108 %
Internal audit	-	-	-	-		-	-		-	- %	- %
<b>Community and public safety</b>	<b>137,272,026</b>	<b>13,533,876</b>	<b>150,805,902</b>	-		<b>150,805,902</b>	<b>153,139,895</b>		<b>2,333,993</b>	<b>102 %</b>	<b>112 %</b>
Community and social services	3,525,928	3,776,186	7,302,114	-		7,302,114	4,653,576		(2,648,538)	64 %	132 %
Sport and recreation	6,472,440	(475,014)	5,997,426	-		5,997,426	4,479,707		(1,517,719)	75 %	69 %
Public safety	99,631,569	3,290,000	102,921,569	-		102,921,569	125,651,765		22,730,196	122 %	126 %
Housing	27,642,089	6,942,704	34,584,793	-		34,584,793	18,354,847		(16,229,946)	53 %	66 %
Health	-	-	-	-		-	-		-	- %	- %
<b>Economic and environmental services</b>	<b>24,363,854</b>	<b>6,495,010</b>	<b>30,858,864</b>	-		<b>30,858,864</b>	<b>31,406,783</b>		<b>547,919</b>	<b>102 %</b>	<b>129 %</b>
Planning and development	7,812,450	4,065,000	11,877,450	-		11,877,450	13,881,656		2,004,206	117 %	178 %
Road transport	16,551,404	2,430,010	18,981,414	-		18,981,414	17,525,127		(1,456,287)	92 %	106 %
Environmental protection	-	-	-	-		-	-		-	- %	- %
<b>Trading services</b>	<b>2,067,425,340</b>	<b>(9,123,568)</b>	<b>2,058,301,772</b>	-		<b>2,058,301,772</b>	<b>2,060,002,303</b>		<b>1,700,531</b>	<b>100 %</b>	<b>100 %</b>
Energy sources	1,482,824,918	(18,183,165)	1,464,641,753	-		1,464,641,753	1,457,609,483		(7,032,270)	100 %	98 %
Water management	194,533,993	9,174,541	203,708,534	-		203,708,534	198,859,386		(4,849,148)	98 %	102 %
Waste water management	203,371,722	(1,958,849)	201,412,873	-		201,412,873	211,137,507		9,724,634	105 %	104 %
Waste management	186,694,707	1,843,905	188,538,612	-		188,538,612	192,395,927		3,857,315	102 %	103 %
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>- %</b>	<b>- %</b>
Other	-	-	-	-		-	-		-	- %	- %
<b>Total Revenue - Standard</b>	<b>2,705,180,444</b>	<b>38,932,643</b>	<b>2,744,113,087</b>	<b>-</b>		<b>2,744,113,087</b>	<b>2,767,679,719</b>		<b>23,566,632</b>	<b>101 %</b>	<b>102 %</b>
<b>Expenditure - Standard</b>											
<b>Governance and administration</b>	<b>532,663,305</b>	<b>11,049,685</b>	<b>543,712,990</b>	-	<b>(3,333,589)</b>	<b>540,379,401</b>	<b>510,940,024</b>	-	<b>(29,439,377)</b>	<b>95 %</b>	<b>96 %</b>
Executive and council	142,072,286	9,773,251	151,845,537	-	5,401,581	157,247,118	146,500,252	-	(10,746,866)	93 %	103 %
Finance and administration	381,201,779	1,268,751	382,470,530	-	(8,735,170)	373,735,360	355,274,760	-	(18,460,600)	95 %	93 %
Internal audit	9,389,240	7,683	9,396,923	-	-	9,396,923	9,165,012	-	(231,911)	98 %	98 %
<b>Community and public safety</b>	<b>375,955,636</b>	<b>2,239,812</b>	<b>378,195,448</b>	-	<b>19,902,816</b>	<b>398,098,264</b>	<b>389,918,822</b>	-	<b>(8,179,442)</b>	<b>98 %</b>	<b>104 %</b>
Community and social services	38,844,069	(1,631,009)	37,213,060	-	(559,868)	36,653,192	37,772,608	-	1,119,416	103 %	97 %
Sport and recreation	72,372,584	(4,149,369)	68,223,215	-	(800,057)	67,423,158	65,697,128	-	(1,726,030)	97 %	91 %
Public safety	185,250,764	1,281,100	186,531,864	-	21,679,241	208,211,105	208,208,200	-	(2,905)	100 %	112 %
Housing	79,488,219	6,739,090	86,227,309	-	(416,500)	85,810,809	78,240,886	-	(7,569,923)	91 %	98 %
<b>Economic and environmental services</b>	<b>211,994,400</b>	<b>(776,313)</b>	<b>211,218,087</b>	-	<b>(210,710)</b>	<b>211,007,377</b>	<b>206,514,058</b>	-	<b>(4,493,319)</b>	<b>98 %</b>	<b>97 %</b>
Planning and development	60,562,922	(520,921)	60,042,001	-	(51,871)	59,990,130	56,392,696	-	(3,597,434)	94 %	93 %
Road transport	149,742,912	(269,270)	149,473,642	-	(158,839)	149,314,803	148,429,930	-	(884,873)	99 %	99 %
Environmental protection	1,688,566	13,878	1,702,444	-	-	1,702,444	1,691,432	-	(11,012)	99 %	100 %
<b>Trading services</b>	<b>1,539,955,020</b>	<b>1,013,505</b>	<b>1,540,968,525</b>	-	<b>(16,358,517)</b>	<b>1,524,610,008</b>	<b>1,516,828,497</b>	-	<b>(7,781,511)</b>	<b>99 %</b>	<b>98 %</b>
Energy sources	1,210,061,306	(18,108,595)	1,191,952,711	-	(15,377,844)	1,176,574,867	1,174,108,276	-	(2,466,591)	100 %	97 %
Water management	115,228,407	8,740,067	123,968,474	-	(979,919)	122,988,555	119,247,043	-	(3,741,512)	97 %	103 %
Waste water management	126,100,942	8,140,003	134,240,945	-	1,456,571	135,697,516	135,615,610	-	(81,906)	100 %	108 %
Waste management	88,564,365	2,242,030	90,806,395	-	(1,457,325)	89,349,070	87,857,568	-	(1,491,502)	98 %	99 %
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>- %</b>	<b>- %</b>
Other	-	-	-	-		-	-		-	- %	- %

Drakenstein Municipality

Appendix B1

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	2022/2021										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
Total Expenditure - Standard	2,660,568,361	13,526,689	2,674,095,050	-	-	2,674,095,050	2,624,201,401	-	(49,893,649)	98 %	99 %
Surplus/(Deficit) for the year	44,612,083	25,405,954	70,018,037	-	-	70,018,037	143,478,318	-	73,460,281	205 %	322 %



**Drakenstein Municipality**

**Appendix B2**

**Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)**

	2022/2021										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjusted Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		
<b>Revenue by Vote</b>											
Office of the City Manager	-	-	-	-		-	-		-	- %	- %
Financial Services	430,605,298	19,313,525	449,918,823	-		449,918,823	474,173,743		24,254,920	105 %	110 %
Corporate Services	22,658,353	3,311,049	25,969,402	-		25,969,402	12,947,948		(13,021,454)	50 %	57 %
Planning and Development	32,841,414	12,695,672	45,537,086	-		45,537,086	30,058,730		(15,478,356)	66 %	92 %
Community Services	312,310,144	10,010,860	322,321,004	-		322,321,004	344,785,248		22,464,244	107 %	110 %
Engineering Services	1,906,765,235	(6,398,463)	1,900,366,772	-		1,900,366,772	1,905,714,050		5,347,278	100 %	100 %
Department of Chief Audit Executive	-	-	-	-		-	-		-	- %	- %
Department of Risk And Compliance	-	-	-	-		-	-		-	- %	- %
Department of IDP And PMS	-	-	-	-		-	-		-	- %	- %
Department of Communication	-	-	-	-		-	-		-	- %	- %
<b>Total Revenue by Vote</b>	<b>2,705,180,444</b>	<b>38,932,643</b>	<b>2,744,113,087</b>	<b>-</b>		<b>2,744,113,087</b>	<b>2,767,679,719</b>		<b>23,566,632</b>	<b>101 %</b>	<b>102 %</b>

