



DRAKENSTEIN

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

Annual Report

2022/23

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).

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A city of excellence

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GLOSSARY

Definitions	
Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	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.
Activities	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> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	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.
Approved Budget	The annual budget for a year, as approved by Council.
Baseline	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.
Basic municipal service	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.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	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.

Definitions	
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	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.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.
National Key Performance Areas	Five national key performance areas are: <ul style="list-style-type: none"> • Service delivery and infrastructure; • Economic development; • Municipal transformation and institutional development; • Financial viability and management; and • Good governance and community participation.
Outcomes	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> ".
Outputs	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.
Performance Indicator	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).
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards	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

Definitions	
	result should be. In this employee performance management and development system (EPMDS), performance standards are divided into indicators and the time factor.
Performance Targets	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.
Service Delivery and Budget Implementation Plan	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.
Vote	<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><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><i>(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”</i></p>

ACRONYMS

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

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

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

Acronyms	
UISSP	Upgrade of Informal Settlements Support Programme
VF+	Vryheidsfront Plus
VPUU	Violence Prevention through Urban Upgrading Programme
WTE	Waste-to-Energy
WTW	Water Treatment Works
WWTW	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.

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 69,647 (*Quantec - 2023*). Drakenstein's unemployment figure is less than 18.7% 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 21,071 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 2022/23 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 km² and consists of 33 wards. It comprises of 5 towns of which, Paarl and Wellington, are the primary urban nodes.

In presenting the 2022/23 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 2022/23 financial year. This is our sixteenth (16th) consecutive unqualified audit opinion and ninth (9th) 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 2022/23 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 2022/23 financial year realised an operating surplus of R142.7 million compared with budgeted operating surplus of R32.3 million for the year under review. The municipality's current assets exceeded current liabilities in the year under review, which is a further improvement from the 2021/22 financial year. The cash and cash equivalents and investment

balances increased from R229.9 million on 30 June 2022 to R445.3 million and the gearing ratio decreased from 62.3% on 30 June 2022 to 56.2% on 30 June 2023. Employee related costs stood at 28.2% of the total expenditure and debtor collection days (after provision for doubtful debt) decreased to 37.6 days for the year under review from 44.3 days at 30 June 2022 and the debt collection ratio increased from 96.6% in 2021/22 to 97.5% 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 61% 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. At 30 June 2023 the following Departments existed within the Municipality and provided assistance to each other: Office of the City Manager, the Division: Communication and Marketing; the Division: Risk Management; the Division: IDP and Performance Management; the Division: Internal Audit; the Department Corporate and Planning Services; the Department Financial Services; the Department Community Services and the Department: Engineering Services.

During the year the following changes occurred with the Section 56 & 57 appointed officials: The Executive Director: Engineering Services (Mr M Wüst) resigned effective 31 January 2023 with Mr L Pienaar acting from 1 February 2023 – 30 June 2023; and the employment of the Executive Director: Planning and Development (Ms J Samson) was terminated on 31 March 2023.

The following strategic risks have been identified that are currently above the risk appetite, namely: increasing indigents and unemployment; uncontrolled and unmanaged urbanisation

and land invasion; extended interruption of power supply; and a lack of effective law enforcement and policing. These strategic risks are linked to more than one tactical risk and are managed on a tactical level.

DR JOHAN LEIBBRANDT
CITY MANAGER

1.3 MUNICIPAL OVERVIEW

Drakenstein Municipality is the second largest municipality in the Western Cape, 18th top municipality in South Africa and 10th 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 narrow unemployment rate in Drakenstein was estimated to be 16.1% in 2020, increasing to 19.7% in 2021 before decreasing to 18.7% in 2022. Youth unemployment in Drakenstein was recorded to be 28.7% in 2022, a decrease from 30.1% in 2021. 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. Drakenstein’s gini coefficient has been stable at around 0.590 for the past three years. 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	2020/21	20.1%	25.0%	15.8%	0.591	17.1%
2	2021/22	23.0%	30.1%	16.5%	0.591	15.8%
3	2022/23	18.7%	27.3%	15.4%	0.590	13.5%

Source: Quantec Research 2023.

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

**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 297,664 for Drakenstein in 2022, up from 284,230 in 2021. 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. 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	2020/2021			2021/2022			2022/2023		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	0-4	12,779	12,410	25,189	12,950	12,560	25,510	13,027	12,625	25,652
2	5-9	11,780	11,737	23,517	11,745	11,717	23,462	11,770	11,744	23,514
3	10-14	11,917	11,770	23,687	12,089	11,990	24,079	12,157	12,063	24,220
4	15-19	10,894	11,016	21,910	11,330	11,418	22,748	11,845	11,945	23,790
5	20-29	26,165	24,913	51,078	25,910	24,722	50,632	25,235	24,259	49,494
6	30-39	26,222	24,972	51,194	26,822	25,479	52,301	26,915	25,528	52,443
7	40-49	17,783	18,414	36,197	18,463	19,032	37,495	18,910	19,543	38,453
8	50-59	13,486	15,429	28,915	13,899	15,723	29,622	14,150	15,811	29,961
9	60-69	7,193	9,738	16,931	7,329	10,038	17,367	7,511	10,370	17,881
10	70+	3,890	7,422	11,312	3,978	7,794	11,772	4,083	8,173	12,256
11	Total	142,109	147,821	289,930	144,515	150,473	294,988	145,603	152,061	297,664

Source: Quantec, 2023

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 population of Drakenstein is 305,281 and the number of households is 76,195 per the Western Cape Governments population estimate. The table below shows the number of households by different ethnic groups as obtained from Quantec and has a lower number of households (Estimated by Quatec at 69,653). According to Quantec (2023) Coloured households represented 54.74% of the total number of households in Drakenstein in 2022/23, followed by Black African at 29.20% and Whites at 15.72%. Indian/Asian households represented the smallest portion of households at 0.34%.

Table 3: Household Composition by Ethnic Group

Household breakdown by ethnic group						
Serial No.	Ethnic Group	2020/2021	2021/2022	% share 2021/2022	2022/2023	% share 2022/2023
Column Ref.	A	B	C	D	E	F
1	Black African	19,580	20,054	29.05%	20,339	29.20%
2	Coloured	37,118	37,764	54.70%	38,127	54.74%
3	Indian or Asian	233	236	0.34%	239	0.34%
4	White	10,963	10,990	15.92%	10,948	15.72%
5	Total	67,894	69,044	100%	69,653	100%

Source: Quantec Research, 2023

1.3.3.4 Labour Profile

The Drakenstein municipal area added 5,789 new jobs in 2022/23, bringing the total number of people employed to 106,097, from 100,308 jobs recorded for the previous year. The increase in jobs augurs well for the municipality as it means more people have income to pay for services rendered by the municipality. Job increases were recorded across all sectors of the economy, with the most jobs gained by the wholesale, retail trade, catering and accommodation (2,319 jobs) followed by agriculture (1,614 jobs), finance, insurance, real estate and business services (845 jobs), community services (311 jobs); and manufacturing (222 jobs); and transport, storage and communication, (219 jobs). These job increases were largely due to a number of new developments and businesses opening within the municipal area.

Table 4: Employment by Sector

Employment by Sector				
Serial No.	Sector	Number of jobs		
		2020/2021	2021/2022	2022/2023
Column No.	A	B	C	D
1	Agriculture, forestry and fishing	16,961	16,342	17,956
2	Mining and quarrying	65	66	74
3	Manufacturing	8,968	8,529	8,751
4	Electricity, gas and water	336	332	356
5	Construction	6,541	6,197	6,336
6	Wholesale, retail trade, catering and accommodation	21,866	20,864	23,183
7	Transport, storage and communication	3,325	2,999	3,218
8	Finance, insurance, real estate and business services	17,360	17,139	17,984
9	General government	6,528	6,626	6,714
10	Community, social and personal services	20,912	21,214	21,525
11	Total	102,862	100,308	106,097

Source: Quantec, 2023

There are a number of temporary and casual jobs that were also created due to major road upgrades, new retail outlets and new residential estates within the municipal area in 2022/23.

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		
		2020/2021	2021/2022	2022/2023
Column No.	A	B	C	D
1	Agriculture, forestry and fishing	1,690	1,799	1,969
2	Mining and quarrying	62	74	78
3	Manufacturing	3,965	4,364	4,622
4	Electricity, gas and water	566	630	712
5	Construction	1,359	1,411	1,446
6	Wholesale, retail trade, catering and accommodation	3,892	4,550	4,878
7	Transport, storage and communication	1,589	1,719	1,949
8	Finance, insurance, real estate and business services	6,813	7,358	7,854
9	General government	1,496	1,610	1,674
10	Community, social and personal services	5,384	5,713	5,922
11	Total	26,816	29,228	31,104

Source: Quantec Research (2022)

The relaxation of various COVID-19 regulations boosted economic activity and income for various sectors in the municipal area in 2022 and 2023. The transport, storage and communication sector recorded the biggest (13.4%) increase in gross value added, followed by electricity, gas and water (13.0 %), agriculture, forestry and fishing (9.4%) and wholesale, retail trade, catering and accommodation (7.2%)

1.3.3.6 Safety and Security Profile

The Drakenstein Smart Safety Network (DSSN) collaborates with the South African Police Services (SAPS), provincial government, various Farm Watches and Neighbourhood Watches, Municipal Law Enforcement and Traffic Services to ensure the safety of all Drakenstein Municipality residents.

Table 6: Safety and Security Statistics

Safety and Security Statistics				
Serial No.	Crime	Year		
		2018/2019	2019/2020	2020/2021
Column Ref.	A	B	C	D
1	Murder	128	157	125
2	Sexual offences	379	969	752
3	Drug-related crime	2,856	2,741	1,648
4	Burglary residential premises	1,894	1,796	1,374
5	Driving under the influence of alcohol or drugs	222	153	88

Source: Drakenstein Municipality SEP-LG, 2021

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 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 requires intervention to ensure that resources are protected or utilised sustainably. Potential environmental threats are caused by habitat destruction, alien invasive species, pollution and climate change, which all require measures to mitigate their associated impacts. Drakenstein Municipality will continue to monitor the state of the environment and develop new responses to counter potential threats to ensure that the unique character of the local environment is preserved.

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 R10.4 million in water infrastructure for the year under review. These investments were in the replacement of water reticulation systems and last phase of the Vrykyk pressure management installation. The upgrading and upsizing of the bulkwater pipe at Drommedaris Street had been completed. A total of 5,961 metres of water reticulation and 2,838 metres of sewer reticulation had been replaced at Paarl and Wellington. The BFI Grant to a total of R1.4 billion over the next 3 years has been approved by National Treasury for the upgrade of the bulk sewer to Southern Paarl and Waste Water Treatment Works at Paarl.

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 R15.91 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 in to the cost in excess of R1 million were acquired to ensure that basic service delivery standards are complied with. Waste skips to the value of R948,290 were purchased. These skips are placed at businesses, factories and farms to dispose of bulky waste. Street refuse bins to the value of R496,800 were purchased and the bins placed throughout the municipal area. These bins are low maintenance and promotes separation of waste.

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 R1.77 billion and this will have to be addressed in the next 20 years.

The current funding needs to invest in waste water infrastructure is R1.47 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.

1.4.3 Proportion of households with access to basic services

The 41 registered informal settlements comprising of 8,294 households and an estimated 16,450 residents do have access to water, wastewater and waste management services.