**Drakenstein Municipality**

**Appendix B2**

**Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)**

2022/2021											
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjusted Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand			
<b>Expenditure by Vote to be appropriated</b>											
Office of the City Manager	4,448,444	(15,569)	4,432,875	-	-	4,432,875	4,385,618	-	(47,257)	99 %	99 %
Financial Services	124,291,137	1,884,021	126,175,158	-	(4,725,177)	121,449,981	111,841,624	-	(9,608,357)	92 %	90 %
Corporate Services	173,965,255	2,737,142	176,702,397	-	106,144	176,808,541	167,878,836	-	(8,929,705)	95 %	97 %
Planning and Development	134,848,837	880,085	135,728,922	-	(914,095)	134,814,827	126,125,846	-	(8,688,981)	94 %	94 %
Community Services	462,452,043	5,141,812	467,593,855	-	22,826,461	490,420,316	482,112,643	-	(8,307,673)	98 %	104 %
Engineering Services	1,736,829,408	3,531,780	1,740,361,188	-	(17,285,462)	1,723,075,726	1,709,999,023	-	(13,076,703)	99 %	98 %
Department of Chief Audit Executive	9,389,240	7,683	9,396,923	-	-	9,396,923	9,165,012	-	(231,911)	98 %	98 %
Department of Risk And Compliance	2,136,694	(52,590)	2,084,104	-	-	2,084,104	2,022,938	-	(61,166)	97 %	95 %
Department of IDP And PMS	6,914,865	(499,086)	6,415,779	-	(7,871)	6,407,908	5,756,114	-	(651,794)	90 %	83 %
Department of Communication	5,292,438	(88,589)	5,203,849	-	-	5,203,849	4,913,747	-	(290,102)	94 %	93 %
<b>Total Expenditure by Vote</b>	<b>2,660,568,361</b>	<b>13,526,689</b>	<b>2,674,095,050</b>	<b>-</b>	<b>-</b>	<b>2,674,095,050</b>	<b>2,624,201,401</b>	<b>-</b>	<b>(49,893,649)</b>	<b>98 %</b>	<b>99 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>44,612,083</b>	<b>25,405,954</b>	<b>70,018,037</b>	<b>-</b>		<b>70,018,037</b>	<b>143,478,318</b>		<b>73,460,281</b>	<b>205 %</b>	<b>322 %</b>

**Drakenstein Municipality**

**Appendix B3**

**Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding**

2022/2021										
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 by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure</b>										
Office of the City Manager	-	-	-	-	-	-	-	-	- %	- %
Financial Services	-	-	-	-	-	-	-	-	- %	- %
Corporate Services	500,000	143,379	643,379	-	(1,681)	641,698	641,698	-	100 %	128 %
Planning and Development	10,800,000	1,855,779	12,655,779	-	-	12,655,779	4,452,796	(8,202,983)	35 %	41 %
Community Services	2,110,000	609,314	2,719,314	-	(102,544)	2,616,770	2,616,769	(1)	100 %	124 %
Engineering Services	27,822,783	10,657,648	38,480,431	-	(40,619)	38,439,812	38,439,710	(102)	100 %	138 %
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	- %	- %
Department of Risk And Compliance	-	-	-	-	-	-	-	-	- %	- %
Department of IDP And PMS	-	-	-	-	-	-	-	-	- %	- %
Department of Communication	-	-	-	-	-	-	-	-	- %	- %
<b>Capital multi-year expenditure sub-total</b>	<b>41,232,783</b>	<b>13,266,120</b>	<b>54,498,903</b>	<b>-</b>	<b>(144,844)</b>	<b>54,354,059</b>	<b>46,150,973</b>	<b>(8,203,086)</b>	<b>85 %</b>	<b>112 %</b>
<b>Single-year expenditure</b>										
Office of the City Manager	-	-	-	-	-	-	-	-	- %	- %
Financial Services	250,000	1,202,752	1,452,752	-	(35,973)	1,416,779	1,216,426	(200,353)	86 %	487 %
Corporate Services	10,530,000	304,504	10,834,504	-	(423,333)	10,411,171	10,388,430	(22,741)	100 %	99 %
Planning and Development	416,500	2,551,483	2,967,983	-	(333,610)	2,634,373	2,212,254	(422,119)	84 %	531 %
Community Services	31,651,088	(456,232)	31,194,856	-	22,200	31,217,056	29,362,067	(1,854,989)	94 %	93 %
Engineering Services	43,826,198	24,663,106	68,489,304	-	1,106,292	69,595,596	67,575,033	(2,020,563)	97 %	154 %
Department of Chief Audit Executive	-	7,000	7,000	-	(1,450)	5,550	5,550	-	100 %	- %
Department of Risk And Compliance	-	-	-	-	-	-	-	-	- %	- %
Department of IDP And PMS	-	14,000	14,000	-	(4,679)	9,321	9,321	-	100 %	- %
Department of Communication	196,000	120,000	316,000	-	(184,603)	131,397	131,397	-	100 %	67 %
<b>Capital single-year expenditure sub-total</b>	<b>86,869,786</b>	<b>28,406,613</b>	<b>115,276,399</b>	<b>-</b>	<b>144,844</b>	<b>115,421,243</b>	<b>110,900,478</b>	<b>(4,520,765)</b>	<b>96 %</b>	<b>128 %</b>
<b>Total Capital Expenditure - Vote</b>	<b>128,102,569</b>	<b>41,672,733</b>	<b>169,775,302</b>	<b>-</b>	<b>-</b>	<b>169,775,302</b>	<b>157,051,451</b>	<b>(12,723,851)</b>	<b>93 %</b>	<b>123 %</b>

Drakenstein Municipality

Appendix B3

Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

2022/2021											
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 by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%	
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>	<b>15,977,500</b>	<b>1,731,083</b>	<b>17,708,583</b>	-	<b>(357,640)</b>	<b>17,350,943</b>	<b>16,160,193</b>	-	<b>(1,190,750)</b>	<b>93 %</b>	<b>101 %</b>
Executive and council	-	88,000	88,000	-	(15,213)	72,787	55,050	-	(17,737)	76 %	- %
Finance and administration	15,977,500	1,636,083	17,613,583	-	(340,977)	17,272,606	16,099,593	-	(1,173,013)	93 %	101 %
Internal audit	-	7,000	7,000	-	(1,450)	5,550	-	-	-	100 %	- %
<b>Community and public safety</b>	<b>32,261,088</b>	<b>8,402,107</b>	<b>40,663,195</b>	-	<b>(379,504)</b>	<b>40,283,691</b>	<b>29,999,075</b>	-	<b>(10,284,616)</b>	<b>74 %</b>	<b>93 %</b>
Community and social services	330,000	1,424,712	1,754,712	-	(53,507)	1,701,205	1,379,008	-	(322,197)	81 %	418 %
Sport and recreation	18,126,088	2,084,310	20,210,398	-	55,821	20,266,219	18,950,694	-	(1,315,525)	94 %	105 %
Public safety	3,005,000	426,096	3,431,096	-	(154,401)	3,276,695	3,154,082	-	(122,613)	96 %	105 %
Housing	10,800,000	4,466,989	15,266,989	-	(227,417)	15,039,572	6,515,291	-	(8,524,281)	43 %	60 %
Health	-	-	-	-	-	-	-	-	-	- %	- %
<b>Economic and environmental services</b>	<b>25,486,404</b>	<b>10,620,887</b>	<b>36,107,291</b>	-	<b>(161,268)</b>	<b>35,946,023</b>	<b>35,902,362</b>	-	<b>(43,661)</b>	<b>100 %</b>	<b>141 %</b>
Planning and development	5,000	18,849	23,849	-	(9,567)	14,282	14,281	-	(1)	100 %	286 %
Road transport	25,481,404	10,602,038	36,083,442	-	(151,701)	35,931,741	35,888,081	-	(43,660)	100 %	141 %
Environmental protection	-	-	-	-	-	-	-	-	-	- %	- %
<b>Trading services</b>	<b>54,377,577</b>	<b>20,918,656</b>	<b>75,296,233</b>	-	<b>898,412</b>	<b>76,194,645</b>	<b>74,989,821</b>	-	<b>(1,204,824)</b>	<b>98 %</b>	<b>138 %</b>
Energy sources	22,382,577	21,564,969	43,947,546	-	1,093,972	45,041,518	45,041,508	-	(10)	100 %	201 %
Water management	10,095,000	6,551,281	16,646,281	-	34,510	16,680,791	15,570,633	-	(1,110,158)	93 %	154 %
Waste water management	9,600,000	(3,365,558)	6,234,442	-	(80,995)	6,153,447	6,153,445	-	(2)	100 %	64 %
Waste management	12,300,000	(3,832,036)	8,467,964	-	(149,075)	8,318,889	8,224,235	-	(94,654)	99 %	67 %
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- %</b>	<b>- %</b>
Other	-	-	-	-	-	-	-	-	-	- %	- %
<b>Total Capital Expenditure - Standard</b>	<b>128,102,569</b>	<b>41,672,733</b>	<b>169,775,302</b>	<b>-</b>	<b>-</b>	<b>169,775,302</b>	<b>157,051,451</b>	<b>-</b>	<b>(12,723,851)</b>	<b>93 %</b>	<b>123 %</b>
<b>Funded by:</b>											
National Government	66,483,665	1,443,292	67,926,957	-		67,926,957	67,927,672		715	100 %	102 %
Provincial Government	27,288,000	4,985,789	32,273,789	-		32,273,789	23,964,459		(8,309,330)	74 %	88 %
District Municipality	1,250,000	1,918,865	3,168,865	-		3,168,865	3,168,663		(202)	100 %	253 %
Other transfers and grants	1,360,904	18,601,168	19,962,072	-		19,962,072	17,712,545		(2,249,527)	89 %	1,302 %
<b>Transfers recognised - capital</b>	<b>96,382,569</b>	<b>26,949,114</b>	<b>123,331,683</b>	<b>-</b>	<b></b>	<b>123,331,683</b>	<b>112,773,339</b>	<b></b>	<b>(10,558,344)</b>	<b>91 %</b>	<b>117 %</b>
Public contributions & donations	-	-	-	-		-	-		-	- %	- %
Borrowing	-	-	-	-		-	-		-	- %	- %
Internally generated funds	31,720,000	14,723,619	46,443,619	-		46,443,619	44,278,112		(2,165,507)	95 %	140 %
<b>Total Capital Funding</b>	<b>128,102,569</b>	<b>41,672,733</b>	<b>169,775,302</b>	<b>-</b>	<b></b>	<b>169,775,302</b>	<b>157,051,451</b>	<b></b>	<b>(12,723,851)</b>	<b>93 %</b>	<b>123 %</b>

**Drakenstein Municipality**

**Appendix C**

**Disclosure of Grants and Subsidies in Terms of Section 123 of the MFMA, 56 of 2003**

Description	Quarterly Receipts							Quarterly Expenditure (Capital and Operating)					Closing Balance 30 June 2022 Rand	
	Opening Balance 01 July 2021	Restate-ments	Restated Opening Balance 01 July 2021	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun		Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand
<b>National Government (Unconditional Grant)</b>														
EQUITABLE SHARE	-	-	-	(71,358,000)	(57,086,000)	-	(42,815,000)	(171,259,000)	31,210,605	97,233,395	468	42,814,532	171,259,000	-
	-	-	-	<b>(71,358,000)</b>	<b>(57,086,000)</b>	-	<b>(42,815,000)</b>	<b>(171,259,000)</b>	<b>31,210,605</b>	<b>97,233,395</b>	<b>468</b>	<b>42,814,532</b>	<b>171,259,000</b>	-
<b>National Government (Conditional Grant)</b>														
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	(822,000)	(1,479,000)	(986,000)	-	(3,287,000)	-	2,301,000	-	986,000	3,287,000	-
FINANCIAL MANAGEMENT GRANT	-	-	-	(2,550,000)	1,000,000	-	-	(1,550,000)	176,268	543,445	141,728	688,559	1,550,000	-
IUDG	-	-	-	-	(46,188,637)	-	(6,137,363)	(52,326,000)	-	8,832,112	11,707,125	31,786,763	52,326,000	-
INEP	-	-	-	(5,965,000)	(5,000,000)	-	(7,350,000)	(18,315,000)	505,682	3,681,574	-	14,127,744	18,315,000	-
ELECTRICITY DEMANDSIDE	-	-	-	-	-	(3,000,000)	(1,000,000)	(4,000,000)	-	2,308,939	690,078	1,000,983	4,000,000	-
G/G: WATER INFRASTRUCTURE	-	-	-	-	-	-	(4,095,000)	(4,095,000)	-	-	-	4,095,000	4,095,000	-
	-	-	-	<b>(9,337,000)</b>	<b>(51,667,637)</b>	<b>(3,986,000)</b>	<b>(18,582,363)</b>	<b>(83,573,000)</b>	<b>681,950</b>	<b>17,667,070</b>	<b>12,538,931</b>	<b>52,685,049</b>	<b>83,573,000</b>	-
<b>Provincial Government (Conditional Grant)</b>														
SIYASHLALA	(416,563)	-	(416,563)	-	-	-	-	(416,563)	-	-	-	-	-	(416,563)
KINGSTON / LANTANA	-	-	-	-	-	-	(151,981)	(151,981)	-	-	-	151,981	151,981	-
KINGSTON TOWN TRANSFERS	(53,000)	-	(53,000)	-	-	-	-	(53,000)	-	-	-	-	-	(53,000)
GOUDA	(603,924)	603,924	-	-	-	-	-	-	-	-	-	-	-	-
ERF 2220 (NOODKAMP)	(796,653)	796,653	-	-	-	-	-	-	-	-	-	-	-	-
NEW SIZAYAMA	(460,920)	460,920	-	-	-	-	-	-	-	-	-	-	-	-
P59 FAIRYLANDS INCOME	(2,027,050)	-	(2,027,050)	-	-	-	-	(2,027,050)	-	-	-	-	-	(2,027,050)
PAARL EAST HOUSING	-	-	-	-	-	-	(52,296)	(52,296)	-	-	-	52,296	52,296	-
DROMMEDARIS ST EHP	(168,249)	-	(168,249)	-	-	-	-	(168,249)	171,570	13,781	68,845	(254,196)	-	(168,249)
CARTERVILLE HOUSING PROJECT	(956,503)	-	(956,503)	-	-	-	-	(956,503)	-	-	-	-	-	(956,503)
1068 HUISE WD SKENKING	(202,144)	-	(202,144)	-	-	-	-	(202,144)	-	-	-	49,919	49,919	(152,225)
DALIOSAPHAT TRANSFERS	(453,180)	453,180	-	-	-	-	-	-	-	-	-	-	-	-
AMSTELHOF PROJECT 35	(10,348)	-	(10,348)	-	-	-	-	(10,348)	-	-	-	10,348	10,348	-
DROM 181/1407	(398,845)	398,845	-	-	-	-	-	-	-	-	-	-	-	-
DROMMEDARIS ST EHP	(140,064)	140,064	-	-	-	-	-	-	-	-	-	-	-	-
TITLE DEEDS	(5,443,586)	5,443,586	-	-	-	-	-	-	-	-	-	-	-	-
CHESTER WILLIAMS & PAARL LOVERS LANE	(425,478)	-	(425,478)	-	-	-	(241,231)	(666,709)	-	-	-	124,700	124,700	(542,009)
LIBRARY SERVICES CONDITIONAL GRANT	-	-	-	(7,950,000)	(8,849,000)	(3,205,000)	-	(20,004,000)	-	14,607,826	-	2,786,957	17,394,783	(2,609,217)
FINANCIAL MANAGEMENT SUPPORT GRANT	(11,558)	-	(11,558)	-	-	-	(1,000,000)	(1,011,558)	-	-	-	942,941	942,941	(68,617)
RSEP	-	-	-	-	(1,300,000)	-	-	(1,300,000)	-	1,300,000	-	-	1,300,000	-
MUNICIPAL ACCREDITATION AND CAPACITY BUILDING	(234,112)	-	(234,112)	-	-	-	(252,000)	(486,112)	-	-	-	125,460	125,460	(360,652)
SCHOONGEZIGT	(1,456,934)	(398,845)	(1,855,779)	-	-	-	(2,597,017)	(4,452,796)	495,892	-	-	3,956,904	4,452,796	-
COMMUNITY DEVELOPMENT WORKERS	(454,184)	-	(454,184)	-	(113,000)	-	-	(567,184)	-	-	-	799,480	799,480	232,296
FINANCIAL MANAGEMENT CAPACITY BUILDING	(343,332)	-	(343,332)	-	-	-	-	(343,332)	69,521	(69,521)	-	686,664	686,664	343,332
FINANCIAL MANAGEMENT CAPACITY BUILDING	(300,000)	-	(300,000)	-	-	-	(250,000)	(550,000)	-	206,185	-	35,850	242,035	(307,965)
CAPE WINELANDS	(200,000)	200,000	-	-	-	-	-	-	-	-	-	-	-	-
DEVELOPMENT OF SPORT AND RECREATION	-	-	-	-	-	(900,000)	-	(900,000)	-	-	396,950	502,956	899,906	(94)
PUBLIC EMPLOYMENT	-	-	-	-	-	-	(2,000,000)	(2,000,000)	-	-	-	2,000,000	2,000,000	-
PUBLIC WORKS AND TRANSPORT (ROADS)	-	-	-	(3,155,751)	(4,095,000)	(27,591,436)	18,030,278	(16,811,909)	6,264,020	11,179,731	15,478,432	(16,110,274)	16,811,909	-
PUBLIC WORKS AND TRANSPORT (ROADS)	-	-	-	-	-	-	(780,000)	(780,000)	-	-	-	686,100	686,100	(93,900)