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 2023, was 1.68 as opposed to the ratios of 1.46 (2021/22), 1.06 (2020/21), 0.89 (2019/20), 0.63 (2018/19) 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 estimated. 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 the current 56.2% to an estimated 40.7% in the 2024/25 financial year.

The Municipality has not defaulted on payment of its creditors, i.e. Eskom (bulk electricity purchases), SARS (VAT and PAYE), City of Cape Town (bulk water purchases), third party payments (pension and medical aid funds) and any other trade creditors.

1.5.1 Statement of Financial Performance Overview

The actual surplus of R142.75 million for the 2022/23 financial year compared with the final adjustments budget surplus of R32.3 million resulted in a positive variance of R104.9 million.

Table 7: Statement of Financial Performance Overview 2022/2023

Statement of Financial Performance Overview 2022/23						
Serial No.	Details	Original budget	Adjustments budget	Actuals	Positive/ (Negative) Variance	Positive/ (Negative) Variance
Column Ref.	A	B	C	D	E	F
1	Grants	252,396,304	234,608,494	205,179,409	(47,216,895)	(29,429,085)
2	Taxes, Levies and Tariffs	177,323,266	220,960,123	226,009,593	48,686,327	5,049,470
3	Other	2,406,846,232	2,264,642,052	2,319,738,488	(87,107,744)	55,096,436
4	Total Operating Revenue (Capital Grants Excluded)	2,836,565,802	2,720,210,669	2,750,927,491	(85,638,311)	30,716,822
5	Less: Expenditure	2,878,003,229	2,817,932,710	2,727,726,286	150,276,943	90,206,424
6	Surplus / (Deficit) (Capital Grants Excluded)	(41,437,427)	(97,722,041)	23,201,204	64,638,631	120,923,245
7	Plus: Capital Grants	79,249,152	129,985,727	119,514,249	40,265,097	(10,471,478)
8	Surplus / (Deficit)(Capital Grants included)	37,811,725	32,263,686	142,715,453	104,903,728	110,451,767

1.5.2 Financial viability highlights

The Capital Budget spending for the financial year yielded a result of 97.4% when compared with the Final Capital Adjustments Budget for 2022/23. 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 and year-end accruals excluded) increased from R369.2 million at 30 June 2022 to R417.8 million at 30 June 2023. 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.

The debtors' payment period for the 2022/23 financial year (before considering the provision for impairment) was 67.4 days, which is below the targeted number of 70 days. The number of days for the 2021/22 financial year (before considering the provision for impairment) was 61.9 days, which is below the targeted number of 70 days.

The Municipality’s debtors’ collection period in days (after impairment) decreased to 37.6 days at 30 June 2023 compared with the to 44.3 days as at 30 June 2022. The Municipality’s debtors’ collection period in days (before impairment) regressed by 5.5 days and the Municipality’s debtors’ collection period in days (after impairment) improved by 6.8 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 external loan debt of Council, which amounted to 56.2% of total operating revenue (conditional capital and operational grants excluded) at the end of the 2022/23 financial year. Although Council policy 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. This investment is now starting to bear fruit, as can be seen in the rapid decrease in the gearing ration in the next five years. It is envisaged that the gearing ratio will decrease to about 49.2% in the 2023/24 financial year and to about 22.3% in accordance with the Long Term Financial Plan by the 2027/28 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 28.2% of total operating expenditure (2022/23) 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 decreased from 28.7% in 2021/22.

Table 8: Operating Ratios

Operating Ratios				
Serial No.	Details	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Employee Cost (Incl Councillor Remuneration) as a % of Operating Expenditure	30.2%	28.7%	28.2%
2	Repairs and Maintenance as a % of Operating Expenditure	10.1%	10.3%	10.2%
3	Repairs and Maintenance as a % of Carrying Value of PPE	4.0%	4.0%	4.2%
4	Finance Charges and Depreciation as a % of Operating Expenditure	16.5%	16.2%	15.5%
5	Finance Charges and Redemption as a % of Operating Expenditure	8.2%	7.7%	9.4%

The Municipality’s spending on repairs and maintenance to total operating expenditure amounts to 10.0% for the 2022/23 financial year compared with the 10.1% for the 2021/22 financial year. The ratio of repairs and maintenance as a percentage of the carrying value of property, plant and equipment was 4.2% for the 2022/23 financial year and 4.0% for the 2021/22 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 measurement 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 26.7%, which in the current economic climate is not a economically viable or sustainable. No adverse impact – due to the non-achievement of the norm - on assets are foreseen, as there has been considerable capital expenditure in the past decade on the upgrading and replacement of existing infrastructure. There will also be a significant spending on the waste water networks in the foreseeable future with the R1.4 billion BFI grant that was awarded to the Municipality over the period 2023/24 – 2025/26.

Finance charges and depreciation expenditure represent 15.5% of total operating expenditure for 2022/23 compared with the 16.2% for 2021/22. Finance charges and capital redemption represent 9.4% of total operating expenditure for 2022/23 compared with the 7.7% for 2021/22. This compares unfavourably with National Treasury’s norm of 6% to 8% if compared to 2021/22, but does so due to the payment holiday received with the restructuring of loans.

1.5.5 Capital expenditure

Investment in bulk and other infrastructure increased from R157.1 million in the 2021/22 financial year to R190.9 million 2022/23. Actual capital expenditure as a percentage of the 2022/23 original budget amounts to 146.2% compared with the 122.6% and 102.2% for the 2021/22 and 2020/21 financial years. Actual expenditure as a percentage of the 2022/23 final adjustments budget amounts to 97.4% compared with the 92.5% and 92.7% for the 2021/22 and 2020/21 financial years.

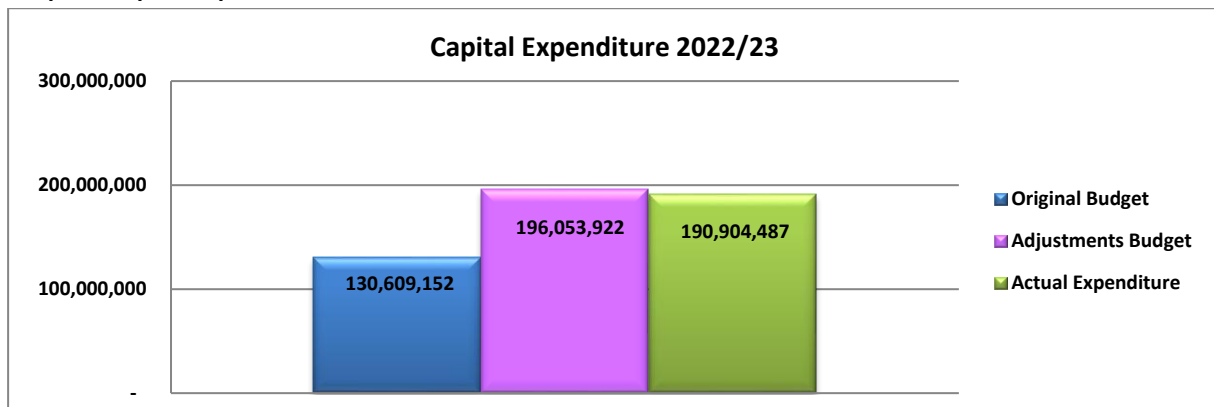
Table 9: Total Capital Expenditure

Total Capital Expenditure				
R				
Serial No.	Details	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Original Budget	216,972,433	128,102,569	130,609,152
2	Final Adjustments Budget	239,059,061	169,775,302	196,053,922
3	Actual Expenditure	221,646,458	157,051,451	190,904,487
4	Actual Expenditure as a % of Original Budget	102.2%	122.6%	146.2%

5	Actual Expenditure as a % of Adjustments Budget	92.7%	92.5%	97.4%
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The original budget for the 2022/23 financial year amounted to R130.6 million. After roll-over capital projects the final adjustments budget amounted to R196.1 million. Actual expenditure amounted to R190.9 million leading to an under-expenditure of R5.1 million. Delays in the spending of housing capital grants was the biggest contributor to the underspending.

Graph 1: Capital Expenditure 2022/23



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 2022/23 financial year the Municipality was on version 6.6.

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

The organisational structure was reviewed and adopted by Council on from April until 30 June 2023. The Human Resources Division (Organisational Efficiency Section) embarked on a consultative process with various departments to check whether departments did consult with affected parties. The major changes included the rationalisation of the Planning and Development Department. The Human Settlement function was first moved from Planning and Development Department, to Community Services and then unbundled. The unbundling meant that the maintenance of rental stock was moved to Engineering Services and Rental Stock Administration to Corporate Services.

In preparation for the implementation of the Municipal Staff Regulations which were promulgated by COGTA in September 2021 with a partially delayed implementation date of 1 July 2023 roadshows were conducted with management, staff and unions to ensure everybody is aware of the new Municipal Staff Regulations. Training was also conducted with line management and everybody that is involved in recruitment and selection process, to

ensure of the processes involved that are affecting recruitment and selection. A number of policies were reviewed to align with the Municipal Staff Regulations, as well as SOPs.

Municipal Staff Regulations that needed to be implemented by 01 July 2022 were implemented and the necessary groundwork was completed for the balance that must be implemented from 1 July 2023. During the period under review Drakenstein played a significant role in assisting other municipalities to comply with the new regulations. All posts that are filled are graded and during the period under review 151 posts were filled 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 151 permanent and seasonal vacancies;
- Submission of the Workplace Skills Plan to the LGSETA;
- Submission of the Employment Equity Report to the Department of Labour;
- Implementation of the new Municipal Staff Regulations;
- Sharing best practice in terms of the implementation of Municipal Staff Regulations at SALGA and CoGTA level;
- Training of Recruitment and Selection Departmental Panels, in line with the Staff Regulations,
- Re-establishment of the Training and Development, in line with the Municipal Staff Regulations; and
- Review of HR Policies.

1.6.2 Municipal Transformation and Organisational Development Challenges

The Municipal Staff Regulations Roadshows went well but intensive change management was required and will still be required in the form training and information sessions. Many of the regulations are not practical with unforeseen consequences and SALGA is now in a process of working with municipalities to provide guidance.

An Independent HR and Development Specialist with extensive local government and organisation change experience has been appointed (on an ex - gratia basis) to have sessions with staff in critical service delivery sections. The aim of the sessions is to solicit confidential input in a protected environment with the aim of creating positive working environment

1.6.3 MFMA Minimum Competencies

The Municipal Regulations on Municipal Competency Levels, 2007 aims to ensure that all municipal officials with financial management responsibilities comply with the issued minimum competency levels for their positions. Seventeen (17) prescribed officials comply with the regulations, two are currently on training and five posts are vacant. Over and above the Regulations required target, Drakenstein Municipality has successfully trained fifty-one additional officials.

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
1	Financial Officials						
2	Accounting Officer	1	0	1	1	1	1
3	Chief Financial Officer	1	0	1	1	1	1
4	Senior Managers	3	0	3	3	3	2
5	Any other Financial Officials	10	0	10	10	10	9
6	Supply Chain Management Officials						
7	Heads of Supply Chain Management Units	1	0	1	1	1	1
8	Supply Chain Management Senior Managers	3	0	3	3	3	3
9	Total	19	0	19	19	19	17

1.7 AUDITOR-GENERAL REPORT

For the sixteenth consecutive year, Drakenstein Municipality received an unqualified audit opinion for the 2022/23 financial year. This was also the ninth clean audit opinion for the Municipality. All these clean audits were achieved with in-house capacity and without the appointment of any consultants. The audit opinions received for the last 16 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

- 2022/23: Unqualified audit opinion with no other matters (clean audit opinion);
- 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 2022/23.

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

Table 12: Political Structure

Political Structure		
Serial No	Designation	Functions
Column Ref.	A	B
1	 <p>Executive Mayor 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"> • Identify the needs of the Municipality; • Review and evaluate those needs in order of priority; • 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 • Recommend or determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the benefit of the community.
2	 <p>Deputy Executive Mayor 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>

Political Structure		
Serial No	Designation	Functions
Column Ref.	A	B
3	 <p>Speaker Ald JF le Roux</p>	<p>The Speaker of the Municipal Council:</p> <ul style="list-style-type: none"> • Presides at meetings of the Council; • 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); • Must ensure that the Council meets at least quarterly; • Must maintain order during meetings; • 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 • Must ensure that Council meetings are conducted in accordance with the Rules and Orders of the Council.
4	 <p>Chief Whip 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.

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 of Azania (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 portfolios:

Table 13: Mayoral Committee

Mayoral Committee			
Serial No.	Councillor and Portfolio	Councillor and Portfolio	Councillor and Portfolio
Column Ref.	A	B	C
1	 <p>Gert Combrink Finance</p>	 <p>MA Andreas Human Settlements</p>	 <p>A Appollis Public Safety</p>
2	 <p>L Arendse Sport, Recreation, Arts and Culture</p>	 <p>E Baron Corporate Services</p>	 <p>TG Bester Engineering Services</p>
3	 <p>L Cyster Parks, Waste and Cemeteries</p>	 <p>E Gouws Social Development</p>	 <p>J Miller Governance & Compliance</p>

Mayoral Committee			
Serial No.	Councillor and Portfolio	Councillor and Portfolio	Councillor and Portfolio
Column Ref.	A	B	C
4	 <p>LT van Niekerk Planning and Development</p>	 <p>RH van Nieuwenhuyzen Communication and IGR</p>	

2.3.4 Portfolio Committees

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

The Corporate Services Portfolio Committee consisted of ten (10) councillors under the leadership of Cllr E Baron (MMC for Corporate Services) who held nine (9) meetings [one (1) a non-quorate meeting] during the period 1 July 2022 to 30 June 2023.

Table 14: 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	9
2	CM Jacobs	Committee Member	
3	C Kroutz	Committee Member	
4	A van Rooyen	Committee Member	
5	F Cupido	Committee Member	
6	BP Duba	Committee Member	
7	M Zwinye	Committee Member	
8	CO Klaaste	Committee Member	
9	KJ Gertse (replaced Jv Daniels in February 2023)	Committee Member	
10	B Jacobs	Committee Member	

2.3.4.2 Planning and Development Portfolio Committee

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 for Rural Management) who held five (5) meetings [one (1) a non-quorate meeting] during the period 1 July 2022 to 30 June 2023.

Table 15: 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	5
2	MA Andreas	Co-Chairperson	
3	L Cyster	Committee Member	
4	PBA Cupido	Committee Member	
5	Ald MM Adriaanse	Committee Member	
6	E Baron	Committee Member	
7	N Godongwana	Committee Member	
8	LE Bolani	Committee Member	
9	S Ganandana	Committee Member	
10	D Carolissen	Committee Member	
11	M Jacobs (until May 2023)	Committee Member	

2.3.4.3 Engineering Services Portfolio Committee

The Engineering Services Portfolio Committee consisted of twelve (12) councillors under the leadership of Cllr TG Bester (MMC of Engineering Services) who held four (4) meetings [one (1) a non-quorate meeting] during the period 1 July 2022 to 30 June 2023.

Table 16: 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 Booysen	Committee Member	
4	J Miller	Committee Member	
5	L Cyster	Committee Member	
6	J Smit	Committee Member	
7	L Landu	Committee Member	
8	S Ganandana	Committee Member	
9	G Kulsen	Committee Member	
10	N Nongogo	Committee Member	
11	N Godongwana	Committee Member	
12	AJ du Plessis	Committee Member	

2.3.4.4 Finance Portfolio Committee

The Finance Portfolio Committee consisted of eleven (11) councillors under the leadership of Ald GC Combrink (Deputy Executive Mayor) who held ten (10) meetings during the during the period 1 July 2022 to 30 June 2023.

Table 17: Finance Portfolio Committee

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

2.3.4.5 Community Services Portfolio Committee

The Community Services Portfolio Committee consisted of thirteen (13) councillors under the alternated leadership Cllr E Gouws (MMC for Social Services), Cllr LC Arendse (Sport, Recreation, Arts and Culture), Cllr AMB Appollis (MMC for Public Safety) and Cllr L Cyster (Parks, Waste and Cemeteries) who held six (6) meetings [one (1) a non-quorate meeting] during the period 1 July 2022 to 30 June 2023.

Table 18: Community Services Portfolio Committee

Community Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	AMB Appollis	Chairperson	6
2	E Gouws	Co-Chairperson	
3	LC Arendse	Co-Chairperson	
4	L Cyster	Co-Chairperson	
5	B van Willingh	Committee Member	
6	FP Cupido	Committee Member	
7	S Korabie	Committee Member	
8	LC Matthee	Committee Member	
9	T Mooi	Committee Member	
10	N Nongogo	Committee Member	
11	AM Stulweni	Committee Member	
12	Z Xhego	Committee Member	
13	P de Villiers (until May 2023)	Committee Member	

2.3.4.6 Governance and Compliance Portfolio Committee

The Governance and Compliance Portfolio Committee was established and consisted of twelve (12) councillors under the leadership of Cllr J Miller (MMC for Governance and Compliance) who held one (1) meeting during the period.

Table 19: 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	
12	PJ Albertyn	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).

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, two ANC councillors Cllr AM Richards and Cllr LS Sambokwe as well as Cllr R Nell (ICOSA). No members from the political executive arm are a member of the MPAC. The committee met on eight (8) occasions during the year under review and mainly dealt with the compilation of the Oversight Report on the 2021/22 Annual Report as well as the considering of matters relating to Unauthorised, Irregular, Fruitless and Wasteful Expenditure, the report from the Audit Committee 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 Local Government: Municipal Structures Amendment Act, 2021 became effective on 01 November 2021. In terms of S79A a municipal council must establish a committee called the municipal public accounts committee. The municipal council must determine the functions of the municipal public accounts committee which must include the review of the Auditor-General's reports and comments of the management committee and the audit committee and make recommendations to the municipal council. The municipal public accounts committee must also review the internal audit reports together with comments from the management committee and the audit committee and make recommendations to the municipal council. Consequently, the audit committee reports quarterly to the municipal public accounts committee on the matters outlined in the Municipal Structures Amendment Act, 2021.

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 2022/23 financial year:

Table 20: Audit Committee

Audit Committee			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
1	Mr R Najjaar	Chairperson	Hons B. Compt; CPA (USA) 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 2022/23 financial year:

Table 21: 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)
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 Public Accountant (USA) 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) with Mr L Pienaar acting from 1 February 2023 – 30 June 2023; and
- Executive Director: Planning and Development (Ms J Samson) up to 31 March 2023.

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 28 July 2022, 7 December 2022, 10 February 2023 and 10 May 2023. 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 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 Public Safety Services Department is a new department established at the end of May 2023 to prioritise service delivery in relation to Traffic and Fire Services, Municipal Law Enforcement and Disaster Management.

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 22: Top Administrative Structure

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

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
3	 <p>Chief Financial Officer Bradley Brown</p>	<ul style="list-style-type: none"> • Manages and controls the implementation of budget policies, systems and procedures and financial statement processes to ensure legislative compliance and sound financial management practices; • Implements and maintains revenue and credit control policies and procedures to ensure sound revenue management practices and compliance; • Ensures the recording, authorisation and proper execution of expenditure systems, procedures and transactions; and • Manages supply chain management services to ensure proper systems, procedures and control for demand, acquisition, logistics, assets and disposal management.
4	 <p>Planning and Development Jacqueline Samson (up until March 2023)</p> <p>David Delaney (Acting for April 2023)</p> <p>Seraj Johaar (Acting from May 2023- June 2023)</p>	<ul style="list-style-type: none"> • Manages the rendering of spatial and land use planning, surveying, valuations and building control services; • Plans, develops and implements a coherent and Integrated Framework for Local Economic Development and Tourism; • Ensures the implementation of environmental management plans, policies and procedures and ensures compliance in accordance with applicable legislation; and • Renders management and line function administrative support services. • Rural development.

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
5	 <p>Engineering Services Marius Wust (until January 2023)</p> <p>L Pienaar (Acting from February 2023 – June 2023)</p>	<ul style="list-style-type: none"> • Manages Civil Engineering Services including water, sewerage, streets, storm water and traffic engineering; • Manages Electrical Engineering Services; • 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 • Manages project and building projects/programmes.
6	 <p>Community Services Gerald Esau</p>	<ul style="list-style-type: none"> • Manages the provisioning and maintenance/operation of parks, sport facilities and cemeteries; • Manages the rendering of protection services to ensure the safety of the community; • Provides for the development of human settlements administration and support services to address the housing needs in the area; and • Provides and manages the rendering of community development, library and information services.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTRODUCTION

Drakenstein was proud to host a Presidential Imbizo during May 2023. At very short notice the Municipality played a key role, together with CoGTA as national lead the Presidency and many other stakeholders, to deliver a successful Imbizo. The outcomes thereof will be jointly managed and reported on under the leadership of the City Manager.

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 and 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;
- 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 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.

During 2022, Drakenstein Municipality embarked on a series of Open Days, whereby wards were clustered and community members could come to a central venue from 14:00 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.

2.8.2 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. Stakeholders provided input utilising email submissions, Facebook, via text messages 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.

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. The Audit Committee also considers a quarterly report from management on the municipality's ethics awareness initiatives.

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 23: Strategic Risks identified for 2023/24

Strategic Risks identified							
Ref	Strategic Risk	KPA 1	KPA 2	KPA 3	KPA 4	KPA 5	KPA 6
SR001	Financial non-sustainability		X	X	X	X	X
SR002	Inadequate service delivery	X	X	X	X	X	X
SR003	Deficiency in staff skills and capacity	X		X			
SR004	Increasing indigents and unemployment		X		X		X
SR005	Inadequate infrastructure, investment and maintenance		X		X	X	X
SR006	Weakness in governance and accountability	X	X	X	X	X	X
SR007	Uncontrolled and unmanaged urbanisation and land invasion		X		X	X	X
SR008	Lack of effective communication with stakeholders	X					
SR009	Inadequate ICT planning, infrastructure, systems and cyber security	X		X			
SR010	Extended interruption of power supply		X		X		X
SR011	Lack of effective law enforcement and policing						X
SR012	Inability to safeguard municipal infrastructure against vandalism and theft				X		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 2022/23 Internal Audit Plan:

- Financial Statements Review (High Level);
- Stormwater System Management;
- Solid Waste Efficiency Management;
- Allocation of Housing Rental Stock;
- Overtime;
- Standby Allowances;
- Supply Chain Management (Procurement below R200 000)
- Indigent Management;
- Declaration of Councillor Interests;
- Financial Controls;
- MFMA Compliance;
- DoRA Compliance;
- POPIA Compliance;
- Municipal Staff Regulations Compliance (Consulting);
- 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;
- IDP Review;
- Annual Inventory Count; and
- ICT Continuity.