Drakenstein Municipality

Appendix C

Disclosure of Grants and Subsidies in Terms of Section 123 of the MFMA, 56 of 2003

Description	Quarterly Receipts							Quarterly Expenditure (Capital and Operating)					Closing Balance 30 June 2022 Rand	
	Opening Balance 01 July 2021	Restate- ments	Restated Opening Balance 01 July 2021	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun		Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand
	(15,556,627)	8,098,327	(7,458,300)	(11,105,751)	(14,357,000)	(31,696,436)	10,705,753	(53,911,734)	7,001,003	27,238,002	15,944,227	(3,451,914)	46,731,318	(7,180,416)
<b>Other Grants (Conditional Grant)</b>														
CAPE WINELANDS DISTRICT MUNICIPALITY	-	(200,000)	(200,000)	-	-	(5,500,000)	(726,000)	(6,426,000)	-	-	1,407,074	4,137,973	5,545,047	(880,953)
NEUMARK	(1,245,158)	-	(1,245,158)	-	(1,230,306)	(2,522,171)	-	(4,997,635)	-	722,096	56,688	2,692,111	3,470,895	(1,526,740)
	(1,245,158)	(200,000)	(1,445,158)	-	(1,230,306)	(8,022,171)	(726,000)	(11,423,635)	-	722,096	1,463,762	6,830,084	9,015,942	(2,407,693)
<b>Other Grants (Unconditional)</b>														
TRAINING LEVY (LG SETA & NON EMPLOYEE BURSARIES)	(1,362,557)	-	(1,362,557)	(274,044)	-	-	(977,649)	(2,614,250)	-	-	-	864,535	864,535	(1,749,715)
	(1,362,557)	-	(1,362,557)	(274,044)	-	-	(977,649)	(2,614,250)	-	-	-	864,535	864,535	(1,749,715)
<b>Other</b>														
TRUST FUND : MUN WIDOW & PENSION FUND	(363,572)	-	(363,572)	-	-	-	-	(363,572)	-	-	-	-	-	(363,572)
BRB/CECILIA STREET INTERSECTION	-	-	-	-	-	-	(654,013)	(654,013)	-	-	-	654,013	654,013	-
CECILIA STREET	-	-	-	-	-	-	(3,854,001)	(3,854,001)	-	-	-	3,854,001	3,854,001	-
CAPE WINELANDS DISTRICT MUNICIPALITY (FIRE EQUIPMENT)	-	-	-	-	-	-	(151,950)	(151,950)	-	-	-	151,950	151,950	-
	(363,572)	-	(363,572)	-	-	-	(10,448,667)	(10,812,239)	-	-	-	10,448,667	10,448,667	(363,572)
<b>Total</b>	(18,527,914)	7,898,327	(10,629,587)	(92,074,795)	(124,340,943)	(43,704,607)	(62,843,926)	(333,593,858)	38,893,558	142,860,563	29,947,388	110,190,953	321,892,462	(11,701,396)

## VOLUME V: 2021/2022 ANNUAL PERFORMANCE REPORT

The audited 2021/2022 Annual Performance Report will now follow for the next 32 pages. No material findings on the usefulness and reliability of the reported information were raised by the Auditor-General.



**DRAKENSTEIN**

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# Annual Performance Assessment Report

**2021/2022**

Drakenstein Municipality  
Civic Centre  
Berg River Boulevard  
Paarl, 7622

Website: [www.drakenstein.gov.za](http://www.drakenstein.gov.za)

Telephone: 021 807 4615

Email: [mm@drakenstein.gov.za](mailto:mm@drakenstein.gov.za)



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## **1. Purpose**

The Annual Performance Report 2021/2022 is hereby submitted to the Drakenstein Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2). The report covers the performance information from 01 July 2021 to 30 June 2022 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review.

The report also reflects actual performance of the Municipality as measured against the performance indicators and targets in the IDP and SDBIP for 2021/2022. The format of the report will reflect Drakenstein Municipality's Key Performance Indicators (KPIs) per Key Performance Area (KPA). Each KPA has a number of Pre-determined Objectives (PDOs) developed to ensure that the KPAs are achieved.

This report endeavours to present to Council the Municipality's performance in terms of the five (5) National Government's Key Performance Areas (NKPAs) for Local Government, which are:

1. Basic Service Delivery;
2. Local Economic Development;
3. Municipal Institutional Transformation and Development;
4. Municipal Financial Viability and Management; and
5. Good Governance and Public Participation.

The above-mentioned NKPAs are addressed through the Drakenstein Municipality's seven (7) KPAs namely:

1. Good Governance;
2. Financial Sustainability;
3. Institutional Transformation;
4. Physical Infrastructure and Services;
5. Planning and Economic Development;
6. Safety and Environmental Management; and
7. Social and Community Development.

## **2. Legislative Requirements**

This Annual Performance Report complies with the requirements of section 46(1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates the following:

A municipality must prepare for each financial year a performance report reflecting:

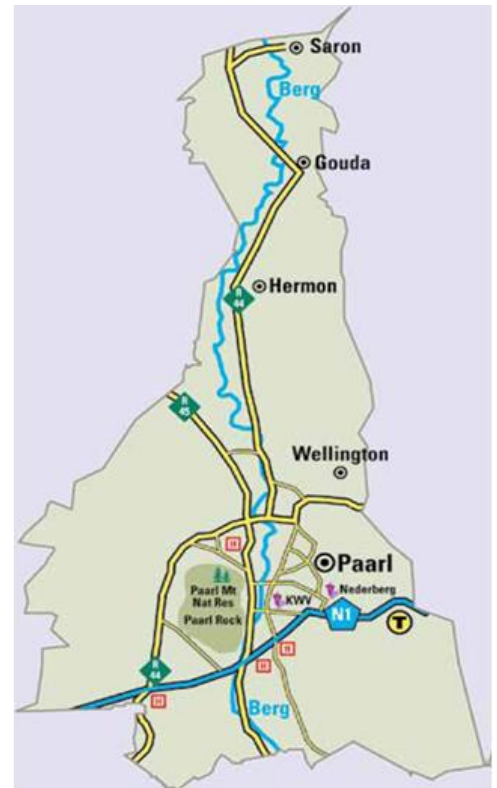
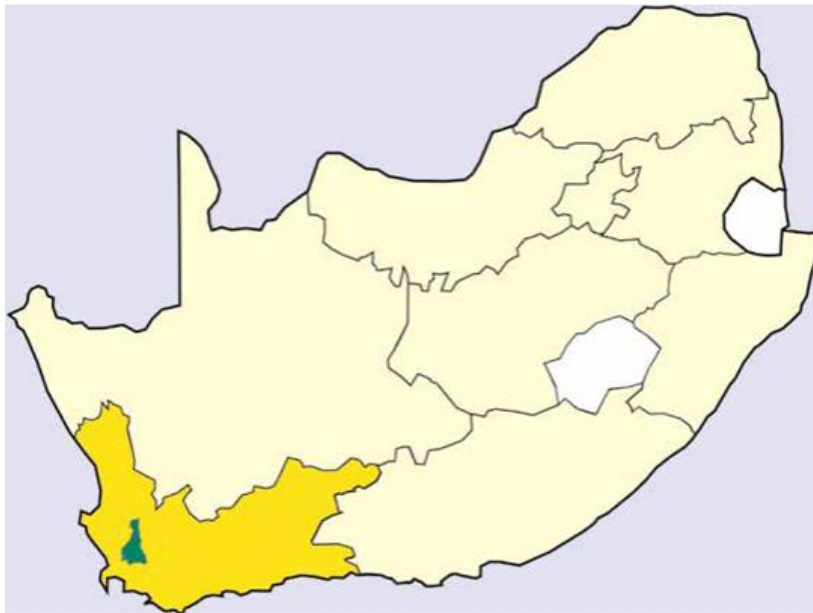
- (a) “The performance of the municipality and each external service provider during that financial year;
- (b) A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
- (c) Measures taken to improve performance”.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the Municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.” Performance Management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation, external service providers and municipal entities.

## **3. Municipal Overview**

The Drakenstein Municipality forms part of the Cape Winelands District Municipality (additionally including Stellenbosch, Breede Valley, Witzenberg and Langeberg municipalities that are classified as Category B municipalities). The Drakenstein Municipality is approximately 1,538km<sup>2</sup>. It ranges from South of the N1 freeway including Simondium in the and stretches to the North including Saron. The Klein Drakenstein, Limiet and Saron Mountains range from its Eastern Edge to the agricultural area immediately West of the R45 at its Western Border. The main municipal urban centres are Paarl and Wellington which are located in close proximity to the N1 in the South with smaller rural settlements at Saron and Gouda in the North and Hermon in the Mid-West.

**Figure 1: Location of the Drakenstein Municipality**



Source: Drakenstein Municipality Spatial Development Framework 2020/2025

**3.1 Vision: “A city of excellence”**

**3.2 Socio-Economic Status**

**Table 1: Total Population**

Total Population		
2019/2020	2020/2021	2021/2022
305,281**	305,281***	305,281***

\*Statistics South Africa, 2016 Community Survey (Provinces at a Glance, Report 03-01-03)

\*\*Western Cape Government: Municipal Economic Review and Outlook, 2020

\*\*\* Western Cape Department of Health 2020/2021

**Table 2: Socio Economic Status**

Socio Economic Status				
Year	Unemployment Rate	Proportion of Working Age Population in Low Skilled Employment	Gini Coefficient	Illiterate People Older Than 20 Years
2019/2020	*14.2%	17.2%	0.603	16.83%
2020/2021	*20.1%	15.8%	0.605	17.12%
2021/2022	23%	16.5%	0.601	15.74%

Source: Quantec 2021; HIS Markit 2021

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

**Table 3: Total Number of Households**

Households	2019/2020	2020/2021	2021/2022
Number of households in municipal area	72,210*	74,230**	78,425**
Number of registered indigent households in municipal area	17,987***	21,218***	18,632***

\*Statistics South Africa, 2016 Community Survey (Provinces at a Glance, Report 03-01-03)

\*\*2022/2027 Annual WSDP Performance- and Water Services Audit Report

\*\*\*Drakenstein Municipality Solar Report ( 19/20, 20/21,21/22)

Note: For a more comprehensive socio-economic profile of the Drakenstein Municipality, please consult the Annual Report 2019/2020.

#### 4. Performance Management Overview

In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

- Departmental operational plans were developed for monitoring and reporting operational programmes;
- An electronic performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the Executive Directors, CFO and the Accounting Officer; and
- During the development of the TL SDBIP and the Departmental SDBIP, the “SMART” principle is adhered to in the setting of indicators and objectives.

**Table 4: Performance Management System Checklist**

Performance Management Policy	All MSA s57/56 Performance contracts signed	Internal Audit	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Reporting to Council
√	√	√	√	√	√	√

**4.1 TL SDBIP**

The Municipality’s performance is evaluated by means of a Performance Scorecard (TL SDBIP) at organisational level and through the SDBIP at departmental levels.

The MFMA Circular No.13 prescribes that:

- (a) The IDP and Budget must be aligned;
- (b) The Budget must address the strategic priorities;
- (c) The SDBIP should indicate what the Municipality is going to do during the next 12 months; and
- (d) The SDBIP should form the basis of measuring the performance against goals set during the Budget/IDP processes.

The TL SDBIP was approved by the Executive Mayor on 25 June 2021.