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 2022/23 which included the performance of a quality assurance self-assessment in preparation for the next external quality assurance review in 2024/25.

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 2023/24 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 2022/23 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. Furthermore Council approved its own Preferential Procurement Policy with effect from 1 February 2023 in order to align it to the Preferential Procurement Regulations of 2022. 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. As part of the annual budget cycle, 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 through the submission of regular reports regarding the committees' functions and powers.

2.16.2.2 Awards made by the Bid Adjudication Committee

For the 2022/2023 financial year the Bid Adjudication Committee made 66 awards and recommended 29 awards to the Accounting Officer.

2.16.2.3 Awards made by Accounting Officer

For the 2022/2023 financial year the Accounting Officer approved 29 awards that were recommended by the Bid Adjudication Committee.

2.16.2.4 Objections lodged

For the year under review a total of 11 objections were lodged by aggrieved bidders. All of these objections were reported and resolved before the end of the 2022/23 financial year.

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

For the year under review a total of 169 formal written price quotations were advertised of which 123 were awarded and 46 were cancelled.

2.16.4 Disposal Management

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

Table 24: Immovable assets disposed

Properties for which final approval was granted from 1 July 2022 – 30 June 2023			
Serial No.	Properties sold	To	Purpose
Column Ref.	A	B	C
1	Portion of Erf 481 Paarl (Public Place)	Adjacent landowner of Erf 483 Paarl	For consolidation with existing residential property
2	Portion of Remainder Erf 14755 Paarl	Adjacent landowner of Erf 20786 Paarl	For extension of existing property / parking purposes
3	Portion of Erf 2097 Wellington (Road Reserve)	Adjacent landowner of Remainder Erf 600 Wellington	For consolidation with existing residential property
4	Portion of Remainder Erf 5058 Paarl	Adjacent landowner of Erf 39593 Paarl	Parking purposes

Properties for which final approval was granted from 1 July 2022 – 30 June 2023			
Serial No.	Properties sold	To	Purpose
Column Ref.	A	B	C
5	Portion of Erf 3643 Mbekweni	Adjacent landowner of Erf 3642 Mbekweni	Expansion of the existing school facility (Masakahne Pre-School & Grassroots Educare Centre)

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 2022/23 financial year:

Table 25: Bylaw passed

Bylaw passed		
Serial No.	Bylaw	Promulgation Status
Column Ref.	A	B
1	Approval of the Water and Sanitation Services Bylaw 2022	27 July 2023

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 Section manages this content and constantly updates and populates the website, as well as develops new interactive features to enhance users' online service experience.

In the 2022/23 financial year, the section continued to migrate the 9 800-page website, built on Microsoft SharePoint 2016, to the latest version of SharePoint which is SharePoint 2019. The main aim is 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 section is ensuring that certain web features are improved, such as the mobile functionality and mobile user experience - over multiple devices and Internet browsers.

The Communication and Marketing Section continued to assist various departments and divisions, such as Investment Area Management, Traffic Services, and Economic Development and Tourism, with bespoke website solutions, features and functionalities. Further effort went into reflecting macrostructure changes and into updating departmental information and contact details.

Table 26: Municipal Website Content and Currency of Material

Municipal Website: Content and Currency of Material			
Serial No.	Documents published on the Municipality’s website	Yes/No	Publishing Date
Column Ref.	A	B	C
1	Annual and adjustments budgets and all budget-related documents	Yes	01/07/2022 – 30/06/2023
2	All budget-related policies	Yes	01/07/2022 – 30/06/2023
3	The previous Annual Report 2020/21	Yes	30/03/2023
4	The Annual Report 2020/21 published/to be published	Yes	2023/03/30
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	30/07/2022
6	All service delivery agreements (2021/22)	Yes	01/07/2022 – 30/06/2023
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	01/07/2022 – 30/06/2023
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	01/07/2022-30/09/2022: No disposals 01/10/2022– 31/12/2022: No disposals 01/01/2023-31/03/2023: 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	01/07/2022 – 30/06/2023

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 Section compiled and sent out press releases to media (print, radio and online); invited media to events and responded to media enquiries; recorded and distributed sound clips; as well as shared news regarding municipal projects, programmes, initiatives and achievements through its four social media platforms, the municipal website, its *Vars* 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 section again 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 section’s media, communication and reputation management strategy.

Guided by its corporate identity manual, the Municipality continued to reinforce its corporate identity and logo, embodying its vision of a city of excellence. Extensive communication and marketing support was rendered to the Municipality’s new dedicated SeeClickFix marketing campaign, as well as its two ongoing campaigns, 365 Days of Activism against Gender-Based Violence, and War on Waste.

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 and videos 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 section continued to give *Vars* much more of a business and development focus. 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 13,219 subscribers - is linked to a fully-fledged online flipbook with embedded videos, which are also hosted on the Municipality's YouTube channel.

The section further continued to render communication and marketing assistance to various departments and divisions with special online publications such as the *Drakenstein Development and Investment Prospectus*.

On 13 April 2022, Drakenstein Municipality beat 204 local municipalities in South Africa and walked away with the SALGA (South African Local Government Association) Award for the Most Updated Social Media Platforms in the Local Government category at SALGA's 6th Annual National Communicators' Forum. This was a particularly proud moment for the Communication and Marketing Section.

In this financial year 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 2023, the Drakenstein Municipality Facebook page had 46,744 followers, reaching 1,225,940 people and achieving 11,042,041 visits. 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 continued to be very popular. By the end of June 2023, this platform's followers grew to 2,116. 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, its LinkedIn platform, grew to 3,114 followers by the end of June 2023. It was launched in November 2021. Publishing bespoke content for the professional and business audience, this platform continues to penetrate this market and further promote Drakenstein as a fast-growing, progressive and strategically located investment destination. Vacancy posts are especially well received on LinkedIn.

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 was the eighth new communication platform that the Communication and Marketing Section 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.

In this financial year the Communication and Marketing Section grew with two new team members, strengthening its content planning, creation and management, its graphic design, and its administrative support capacity.

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

A Customer Complaints Management System, SeeClickFix, manages service delivery standards and complaints. No surveys were done during the year under review.

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 2022/23 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 2021/22 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 2022/23 IDP (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 **22 June 2022** 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 2022/23 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 2022/23 financial year by Council at a Council meeting held on 28 February 2023.

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, before the implementation of the municipal staff regulations, did not undergo formal performance evaluations. The Individual Performance for these employees, was managed and monitored through a Job Description Efficiency Monitoring programme. 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. 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. We have developed a coaching and mentoring policy, to ensure that our staff get the necessary support from line management; and to improve service delivery.

All staff members are required to sign performance agreements which are due on 31 July 2023. Staff was encouraged to 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 2022/23 financial year were signed during June 2022 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 2021/22 financial year took place on 20 January 2023. The final evaluations of the City Manager and Executive Directors for the 2021/22 financial year were scheduled for 01 June 2023.

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.

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

All Staff members are required by the municipal staff regulations to sign performance agreements.

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

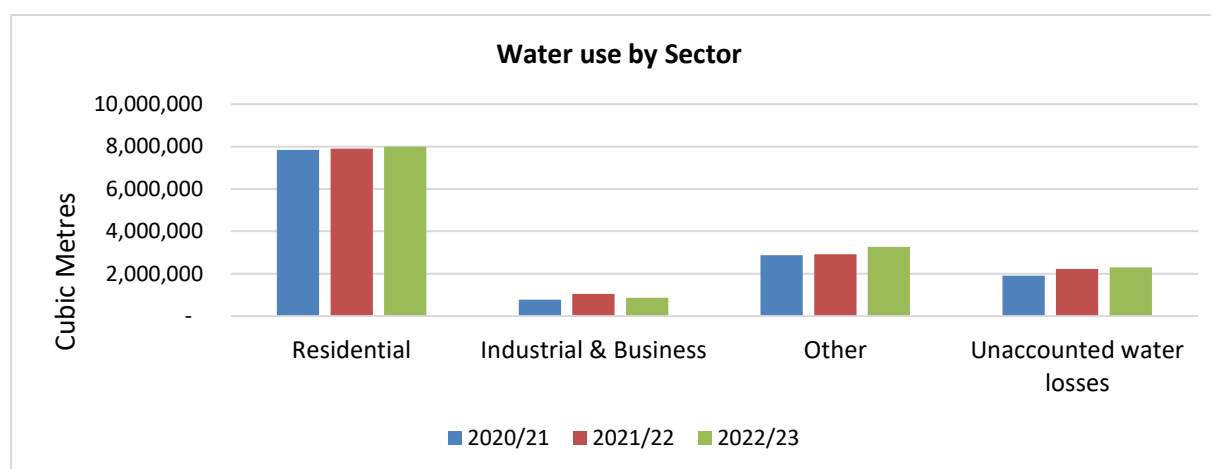
It is clear from the table below that the water usage increased during the 2022/23 financial year, compared to the usage during the 2021/22 financial year. Billed metered consumption (water sales) increased from 11.9 ml sold in 2021/22 to 12.1 ml sold during 2022/23. Technical water losses over the last three financial years remained more or less the same, between 14% and 16%. The technical water losses for the 2022/23 financial year was 15.95% (total losses amounted to 17.0%).

Table 27: Total use of water by sector (cubic metres)

Water Use Details								
Serial No.	Year	Kilolitres						% Water Losses (Tech.)
		Residential	Industrial/ Business	Other	Total Water Consumed	Water Losses (technical)	Water Bought/ Produced	
Column Ref.	A	B	C	D	E	F	G	H
1	2020/21	7,836,430	779,912	2,868,090	11,484,432	1,913,887	13,398,319	14.3
2	2021/22	7,906,427	1,039,228	2,912,282	11,857,937	2,220,307	14,078,244	15.77
3	2022/23	7,988,383	867,400	*3,293,512	12,149,295	2,305,452	14,454,747	15.95

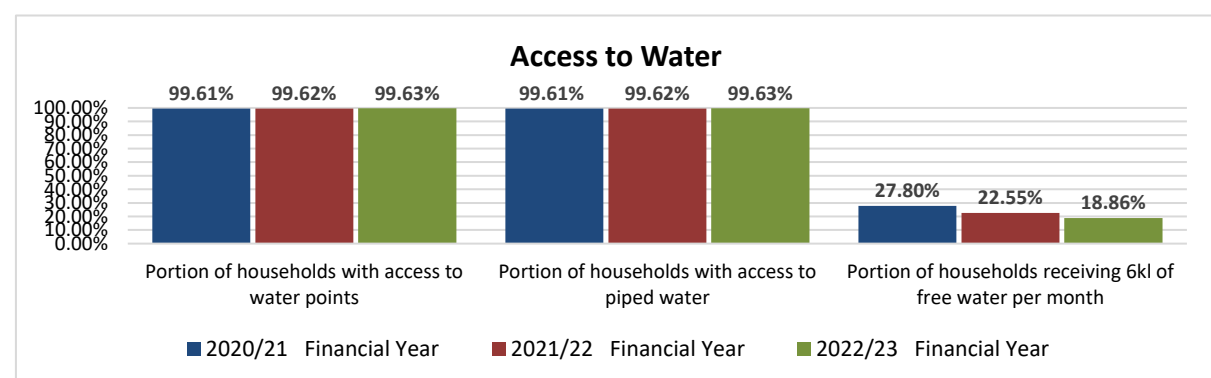
*Other includes unbilled consumption of 145,397 kl

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.

- A total of 3,633 metres of water reticulation mains were upgraded in the Drakenstein Area;
- 199 water connections were installed in the Drakenstein Area;
- 437 burst pipes were repaired on reticulation networks;
- 920 water connections were repaired;
- 631 water meters were replaced during the year;
- 301 water meters were stolen and replaced by the Municipality; and
- 1,561 water leaks on municipal water systems were repaired during the financial year.

3.5.2 Service Delivery Levels

The 2022/23 Annual WSDP Performance and Water Services Audit Report on water service delivery levels in Drakenstein indicates that 80,349 households (99.63%) receive a water service of the minimum level and above and that 297 households (0.37%) receive a water service below the minimum level.

The audit report indicates that there is an estimated 80,438 permanent households and 208 non-permanent households at the end of June 2023 in Drakenstein compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

Table 28: Water Service Delivery Levels

Water Service Delivery Levels				
Serial No.	Description	Households		
		2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.
Column Ref.	A	B	C	D
1	Water: (Minimum level and above)			
2	Piped water inside dwelling	40,988	41,377	41,754
3	Piped water inside yard (but not in dwelling)	27,332	29,072	30,137
4	Using public tap (stand pipes)	7,397	7,272	8,051
5	Other water supply (within 200 m)	*407	*407	*407
6	Minimum Level and Above Sub-total	76,124	78,128	80,349
7	Water: (Below minimum level)			
8	Using public tap (more than 200 m from dwelling)	0	0	0
9	Other water supply (more than 200 m from dwelling)	*163	*163	*163
10	No water supply (rural)	*134	*134	*134
11	Below Minimum Service Level sub-total	297	297	297
12	Total number of households*	76,421	78,425	80,646
13	Minimum Service Level and Above Percentage	99.61%	99.62%	99.63%
14	Below Minimum Service Level Percentage	0.39%	0.38%	0.37%

*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 (0.41%) of 72,595 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 7,289 households with communal water services within 100m and 762 households with communal water services further than 100m.

Table 29: Households - Water Service Delivery Levels below the minimum level

Households – Water Service Delivery Levels below the minimum level				
Serial No.	Households			
	Description	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.
Column Ref.	A	B	C	D
1	Formal Settlements			
2	Total households	68,924	71,153	72,595
3	Households below the minimum service level	*297	*297	*297
4	Proportion of households below the minimum service level	0.43%	0.42%	0.41%
5	Informal Settlements			
6	Total households	7,397	7,272	8,051
7	Households below minimum service level	0	352	762
8	Proportion of households below minimum service level	0%	4.84%	9.46%

**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 two financial years 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 R10.4 million or 100% of the final adjustments budget on water infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 30: Capital Expenditure 2022/23 - Water Services

Capital Expenditure 2022/23: 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	8,379,018	8,378,775	0.0%
2	Water Distribution	1,000,000	1,000,000	1,000,000	0.0%
3	Other Capital Projects	803,000	664,861	664,860	0.0%
4	Champagne Road Water Pipeline	-	318,563	318,563	0.0%
5	Total Capital Expenditure	6,803,000	10,362,442	10,362,198	0.0%

3.5.4 Major Projects Implemented

During 2022/23 the following major projects were implemented:

- A total of 3,633 metres of reticulation water pipe systems were upgraded in the Drakenstein Area; and
- The Municipality continued with the provision of communal water services for the informal settlements. An additional 10 communal taps were provided in three (3) informal settlements.

3.5.5 Operating Expenditure

Water services, as a trading service, generated an operating surplus of R81.0 million for the 2022/23 financial year. The surplus is used to subsidise operating expenditure of community services that do not generate revenue to sustain themselves.

Table 31: Operating Revenue and Expenditure: Water Services

Operating Revenue and Expenditure: Water Services						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(195,560,800)	(213,258,189)	(211,526,752)	(211,826,848)	0.1%
2	Total Operating Revenue	(195,560,800)	(213,258,189)	(211,526,752)	(211,826,848)	0.1%
3	Employee related costs	23,980,955	30,719,134	28,960,354	26,172,765	9.6%
4	Impairment losses on financial assets	12,230,933	20,103,609	20,478,457	20,478,457	0.0%
5	Interest paid	10,691,659	10,454,365	10,454,365	10,454,365	0.0%
6	Contracted services	7,511,668	7,940,544	12,196,483	8,079,180	33.8%
7	Depreciation and amortisation	29,737,769	36,844,954	38,432,729	29,696,859	22.7%
8	Inventory consumed	1,319,768	2,309,449	2,327,480	2,055,405	11.7%
9	Operational Costs and Losses	28,130,570	28,630,088	28,399,538	33,904,292	-19.4%
10	Total Operating Expenditure	113,603,322	137,002,143	141,249,406	130,841,324	7.4%
11	Operating (Surplus) / Deficit	(81,957,479)	(76,256,046)	(70,277,346)	(80,985,524)	15.2%

3.5.6 Employee Statistics (Water and Waste Water combined)

The Water and Waste Water Services Division merged and has 336 posts on the organisational structure approved by Council on 30 June 2022 of which 123 posts are frozen and 213 posts funded at year-end. The department had 185 filled posts and 28 vacancies at year-end, indicating a 13.1% vacancy rate.

Table 32: Employees – Water and Waste Water Services

Employees: Water and Waste Water Services								
Serial No.	Job Level	2021/22	2022/23					
		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	5	5	1	4	4	0	0.0%
3	T12 - T14	12	20	8	12	10	2	16.7%
4	T09 - T11	19	28	10	18	12	6	33.3%
5	T06 - T08	54	88	29	59	53	6	10.2%
6	T03 - T05	118	195	75	120	106	14	11.7%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	208	336	123	213	185	28	13.1%

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

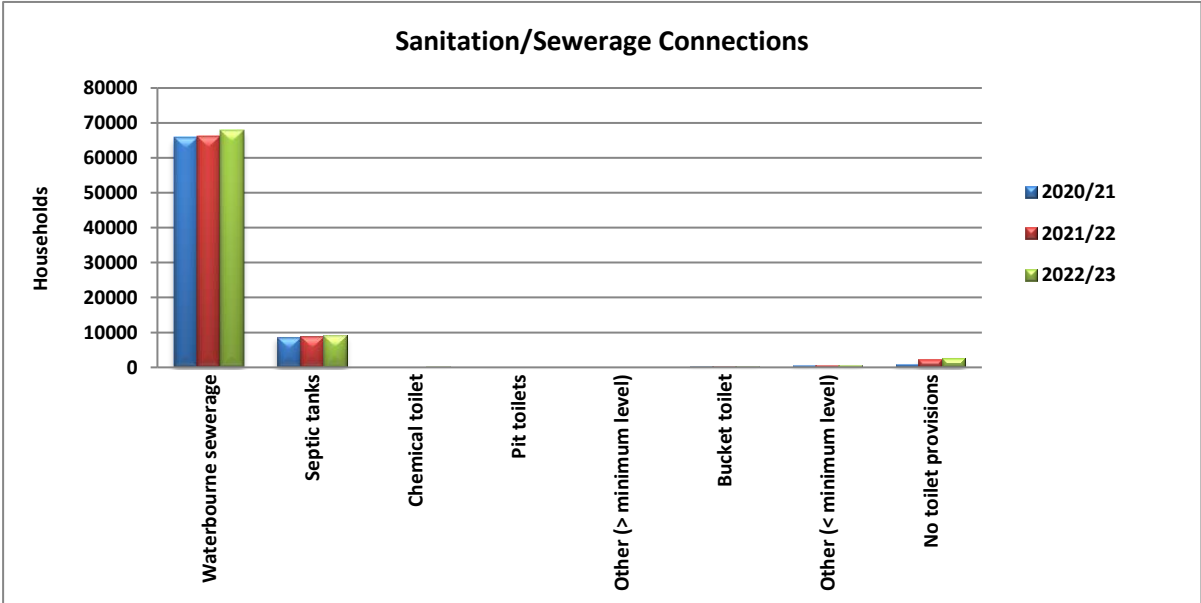
Service statistics for the year under review are listed in the table below.

Table 33: Service Statistics - Waste Water (Sanitation Services)

Waste Water (Sanitation Services)				
Serial No	Description	2020/21	2021/22	2022/23
		Actual Number	Actual Number	Actual Number
Column Ref.	A	B	C	D
1	Total sewerage blockages serviced	8,016	7,878	6,405
2	Installation of new domestic sewer connections	18	17	10
3	Newly installed / refurbished (through pipe-cracking) sewers/pipelines (in meter)	3,486	736	2,838

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 2022/23 Annual WSDP Performance- and Water Services Audit Report on waste water service delivery levels in Drakenstein indicates that 77,152 households (95.67%) receive a waste water service of the minimum level and above, and that 3,494 households (4.33%) receive a waste water service below the minimum level.

The Audit Report indicates that there are an estimated 80,438 permanent households in Drakenstein at the end of June 2023 compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

Table 34: Sanitation Service Delivery Levels - Households

Sanitation Service Delivery Levels				
*Households				
Serial No	Description	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.
Column Ref.	A	B	C	D
1	Flush toilet (connect to sewerage)	65,804	66,207	67,799
2	Flush toilet (with septic tank)	8,744	8,894	9,046
3	Chemical toilet	35	151	165
4	Pit toilet (ventilated)	*142	*142	*142
5	Other toilet provisions (above minimum service level)	0	0	0
6	Sub-Total: Minimum service level and above	74,725	75,394	77,152
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)	413	1,848	2,311
11	Sub-Total: Below minimum service level	1,596	3,031	3,494
12	Total households	76,321	78,425	80,646
13	Minimum service level and above percentage	97.9%	96.1%	95.67%
14	Below minimum service level percentage	2.1%	3.9%	4.33%

**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 (1.6%) of 72,595 households receiving a waste water service below the minimum waste water service level. Within informal

settlements, there are 2,311 households (28.70%) of 8,051 households receiving a waste water service below the minimum waste water service level.

Table 35: Households - Sanitation Service Delivery Levels below the minimum

Households – Sanitation Service Delivery Levels below the minimum				
Serial No.	Description	2020/21 Actual Number	2021/22 Actual Number	2022/23 Actual Number
Column Ref.	A	B	C	D
1	Formal Settlements			
2	Total Households	68,924	71,153	72,595
3	Households below minimum service level	*1,183	*1,183	*1,183
4	Proportion of households below minimum service level	1.7%	1.7%	1.6%
5	Informal Settlements			
6	Total Households	7,397	7,272	8,051
7	Households below minimum service level	413	1,848	2,311
8	Proportion of households below minimum service level	5.6%	25.4%	28.7%

**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 two financial years 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 R22.2 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 36: Capital Expenditure 2022/23 - Waste Water (Sanitation) Services

Capital Expenditure 2022/23: 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	Rehab & Upgrade of Paarl WWTW	-	6,070,000	6,069,999	0.0%
2	Replace/Upgrade Sewerage System	5,000,000	5,488,142	5,488,141	0.0%
3	Replace Pump at Newton Pumpstation	4,963,763	4,377,383	4,377,383	0.0%
4	Paarl Waste Water Treatment Works	2,939,715	1,998,538	1,998,537	0.0%
5	Refurbishment and Upgrade of Pentz Street	696,420	1,256,197	1,256,196	0.0%
6	Southern Paarl Bulk Sewer	-	1,060,000	1,060,000	0.0%
7	Extension of Basic Services: Informal Settlements	1,000,000	1,000,000	1,000,000	0.0%
8	Upgrade MMC Newton Pumpstation Wellington	760,000	751,479	751,479	0.0%
9	Other Capital Projects	4,431,134	203,847	203,845	0.0%
10	Total Capital Expenditure	19,791,032	22,205,586	22,205,581	0.0%

3.6.4 Major Projects Implemented

The following major projects were implemented during the 2022/23 financial year:

- Provision of basic sanitation services, where a total of 62 toilets were provided in three(3) informal settlements;
- The Municipality started with the upgrading of the Paarl WWTW and the Southern Paarl Bulk Sewer (Designs and Tenders); and
- The Pentz Street sewer pump station was refurbished and upgraded and one of the pumps of the Newton sewer pump station was replaced.