The overall assessment of actual performance against targets set for the KPIs as documented in the SDBIP is illustrated in terms of the following assessment methodology:

**Table 5: Performance Assessment Criteria**

Colour	Rating	Category
	0	Not measured
	1	Unacceptable Performance
	2	Not fully Effective
	3	Fully Effective
	4	Above Expectation
	5	Outstanding Performance

The TL SDBIP (the Performance Scorecard) consolidates service delivery targets set by Council/Senior Management and provides an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities. Components of the TL SDBIP includes a one-year detailed plan, and a three-year capital plan.

The necessary components include:

- (a) Monthly projections of revenue to be collected for each source;
- (b) Expected revenue to be collected not billed;
- (c) Monthly projections of expenditure (operating and capital) and revenue for each vote;
- (d) Quarterly projections of service delivery targets and performance indicators for each vote;
- (e) Non-financial measurable performance objectives in the form of targets and indicators; and
- (f) Detailed capital project plan broken down by ward over three years.

#### **4.2 Departmental SDBIP**






The Departmental SDBIP 2021/2022 provides a comprehensive picture of the performance per Department/Division/Section. It was compiled by the Executive Directors, Chief Financial Officer and Senior Managers for their Departments and consists of objectives, indicators and targets derived from the approved TL SDBIP 2021/2022.

### **5. Drakenstein Municipality Performance per KPA**

This Section of the Annual Performance Report reflects on the actual performance against the planned targets as derived from the Municipality's IDP. There are 7 KPAs reflected in the report.



**Table 6: Drakenstein Performance per Municipal KPA (01 July 2021 - 30 June 2022)**

Drakenstein Municipality		Municipal KPAs						
		KPA 1: Good Governance	KPA 2: Financial Sustainability	KPA 3: Institutional Transformation	KPA 4: Physical Infrastructure and Services	KPA 5: Planning and Economic Development	KPA 6: Safety and Environmental Management	KPA 7: Social and Community Development
 Unacceptable Performance	0	-	-	-	-	-	-	-
 Not Fully Effective	0	-	-	-	-	-	-	-
 Fully Effective	17	4	3	2	6	1	1	-
 Above Expectation	9	-	3	1	2	1	-	2
 Outstanding Performance	8	-	3	-	5	-	-	-
<b>Total:</b>	<b>34</b>	<b>4</b>	<b>9</b>	<b>3</b>	<b>13</b>	<b>2</b>	<b>1</b>	<b>2</b>

## 5.1 Good Governance

KPA 1: GOOD GOVERNANCE													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 Jun 2022			Performance Comments (0Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL2	KPI113	To ensure good governance and the active participation of all relevant stakeholders	Submission of Audit Committee reports to Council	Number of Audit Committee reports submitted to Council	Audit Committee Reports-The Audit Committee's report to Council which is drafted by the chairperson to report on the outcomes of the quarterly Audit Committee meetings.	4	4	4	4	4	G		
TL1	KPI004	To ensure good governance and the active participation of all relevant stakeholders	Investigation of all formally reported fraud, theft and corruption cases initiated	Percentage of formally reported fraud, theft and corruption cases initiated within 30 days of receipt	Initiate fraud investigations for cases that were formally reported to Fraud and Risk Management (FRM) section within 30 days from receipt.  Initiation date is the date that the CRO gives written instruction to the forensic investigator to start with the investigation.  Formally reported incidents are tip offs that were received through the hotline or where the FRM section was requested to conduct an investigation directly by the City Manager.	100%	100%	100%	100%	100%	G		

KPA 1: GOOD GOVERNANCE													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 Jun 2022			Performance Comments (0Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL3	KPI005	To ensure good governance and the active participation of all relevant stakeholders	IDP/Budget/SDF time schedule (process plan) submitted to Mayco/Council	Number of IDP/Budget/SDF time schedules (process plan) submitted to Mayco/Council by 31 August	IDP/Budget/SDF time schedules (process plan) submitted to Mayco/Council by 31 August	1	1	1	1	1	G		
TL31	KPI100	To ensure good governance and the active participation of all relevant stakeholders	Submit a Services Charter to Mayco	Number of Services Charters submitted to Mayco by 31 March	The service charter's aim is to set out eight Batho Pele (People First) Principle which is aimed at transforming public service delivery. It favours the customer and places an obligation on the service provider to deliver on basic customer requirements.	New KPI	1	1	1	1	G		

**Table 7: Summary of Results (KPA 1: Good Governance)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	4
	Above Expectation	0
	Outstanding Performance	0
<b>Total KPIs</b>		<b>4</b>

## 5.2 Financial Sustainability

KPA 2: FINANCIAL SUSTAINABILITY													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL4	KPI011	To ensure financial sustainability in order to meet the statutory requirements	Raise/Collect Operating Budget revenue as per approved budget	Percentage of Total Annual Operating Budget revenue raised/collected by 30 June	To calculate the percentage of actual operating revenue raised/received compared with the budgeted operating revenue as per the latest approved adjustments budget. Revenue raised refers to revenue billed and revenue collected refer to direct income received that was not billed.	98.87%	95%	95%	95%	100.90%	G2	The revenue is based on the rendering of services realised higher than projected based on increased consumption by consumers.	
TL5	KPI015	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Submission of the MTREF (aligned to the IDP) to Council for approval by 31 May	Number of MTREFs submitted for approval to Council by 31 May	To compile and submit a 5-year Medium Term Revenue and Expenditure Framework (Capital and Operating Budget) for consideration by Council by 31 May 2020.	1 Approved MTREF	1	1	1	1	G		

KPA 2: FINANCIAL SUSTAINABILITY													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL6 NKPI	KPI017	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Actual expenditure on the approved Capital Budget for the Municipality by 30 June (NKPI - MFMA, Reg. S10(c))	Percentage of approved Capital Budget actually spent by 30 June	To calculate the percentage of actual capital expenditure spent compared with the budgeted capital expenditure as per the latest approved adjustments budget.	92.72%	90%	90%	90%	92.51%	G2	Actual capital expenditure exceeded the target as some capital projects were finalised earlier than initially projected.	
TL7	KPI020	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Ratio in respect of Debtor Payment Days (Collect all billed revenue to ensure that sufficient cash is generated to meet Drakenstein's debt and operating commitments)	Net Debtors Days Ratio ((Gross Debtors – Bad Debt Provision)/Billed Revenue) x 365 (Target Number of days), measured quarterly	To calculate and report on the Net Debtors Day Ratio as at year-end. The ratio represents the net outstanding debtors (gross debtors less bad debt provision) compared with the billed revenue at year end to indicate the time it takes to collect billed revenue.	41.66	≤45	≤45	≤45	44.3	B	Good credit control measures were put in place. ((Net Debtors Days Ratio ((Gross Debtors – Bad Debt Provision)/Billed Revenue) x 365 (Target Number of days)  =369161059-104721892)/2181205807) *365	

KPA 2: FINANCIAL SUSTAINABILITY													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL8	KPI022	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Submission of the Annual Financial Statement (AFS) to the Auditor General of South Africa	Number of Annual Financial Statements (AFS) submitted to the Auditor General of South Africa by 31 August	To compile and submit 2020/2021 Annual Financial Statements to the Auditor General by 31 August.	1	1	1	1	1	G		
TL9 NKPI	KPI023	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Financial viability measured in terms of the available cash to cover fixed operating expenditure (NKPI Proxy - MFMA, Reg. S10(g)(iii))	Cost coverage ratio (Available cash + investments)/Monthly fixed operating expenditure, measured annually	To calculate and report on the Cost Coverage Ratio as at year-end. The ratio represents the available cash and cash equivalents as a factor in months compared with the monthly fixed operating expenditure (redemption on loans included).	1.59	>1.0 more than	>1.0 more than	>1.0 more than	1.23	G2	Fiscal discipline was applied. Cost coverage ratio (Available cash + investments)/Monthly fixed operating expenditure = (19941618+209942000)/ (217026100-20173004-9767879)	