3.6.5 Operating Expenditure

Waste water (sanitation) services, as an economic service, generated an operating surplus of R73.9 million for the 2022/23 financial year.

Table 37: Operating Revenue and Expenditure: Waste Water (Sanitation) Services

Operating Revenue and Expenditure: Waste Water Services						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(209,703,856)	(223,715,747)	(234,072,472)	(228,109,905)	-2.5%
2	Total Operating Revenue	(209,703,856)	(223,715,747)	(234,072,472)	(228,109,905)	-2.5%
3	Employee related costs	43,950,878	48,629,005	43,224,824	43,235,220	0.0%
4	Impairment losses on financial assets	5,849,134	3,919,069	21,907,117	21,907,117	0.0%
5	Interest paid	42,356,146	41,416,081	41,416,081	41,416,081	0.0%
6	Contracted services	15,129,047	15,422,800	22,782,931	19,472,415	14.5%
7	Depreciation and amortisation	23,275,013	22,856,809	23,841,791	23,768,337	0.3%
8	Inventory consumed	2,044,558	1,789,434	1,910,034	1,743,049	8.7%
9	Operational Costs and Losses	1,537,878	1,842,826	2,825,540	2,709,810	4.1%
10	Total Operating Expenditure	134,142,654	135,876,024	157,908,318	154,252,028	2.3%
11	Operating (Surplus) / Deficit	(75,561,203)	(87,839,723)	(76,164,154)	(73,857,877)	-3.0%

3.6.6 Employee Statistics (Water and Waste Water combined)

The Water and Waste Water Services Division merged has 336 posts on the organisational structure approved by Council on 30 June 2022 of which 123 posts are frozen and 213 posts funded at year-end. The department had 185 filled posts and 28 vacancies at year-end, indicating a 13.1% vacancy rate.

Table 38: Employees - Waste Water (Sanitation) Services

Employees: Waste Water (Sanitation) Services								
Serial No.	Job Level	2021/22	2022/23					
		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	5	5	1	4	4	0	0.0%
3	T12 - T14	12	20	8	12	10	2	16.7%
4	T09 - T11	19	28	10	18	12	6	33.3%
5	T06 - T08	54	88	29	59	53	6	10.2%
6	T03 - T05	118	195	75	120	106	14	11.7%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	208	336	123	213	185	28	13.1%

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. Informal areas

which increases the total number versus completed number. At the end of the year under review 3,638 households (7.2%) 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 39: Electricity Service Delivery Levels

Electricity Service Delivery Levels Electricity Connections				
Serial No.	Description	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.
Column Ref.	A	B	C	D
1	Electricity – conventional (min. service level)	6,946	6,822	6,797
2	Electricity – prepaid (min. service level)	41,515	39,668	40,237
3	Sub-Total: Minimum service level and above	48,461	46,490	47,034
4	Electricity (< min. service level)	0	0	0
5	Electricity – prepaid (<min. service level)	3,755	3,642	3,638
6	Other energy sources	0	0	0
7	Below minimum service level sub-total	0	0	0
8	Total number of households	52,216	50,132	50,672
9	Minimum service level and above percentage	92.80%	92.7%	92.8%
10	Below minimum service level percentage	7.2%	7.3%	7.2%

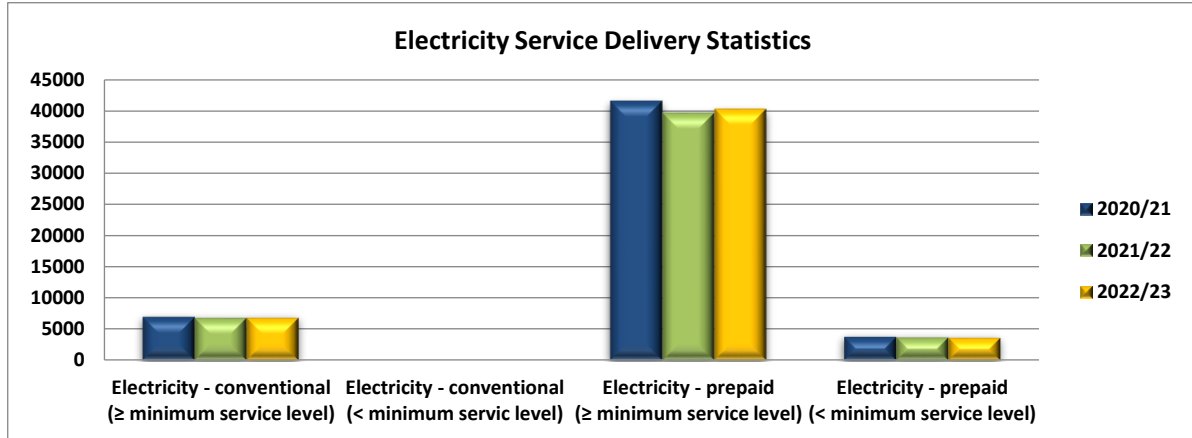
Note: Estimated figures of Eskom electricity provision within Drakenstein is unknown.

**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 3,568 households (49.5%) in informal settlements have access to electricity. Drakenstein Municipality has budgeted for R1 million of its own funds for the 2022/23 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 43,466 electricity meter connections (100.0%) providing an electricity service to households at the minimum electricity service level.

Table 40: Electricity Service Delivery Levels below the minimum - Formal & Informal Settlements

Electricity Service Delivery Levels below the minimum Formal & Informal Settlements				
Serial No.	Description	2020/21 Actual No.	2021/22 Actual No.	2022/23 Actual No.
Column Ref.	A	B	C	D
1	Formal Settlements			
2	Formal households with electricity	45,010	42,926	43,466
3	Formal households without electricity	0	0	0
4	Totals: Formal households	45,010	42,926	43,466
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%
7	Informal Settlements			
8	Informal households with electricity	3,451	3,564	3,568
9	Informal households without electricity	3,946	3,642	3,638
10	Total: Informal households	7,397	7,206	7,206
11	Informal households with minimum and above service level	46.7%	49.5%	49.5%
12	Informal households below minimum service level	53.3%	50.5%	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 R68.4 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 41: Capital Expenditure 2022/23 - Electricity Services

Capital Expenditure 2022/23: 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	-	28,500,000	28,449,225	0.2%
2	MV Substations	8,695,652	14,534,482	14,534,483	0.0%
3	Palmiet Substation Transformer Refurbishment	6,000,000	6,000,000	6,018,867	-0.3%
4	Vandalism and Theft to Infrastructure	3,000,000	3,023,219	3,023,217	0.0%
5	Replacement Program for Old and Redundant	3,000,000	3,000,000	2,999,999	0.0%
6	Other Capital Projects	1,450,000	2,296,440	2,327,644	-1.4%
7	Increase Existing HT Network Capacity	2,000,000	2,000,000	2,000,000	0.0%
8	Increase Existing LT Network Capacity	1,800,000	1,963,550	1,963,550	0.0%
9	Increase Existing MT Network Capacity	1,800,000	1,799,999	1,799,999	0.0%
10	Quality of Supply (Upgrading of SCADA System)	1,200,000	1,200,000	1,199,999	0.0%
11	Electrification of Informal Areas	1,000,000	1,092,288	1,092,288	0.0%
12	LV Networks	-	1,054,431	1,054,431	0.0%
13	Transformers 50kva 3 Phase	-	1,004,510	1,004,510	0.0%
14	KIOSM	-	959,766	959,766	0.0%
15	Total Capital Expenditure	29,945,652	68,428,685	68,427,977	0.0%

3.7.4 Major Projects Implemented

- Palmiet 66/11kV transformer 3 refurbishment: The grant allocation of R6 million from IUDG were utilised towards the refurbishment of Palmiet 66/11kV transformer 3 after it were damaged by excessive heat due to vandalism.
- Electrical transformer upgrade: The grant allocation of R13.91 million from DOE were utilised towards purchasing of switchgear, prior to upgrade the current 11kV plant and machinery at the Dalweiding 66/11kV substation.

3.7.5 Operating Expenditure

Electricity services, as a trading service, generated an operating surplus of R361.4 million for the 2022/23 financial year. The surplus is used to subsidise operating expenditure of community services that do not generate revenue to sustain themselves.

Table 42: Operating Revenue and Expenditure: Electricity Services

Operating Revenue and Expenditure: Electricity Services						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(1,455,876,555)	(1,567,700,634)	(1,453,845,450)	(1,521,085,543)	4.6%
2	Total Operating Revenue	(1,455,876,555)	(1,567,700,634)	(1,453,845,450)	(1,521,085,543)	4.6%
3	Employee related costs	60,507,087	67,449,194	61,408,964	62,106,134	-1.1%
4	Impairment losses on financial assets	1,562,092	23,358,097	1,365,686	1,365,686	0.0%
5	Interest paid	67,270,367	65,777,350	65,777,350	65,777,352	0.0%
6	Contracted services	18,645,856	26,252,172	28,240,570	24,288,944	14.0%
7	Depreciation and amortisation	49,224,895	48,287,481	50,357,779	50,196,227	0.3%
8	Inventory consumed	10,796,086	10,208,518	10,302,155	8,398,351	18.5%
9	Operational Costs and Losses	964,775,179	1,048,814,293	952,028,765	947,568,904	0.5%
10	Total Operating Expenditure	1,172,781,561	1,290,147,105	1,169,481,269	1,159,701,598	0.8%
11	Operating (Surplus) / Deficit	(283,094,994)	(277,553,529)	(284,364,181)	(361,383,945)	27.1%

3.7.6 Employee Statistics

The Electricity Services Section has 200 posts on the organisational structure approved by Council on 30 June 2022 of which 50 posts are frozen and 150 posts funded at year-end. The section had 124 filled and 26 vacant posts at year-end, with a vacancy rate of 17.3%.

Table 43: Employees - Electricity Services

Employees: Electricity Services								
Serial No.	Job Level	2021/22	2022/23					
		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	0	1	100.0%
2	T15 - T17	4	5	1	4	3	1	25.0%
3	T12 - T14	18	23	6	17	15	2	11.8%
4	T09 - T11	30	42	9	33	25	8	24.2%
5	T06 - T08	36	42	7	35	33	2	5.7%
6	T03 - T05	56	87	27	60	48	12	20.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	145	200	50	150	124	26	17.3%

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

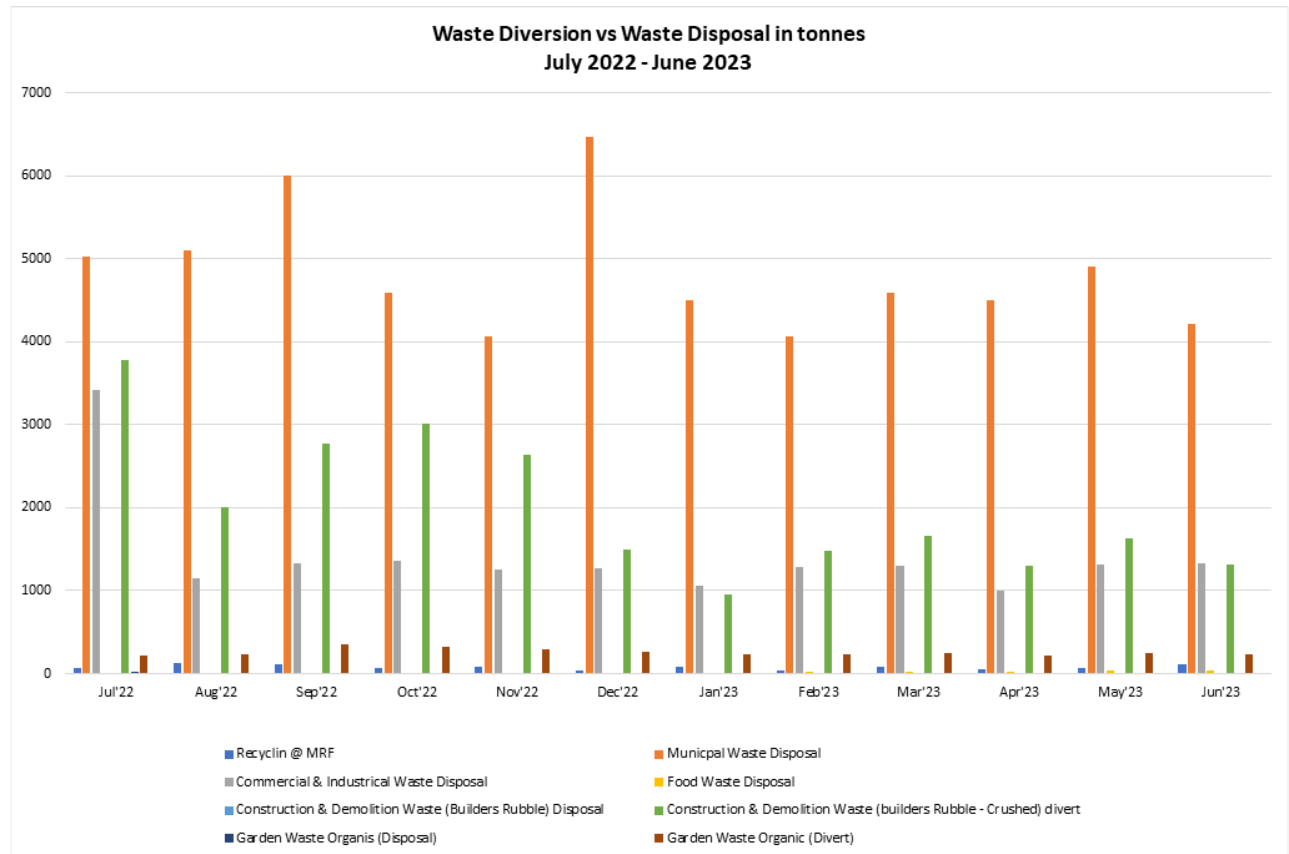
The key responsibility of this division is to deliver a sustainable waste management service in order to keep areas clean and free of illegal dumping. Primary focus areas are the provision of refuse collection services, not only formalised, but also to all registered informal settlements, managing disposal 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 Organic Waste Diversion Plan has been compiled and indicates the status quo of organic waste management in the Municipality as well as strategies to be implemented to optimize organic waste diversion in compliance with Provincial targets. A Waste Management Sector Plan has also been compiled which focusses on the medium and long-term plans for effective management of the different waste streams.

3.8.1 Service Statistics

The table below indicates that a kerbside refuse removal service is delivered to 43,971 formal households within Drakenstein, using a 240L wheelie bin. A total of 41 registered informal settlements, consisting of 7,587 structures, 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 to provide demarcated disposal facilities to communities. These facilities are serviced at least once a week. Illegal dumping remains a challenge despite the presence of localised disposal facilities.

Graph 6: Solid Waste Disposal and Diversion Statistics



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. Businesses have shown an increased commitment to divert waste from landfill, by recycling the waste.

3.8.2 Service Delivery Levels

The table below indicates that a kerbside refuse removal service is delivered to 43,971 formal households within Drakenstein, using a 240L wheelie bin. A total of 41 registered informal settlements, consisting of 8,430 structures, 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 to provide demarcated disposal facilities to communities. These facilities are serviced at least once a week. Illegal dumping remains a challenge despite the presence of localized disposal facilities.

No services are rendered below the minimum service level by the Municipality

Table 44: Solid Waste Removal Service Delivery Levels

Solid Waste Removal Service Delivery Levels				
Serial No.	Description	2020/21 Actual Number	2021/22 Actual Number	2022/23 Actual Number
Column Ref.	A	B	C	D
1	Solid Waste Removal (Minimum level and above)			
2	Removed at least once a week (bins)	42,635	43,321	43,971
3	Removed at least once a week (black bags)	7,206	7,587	8,430
4	Sub-Total: Minimum service level and above	49,841	50,908	52,401
5	Minimum service level and above percentage	100%	100%	100%
6	Solid Waste Removal: (Below minimum level)			
7	Removed at least once a week	0	0	0
8	Removed less frequently than once a week	0	0	0
9	No rubbish disposal	0	0	0
10	Sub-Total: Below minimum service level	-	0	0
11	Below minimum service level percentage	0%	0%	0%
12	Total number of household service points	49,841	50,908	52,401

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. Businesses have shown an increased commitment to divert waste from landfill, by recycling the waste.

Waste awareness and education

A community flash clean-up was held in October 2022 in an effort to mitigate illegal dumping and create awareness regarding the impact of illegal dumping on the environment.

Communities in Paarl East and Mbekweni joined the Municipality in cleaning the areas with local television celebrities, Merlin Balie and Jeffrey Moss. Residents were encouraged to bring their bulky waste to the pre-determined cleaning spots, for free disposal.

A successful open day for hazardous waste collection was held in June 2023. Residents were afforded the opportunity to drop off hazardous household waste for safe disposal.

In addition, information sessions were held at schools who has shown interest in starting a school recycling project. School and community groups have also visited the waste facilities to familiarise themselves with waste practices in Drakenstein.

Landfill Management

Tender SWM01/2021 was awarded to Enviroserv Waste Management for the provision of waste disposal and waste diversion activities at the Wellington landfill site for a period of 5

years. The Section 33 process of the MFMA was followed to indicate Council's intention to enter into a longer term contract with a service provider.

Enviroserv has commenced on site in July 2022. The facility has been successfully operated in compliance to the license conditions.

Waste Characterisation Study

Waste characterisation studies have been performed in November 2022 and March 2023, as per tender specifications.

Municipal Solid Waste (MSW) from different socio-economic areas was collected and analysed. The waste composition is depicted in the graph below.

Radio Frequency Identification System

Tender SWM08/2022 was awarded for the implementation of a Radio Frequency Identification (RFID) System 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.

Illegal dumping

Illegal dumping remains a challenge in the Municipality despite efforts implemented by the Solid Waste Section. Initiatives include the provision of disposal facilities in high-density and informal areas by means of mini drop-off facilities. These facilities are not optimally used as waste is thrown outside the structure instead of inside it.

The mini drop-offs are cleaned on a regular basis by a team of EPWP workers. In addition, digger loaders and tipper trucks were used to clean builders' rubble and other bulky waste.

Ward Projects

Ward Councillors identified cleaning projects in the respective wards. These projects created work opportunities to people in the wards, based on a one-month employment period. Activities included street sweeping, hoeing and litter picking.

3.8.3 Capital Expenditure

The Waste Management Services Section spent R3.8 million or 99.2 % 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 45: Capital Expenditure 2022/23 - Waste Management (Refuse Collection, Waste Disposal and Recycling)

Capital Expenditure 2022/23: 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	Wheelie Bins	-	1,046,460	1,046,460	0.0%
2	Other Capital Projects	2,000,000	1,037,410	1,005,711	3.1%
3	Organic Waste Diversion Infrastructure	4,500,000	818,135	818,135	0.0%
4	Street Refuse Bins	500,000	499,320	499,320	0.0%
5	Solid Waste Mini Drop Offs (IUDG)	650,000	412,260	412,260	0.0%
6	Total Capital Expenditure	7,650,000	3,813,585	3,781,886	0.8%

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 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.
- Waste skips were manufactured and placed at businesses and farms which require a more suitable waste receptacle for the waste type generated at their premises.

3.8.5 Operating Expenditure

Solid waste services, as an economic service, generated an operating surplus of R62.4 million for the 2022/23 financial year.

Table 46: Operating Revenue and Expenditure: Solid Waste Removal Services

Operating Revenue and Expenditure: Solid Waste Management						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(192,395,927)	(205,625,872)	(208,579,403)	(189,356,191)	-9.2%
2	Total Operating Revenue	(192,395,927)	(205,625,872)	(208,579,403)	(189,356,191)	-9.2%
3	Employee related costs	34,748,697	37,090,020	32,346,955	32,905,849	-1.7%
4	Impairment losses on financial assets	7,070,928	3,919,069	36,512,281	36,512,281	0.0%
5	Interest paid	6,810,573	6,659,416	6,659,416	6,659,416	0.0%
6	Contracted services	6,769,838	20,718,092	20,002,541	18,514,520	7.4%
7	Depreciation and amortisation	8,767,841	8,610,302	8,981,350	8,954,355	0.3%
8	Inventory consumed	3,383,801	3,178,291	2,017,470	1,877,024	7.0%
9	Operational Costs and Losses	20,326,410	16,034,247	21,906,137	21,505,064	1.8%
10	Total Operating Expenditure	87,878,088	96,209,437	128,426,150	126,928,509	1.2%
11	Operating (Surplus) / Deficit	(104,517,839)	(109,416,435)	(80,153,253)	(62,427,683)	-22.1%

3.8.6 Employee Statistics

The Waste Management (Refuse Collection, Waste Disposal and Recycling) Services Section has 213 posts on the organisational structure approved by Council on 30 June 2022 of which 80 posts are frozen and 133 posts funded at year-end. The section had 110 filled and 23 vacant posts at year-end, with a vacancy rate of 17.3%.

Table 47: Employees - Waste Management (Refuse Collection, Waste Disposal and Recycling)

Employees: Waste Management (Refuse Collection, Waste Disposal and Recycling)								
Serial No.	Job Level	2021/22	2022/23					
		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	2	5	2	3	2	1	33.3%
4	T09 - T11	5	6	3	3	2	1	33.3%
5	T06 - T08	25	52	19	33	27	6	18.2%
6	T03 - T05	97	147	56	91	76	15	16.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	132	213	80	133	110	23	17.3%

3.9 HOUSING

The Human Settlements 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 aim to formalise these settlements. It further manages the municipal housing pipeline (list of potential housing projects planned and implemented) and human settlement plan.