KPA 2: FINANCIAL SUSTAINABILITY													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL10 NKPI	KPI024	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations (NKPI Proxy - MFMA, Reg. S10(g)(i))	Debt coverage ratio ((Total operating revenue - operating grants received)/(Debt service payments due within the year)) measured annually	To calculate and report on the Debt Coverage Ratio as at year-end. The ratio represents total own revenue as a coverage factor of interest and redemption on external loans repayable at year-end.	11.62	>6.7 more than	>6.7 more than	>6.7 more than	12.69	B	Better fiscal control was applied & Drakenstein received a payment holiday on long term loans.  Debt coverage ratio ((Total operating revenue - operating grants received)/(Debt service payments due within the year))  = (2742045971-202428451)/(180161754+19969303)	
TL11 NKPI	KPI025	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Financial viability measured in terms of the outstanding service debtors (NKPI Proxy - MFMA, Reg. S10(g)(ii))	Service debtors to revenue ratio – (Total outstanding service debtors/revenue received for services) measured annually	To calculate and report on the Service Debtors to Revenue Ratio as at year-end. The Ratio represents total outstanding debtors as a factor of total billed revenue as at year-end.	0.18	<0.25 less than	<0.25 less than	<0.25 less than	0.17	B	Fiscal discipline and good credit control measures were put in place.  Service debtors to revenue ratio – (Total outstanding service debtors/revenue received for services)  =69161059/(521789799+1113577303+190284196+191944322+158352704+5248483)	



KPA 2: FINANCIAL SUSTAINABILITY													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL21 NKPI	KPI115	To plan and facilitate sustainable and inclusive economic growth and development	Updating of the Indigent Register (NKPI Proxy - MFMA, Reg. S10(a))	Percentage of all qualifying indigent applications processed by 30 June	To report on the number of qualifying indigent applications that have been processed for the 2021/2022 financial year.	100%	100%	100%	100%	100%	G		

**Table 8: Summary of Results (KPA 2: Financial Sustainability)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	3
	Above Expectation	3
	Outstanding Performance	3
<b>Total KPIs</b>		<b>9</b>

### 5.3 Institutional Transformation

KPA 3: INSTITUTIONAL TRANSFORMATION													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL13 NKPI	KPI116	To transform the municipality into an effective and efficient organization	The percentage of the Municipality's budget actually spent on implementing its workplace skills plan (NKPI Proxy - MFMA, Reg. S10(f))	Percentage of the Municipality's approved workplace skills budget actually spent on implementing its Workplace Skills Plan by 30 June	The Workplace Skills Budget is an amount appropriated annually in the municipal budget to implement the annual training plan that is approved and submitted to the Local Government SETA.	100%	98%	98%	98%	99.99%	G2	The Workplace Skills Plan training was for Health and Safety and renewal of health and safety equipment user certificates. Thus, the spike in training was due to training being conducted due to the delay which COVID-19 presented.	
TL14	KPI030	To transform the municipality into an effective and efficient organization	Submission of the Mid-Year MFMA S72 Performance Report to the Mayor	Number of Mid-Year MFMA S72 Performance Reports submitted to the Mayor by 25 January	The Municipal Finance Management Act (MFMA, no 56 of 2003, Section 72 prescribes that the Municipality must submit a Mid-Year Budget and Performance Assessment Report to the mayor.	1	1	1	1	1	G		
TL12 NKPI	KPI026	To transform the municipality into an effective and efficient organization	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a Municipality's approved employment equity plan	Number of reports on the number of people from employment equity groups employed in the three highest levels of management submitted to the City Manager by 30 November and 30 June	To appoint Employment Equity targets on the three levels of management in compliance with the approved Employment Equity Plan. The City Manager and the Executive Directors will be regarded as the first line of management,	2	2	2	2	2	G		

**KPA 3: INSTITUTIONAL TRANSFORMATION**

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
			reports (NKPI Proxy - MFMA, Reg. S10(e))		managers and senior managers reporting to Executive Directors will be regarded as the second management level and those reporting to them as the third level.								

**Table 9: Summary of Results (KPA 3: Institutional Transformation)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	2
	Above Expectation	1
	Outstanding Performance	0
<b>Total KPIs</b>		<b>3</b>

## 5.4 Physical Infrastructure and Services

KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL15	KPI118	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Limit water network losses to less than 19% measured annually (Difference between water units supplied and water units billed as percentage of water supplied)	Average percentage water losses by 30 June	Measure water losses by: the difference between water purchased plus water from own source and water sold. Water losses consists of physical losses and commercial losses (also known as real losses and apparent losses).	14.3%	<19%	<19%	<19%	15.7%	B	Improved water management controls have been implemented and new water pressure reduction valves have been installed.	
TL18	KPI047	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Submission of a Solid Waste Available Landfill Airspace Report to the Mayco	Number of Solid Waste Available Landfill Airspace Reports submitted to the Mayco by 30 June	Available landfill airspace is determined by: -Analysing/investigating the available airspace by performing an on-site investigation or desktop profile study; -Compare the current findings with the previous analysis to determine any changes; and -Calculating and reporting on the available landfill airspace by indicating when the landfill facility will reach its full capacity.	1	1	1	1	1	G		
TL19	KPI037	To provide and maintain the required physical infrastructure and to ensure	Limit the electricity losses to less than 10% annually (Average	Percentage average electricity losses by 30 June	Average electricity losses are measured by percentage ratio between electrical energy sold by the	7.53%	<10%	<10%	<10%	6.35%	B	Constant meter audits, constant pre-paid meter inspections, constant engagement with finance revenue	

**KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES**

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
		sustainable and affordable services	energy purchased to date - Average energy sold to date)/(Average energy purchased to date) X 100 = Average energy losses for reporting period		municipality and electrical energy purchased.							section w.r.t problem solving, proper tariffs implementation and proper network operations.	
TL22 NKPI	KPI107	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Percentage of formal households with access to basic level of electricity measured quarterly	Formal households in urban area of Drakenstein Municipality's Management Area that are provided with an electricity connection point (prepaid or conventional) inside the formal erven.	100%	100%	100%	100%	100%	G	40656/40656=100%	
TL23 NKPI	KPI108	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Percentage of formal households with access to basic level of sanitation measured quarterly	Formal households are defined as a consumer unit located in the urban area and billed by Drakenstein Municipality. The access of the basic services level of sanitation is a waterborne sewer connection point inside each of the formal erven or a conservancy/septic tank on the erven where the waterborne sewer system is not yet available.	100%	100%	100%	100%	100%	G	43164/43164=100%	



**KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES**

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL25 NKPI	KPI110	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy indicator - S10 (a))	Percentage of formal households with access to basic level solid waste removal measured quarterly	Formal households are defined as consumer unit located in the urban area and billed by Drakenstein Municipality. The access of basic level of solid waste removal is the provision of solid waste removal services for the formal erven. This service is delivered weekly as a curbside collection, using 240 litre wheelie bins	100%	100%	100%	100%	100%	G	43154/43154=100%	
TL26 NKPI	KPI111	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of new electricity connections installed in the registered informal settlements	A registered informal settlement exists when there is no formal township establishment. These groups of informal erected structures are registered by the Planning Department as an informal settlement. This indicator reflects the number of informal households with new electricity connections-prepaid meters.	180	30	30	30	113	B	Due to additional savings on material and labour, the section was able to connect more service connections.	
TL27 NKPI	KPI112	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of new/upgraded sanitation service points (toilets) provided to registered informal settlements by 30 June	A registered informal settlement exists when there is no formal township establishment. These groups of informal erected structures are registered by the	20	60 <sup>1</sup>	60	60	105	B	A total of R4 million was spent on basic services as additional funding was received during the financial year from Provincial Government.	

<sup>1</sup> For KPI112, the annual target per revised SDBIP was not updated correctly and reflects as 20. Only the quarterly targets in the revised SDBIP were updated which totals to 60. To ensure fair presentation and intent of the adjustments made in the quarterly targets of the revised SDBIP, the target of 60 was therefore used in this document.



**KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES**

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
					Planning Department as an informal settlement. This indicator reflects the number of new sanitation points (toilets) constructed.								
TL28 NKPI	KPI113	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of new/upgraded water service points (taps) provided to registered informal settlements by 30 June	A registered informal settlement exists when there is no formal township establishment. These groups of informal erected structures are registered by the Planning Department as an informal settlement. This indicator reflects the number of new/upgraded water service points (taps) provided.	4	20	20	20	30	B	A total of R4 million was spent on basic services as additional funding was received during the financial year from Provincial Government.	
TL29 NKPI	KPI114	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services <sup>2</sup>	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of registered informal settlements receiving a refuse collection service	A registered informal settlement exists when there is no formal township establishment. These groups of informal erected structures are registered by the Planning Department as an informal settlement.  Refuse collection services are delivered by means of refuse bags issued to	41	41	41	41	41	G		

<sup>2</sup> For KPI113, the annual target per revised SDBIP was not updated correctly and reflects as 4. Only the quarterly targets in the revised SDBIP were updated which totals to 20. To ensure fair presentation and intent of the adjustments made in the quarterly targets of the revised SDBIP, the target of 20 was therefore used in this document.



**KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES**

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
					the residents and collected when full.								
TL16	KPI119	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Water quality managed and measured quarterly i.e. the SANS 241 physical and micro parameters	Percentage water quality level as per analysis certificate measured quarterly	Measure potable drinking water sample pass rate according to SANS 241 standards.	98.43%	90%	90%	90%	98.1%	G2	The 90% threshold was improved due to the water treated at Wemmershoek and Voëlvlei WTW. Nearly a 100% level was reached at the various takeoff points. Thus, the Municipality could therefor perform on a high of 98% in the distribution networks and reservoirs.	
TL17	KPI120	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Waste water quality managed and measured quarterly i.e. the SANS Accreditation physical and micro parameters	Percentage waste water quality compliance as per analysis certificate measured quarterly	Measure of wastewater samples pass rates according to SANS standards	81.63%	75%	75%	75%	78.3%	G2	The effluent quality measured indicates a high sample pass rate. Indicating the processes at the treatment works perform much better than anticipated.	
TL24 NKPI	KPI109	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy indicator - S10(a))	Percentage of formal households with access to basic level of water measured quarterly	Formal households are defined as consumer unit located in the urban area and billed by Drakenstein Municipality. The access of the basic services level of water is the provision if the point inside of each of the formal erven.	100%	100%	100%	100%	100%	G	43321/43321=100%	





**Table 10: Summary of Results (KPA 4: Physical Infrastructure and Services)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	6
	Above Expectation	2
	Outstanding Performance	5
<b>Total KPIs</b>		<b>13</b>

## 5.5 Planning and Economic Development

KPA 5: PLANNING AND ECONOMIC DEVELOPMENT													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL20 NKPI	KPI053	To plan and facilitate sustainable and inclusive economic growth and development.	Job creation through the Municipality's local economic development initiatives including capital projects (NKPI Proxy – MFMA, Reg. S10(d))	Number of EPWP job opportunities created by 30 June	The Expanded Public Works Programme (EPWP) defines job opportunities in terms of work opportunities (WO) and full-time equivalent opportunities (FTEs). The EPWP office coordinate the EPWP project appointments but not the ward projects and capital projects appointments. For the purpose of this KPI the number of job opportunities are the sum of:  -the number of contracts entered into and fully signed and captured for unskilled and semi-skilled labour on EPWP projects coordinated by the EPWP office,  -the number of contracts and supporting	2487	1400	1400	1400	1840	G2	The Municipality received an additional R 2 million additional funding. In the year we realized 901 appointments from the EPWP grant and additional local government grant. Ward projects contributed 939 appointments.	

**KPA 5: PLANNING AND ECONOMIC DEVELOPMENT**

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
					documentation which had been communicated to the EPWP central office, for capital funded projects; and -the number of workers paid on ward projects.								
TTL34	KPI057	To plan and facilitate sustainable and inclusive economic growth and development.	Implementation of informal trading initiatives	Number of informal initiatives implemented	The implementation of the approved informal enhancement strategy initiative aims to address building an enabling environment to support informal traders as entrepreneurs to enhance their contribution to the local economy of the area. The initiative emanates from the informal trading enhancement strategy.	New KPI	2	2	2	2	G		

**Table 11: Summary of Results (KPA 5: Planning and Economic Development)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	1
	Above Expectation	1
	Outstanding Performance	0
<b>Total KPIs</b>		<b>2</b>

## 5.6 Safety and Environmental Management

KPA 6: SAFETY AND ENVIRONMENTAL MANAGEMENT													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL33	KPI105	To ensure a safe community and a healthy and protected environment	Submit Disaster Management Plan to Portfolio Committee (Community Services)/ Mayco	Number of Disaster Management Plans submitted to Portfolio Committee (Community Services)/Mayco by 31 March	Number of Disaster Management Plan submitted to Portfolio Committee (Community Services)/Mayco by 31 March.	New KPI	1	1	1	1	G		

**Table 12: Summary of Results (KPA 6: Safety and Environmental Management)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	1
	Above Expectation	0
	Outstanding Performance	0
<b>Total KPIs</b>		<b>1</b>

## 5.7 Social and Community Development

KPA 7: SOCIAL AND COMMUNITY DEVELOPMENT													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2021 to 30 June 2022			Performance comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL32	KPI093	To facilitate social and community development.	Implement the De Kraal Sport Capital Project measured quarterly in terms of the approved Capital Budget spent	Percentage of approved De Kraal Sport Capital Budget spent by 30 June	Percentage of Approved De Kraal Sport Capital Budget spent by 30 June	New KPI	90%	90%	90%	97%	G2	This is a multi- year project. Amidst delays due to weather the planned scope for the 2021/22 season (turf of two fields, construction of ticket office, installation of irrigation) could be practically completed.	
TL30	KPI092	To facilitate social and community development.	Provision of housing opportunities in terms of the Integrated Human Settlement Plan and in accordance with the Human Settlements Grant	Number of housing opportunities provided in terms of the Integrated Human Settlement Plan and in accordance with the Human Settlements Grant by 30 June	Housing Opportunity refers to the delivery of:  Top structures provided by the Municipality for which happy letters has been signed off by a project beneficiary with occupation of his or her house;  Top structures provided by a housing partner for which the defect letter has been signed off by the project beneficiary with occupation of his or her house; and  Provision of a serviced site only (No top structure to follow);	357	250	250	250	252	G2	This is a multi- year project. Amidst delays due to contractors' appointments, houses were completed. Additional housing opportunities were provided at Schoongezicht.	

**Table 13: Summary of Results (KPA 7: Social and Community Development)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	0
	Above Expectation	2
	Outstanding Performance	0
	<b>Total KPIs</b>	<b>2</b>

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**DR JOHAN LEIBBRANDT**  
**ACCOUNTING OFFICER**

**DATE:** \_\_\_\_\_