The target for the year was the delivery of 216 housing opportunities. The target was achieved with two hundred and twenty one (221) opportunities delivered during the financial year.

Additional achievements/important events during the year include:

- The handover of 221 housing opportunities to beneficiaries at Schoongezicht (serviced sites), Vlakkeland Housing Project;
- As part of the Presidential Imbizo, the President of the Republic of South Africa, his Excellency, President Cyril Ramaphosa, handed over a house designed for a special needs beneficiary;
- 100% completion of civil works for Phase 4 (last phase) of the Schoongezicht Housing Project;
- Appointment of contractor for the installation of basic services (toilets and water standpipes) for Phase 4 of the Schoongezicht Development;
- Approval of feasibility application reports by the Provincial Department of Human Settlements for several dignified sites (Bonnaque Square, 7de Laan , Jan Fiskaal and Kamp Fresh), thereby paving the way to submit further planning applications (Rezoning) for approval;
- Submission of Land Use applications for rezoning and subdivision of the Paarl East IRDP Green Fields Projects, Lovers Lane and Chester Williams Informal Settlement to the Planning Department;
- Servicing of 23 sites at Fairyland and commencement of construction of thirteen (13) housing units at Fairyland;
- Hosting of two successful Title Deed hand-over ceremonies at Saron and Paarl;
- Approval of land use application for the Simondium Housing Project, thereby paving the way for formal township establishment and the development of 384 housing opportunities;
- Resolving a long outstanding drainage problem at the Lantana/Kolby Housing Development with the installation of subsurface drainage; and
- Hosting of the annual housing summits in various wards during April/May 2023.

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 48: 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"> Supply, deliver and installation of 9 steel stairs structures – Chicago & Klein Nederburg housing schemes at Springbok flats, block A13 – A18, Springbok Flats A19 – A24, Bosbok Flat, block A7- A12, Bougainvillia Flat Block A13 - A19, 20A Disa Street (Ward 20, 22,24,25). Supply, deliver & installation of 8 steel stairs structures at Klein Nederburg Housing Scheme Bauhinia Flats B1, B3 and A19, 20A Disa Street, 35F, 37E & 47E Lantana Street, Bougainvillia Flat, block A6 – A7, D5 Bauhinia Flat, 18D Oleander Street, (Ward 20,21,25). Repair of major and minor cracks, waterproofing of outside walls at 16 blocks (Klein Nederburg and Chicago area - block 4, Disa Street, block 7, Plumbago Street, block 13, block 13, 19 & 21 Poinsettia Street, block P24 & H17 block Magnolia Flats, V block Magnolia Flats, Block 59 Springbok Street, block 19 & 61 Bontebok Street, block 21 Oleander Street (Wards 20,21,22,24,25) Repair work of 7 municipal rental units, Mbekweni, C block. (C125, C126, C152, C163, C165, C173, C185, C187). Supply, delivery, and installation of new IBR roof sheets (Springbok Street, block 63 and block 18 Poinsettia Street (Ward 24, 25). Urgent supply, manufacture, delivery and installation of 2 new steel stairs staircases at T12 & T24 Magnolia Flats. Repair and replace of new washing lines & installation of new post boxes (Block G & H Magnolia Flats) - 2 blocks. Urgent repair and replacement of roof sheets at A17 and A18 Springbok Flats and D11 Bosbok flats (3 units) (Ward 22 & 24).

Serial No.	Projects	Comments
		<ul style="list-style-type: none"> Major maintenance repair work at 3 Japonica Street, (levelling/lifting of the foundation, extension of walls, replacement of IBR roof sheets, concrete flooring, laminating, and painting of the inside and outside walls, carried out plumbing work, rewiring of all electrical cables (Ward 25). Replacement, delivery, and installation of 12 staircases in Chicago and Klein Nederburg housing schemes at 20D Disa street, 13A & 19A Bougainvillia Flat, Block A7 – A12 Bosbok Flats, block A19 – A24 Springbok Flats, Block A13 – A18 Springbok Flats (Wards 20,24 25). Paint-My-Story, painting of 3 blocks Azalia Street (Ward 25).
2	Improve access to basic services in Informal Settlements	<ul style="list-style-type: none"> Construction of 10 precast waterborne toilets and 3 water standpipes to improve access to basic services in Phalaphala informal settlements that is situated in erf, 30448. In addition, 52 toilets and 10 standpipes were installed in other informal areas.
3	Handover of Title Deeds (Housing Schemes)	<ul style="list-style-type: none"> Harper Street (Ward 26).

Challenges

- Active housing demand list of 21,071 applications.
- Forty-three registered (43) informal settlements comprising of 8,430 structures and housing an estimated 16,450 people.
- Increasing number of informal structure due to land invasion in public open spaces such as public park in Swartberg, bulk infrastructure road reserve in Drommedaris Street, Rooiland etc.

3.9.3 Housing Pipeline

The business plan for the 2022/23 financial year is indicated in the table below.

Table 49: 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.	164 Houses handed over.
2	Chester Williams (92 opportunities)	Formalisation and upgrade of informal settlement.	Submission of Land Use applications for rezoning and subdivision.
3	Lovers Lane (168 opportunities)	Formalisation and Upgrade of informal settlement.	Submission of Land Use applications for rezoning and subdivision.
4	Dignified Informal Sites (360 opportunities)	Upgrade of 9 informal settlements.	Project Feasibility reports for five (5) Informal Settlements submitted to the Department of Human Settlements for approval. Project feasibility approval already received for 4 I-Settlements (Bonnagee Square, 7 De Laan , Jan Fiskaal and Kamp Fresh).
5	Paarl East IRDP Project	Greenfields development catering for 538 housing opportunities.	Rezoning approval subject to the outcome of the Appeal. Should the appeal be dismissed, application for funding to Provincial Human Settlements will be submitted to commence with civil engineering infrastructure.
6	Simondium	Development of 384 housing opportunities.	Development rights obtained during the financial year. Project to commence early in the new financial year.
7	Erf 557	Proposed mix use development to cater for approximately 400-500 opportunities.	Process commenced to appoint professional team to assist with planning and packaging of project.
8	Schoongezicht	Servicing of 347 sites.	100% Civil Works of phase 4 (last phase) completed.

3.9.4 Housing Statistics

Table 50: Housing Statistics

Housing Statistics			
Serial No	Description	Totals	Remarks
Column No.	A	B	C
1	New applications captured on the WCHDDB	309	Daily capturing of new applications within 5 days.
2	Number of cancelled applications	15,981	Cancelled application involves persons who did not update their information when required.
3	Number of persons assisted	5,840	The number of persons assisted with housing opportunities.
4	Number of active persons on the waiting list	21,071	Active persons refer to persons who updated their information during the year.
5	Total number of persons on the demand database	43,202	The total number of persons on the demand database (waiting list), including the active, cancelled and assisted.
6	Housing allocations	11	New allocations to Council rental units – next qualified applicants on the waiting list.
7	Transfers of rental units	110	Successfully attended to in cases where the tenant passed on, etc.
8	Exchanges	1	Tenants' agreements and medical reasons.
9	Issue of starter kits for fire victims	30	Informal structures (back yarding) destroyed during a fire incident
10	Renewal of Lease Agreements	428	Successfully completed renewals of lease agreements.
11	Housing Consumer Education	492	Consumer Education conducted with existing and new tenants.
12	Demolishing of illegal structures, adjacent Council's rental units.	8	Successfully demolishing of illegal structures adjacent Council's rental units/open spaces

3.9.5 Evictions

At the end of the financial year, Drakenstein Municipality had approximately 1,460 evictions cases registered (ESTA 583 and PIE 843) which is a slight decrease from the previous year. However, this still causes us to 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 landowners apply for mass evictions are especially challenging since this puts a huge strain on already limited resources.

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

- Registered cases = 871
- Cases pending in court = 490
- Orders granted = 377
- Cases withdrawn = 83
- Struck from roll = 80

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

- Registered cases = 589
- Cases pending in court = 179
- Orders granted = 166
- Cases withdrawn = 36
- Cases struck from roll = 34

3.9.6 Capital Expenditure

The Housing Services Section spent R12.7 million or 83.2% 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 51: Capital Expenditure 2022/23 - Housing Services

Capital Expenditure 2022/23: 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	8,188,883	8,072,451	1.4%
2	Lantana Sub-Surface Drainage	2,600,000	2,597,256	2,597,256	0.0%
3	Schoongezicht Civil Services Water	4,000,000	3,387,269	954,856	71.8%
4	Fairyland/ Siyashlala Manholes	-	345,499	345,498	0.0%
5	Fairyland Siyashlala Water and Sewer	-	301,797	301,797	0.0%
6	Acquisition of Land	300,000	300,000	300,000	0.0%
7	Other Capital Projects	-	114,422	106,721	6.7%
8	Total Capital Expenditure	17,700,000	15,235,126	12,678,579	16.8%

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 R56.3 million for the 2022/23 financial year. The deficit is subsidised through surpluses of trading services. It remains an underfunded mandate from National and Provincial Government.

Table 52: Operating Revenue and Expenditure: Housing Services

Operating Revenue and Expenditure: Housing Services (Housing Projects and Rental Stock)						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(18,407,143)	(60,802,214)	(33,798,366)	(23,279,862)	-31.1%
2	Total Operating Revenue	(18,407,143)	(60,802,214)	(33,798,366)	(23,279,862)	-31.1%
3	Employee related costs	28,698,153	29,687,407	28,601,954	28,780,942	-0.6%
4	Impairment losses on financial assets	2,744,614	1,341,601	2,938,036	2,444,851	16.8%
5	Interest paid	4,814,048	4,707,204	4,707,204	4,707,204	0.0%
6	Contracted services	6,828,452	39,791,463	13,198,537	3,449,779	73.9%
7	Depreciation and amortisation	32,840,520	32,240,043	33,629,380	33,528,308	0.3%
8	Inventory consumed	2,789,794	3,485,275	4,846,896	5,032,671	-3.8%
9	Operational Costs and Losses	1,785,916	1,332,373	1,208,413	1,615,306	-33.7%
10	Total Operating Expenditure	80,501,496	112,585,366	89,130,420	79,559,063	10.7%
11	Operating (Surplus) / Deficit	62,094,353	51,783,152	55,332,054	56,279,201	1.7%

3.9.8 Employee Statistics

The Housing Services Section has 101 posts on the organisational structure approved by Council on 30 June 2022 of which 25 posts are frozen and 76 posts funded at year-end. The section had 68 filled and 8 vacant posts at year-end, and based on the number of vacancies (8) had a vacancy rate of 10.5%.

Table 53: Employees - Housing Services (Housing Projects and Rental Stock)

Employees: Housing Services (Housing Projects and Rental Stock)								
Serial No.	Job Level	2021/22	2022/23					
		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	2	0	2	2	0	0.0%
3	T12 - T14	4	6	0	6	5	1	16.7%
4	T09 - T11	13	19	6	13	10	3	23.1%
5	T06 - T08	29	41	9	32	29	3	9.4%
6	T03 - T05	25	33	10	23	22	1	4.3%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	72	101	25	76	68	8	10.5%

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 2022/23 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 2022/23 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 6kl 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 6kl of free water per month. In addition to the free water, all indigent consumers on a monthly basis receive either 50 or 85 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 R750,000.

3.10.2 Free basic services per basic service

The statistics of the free basic services delivered per service to consumers for the 2022/23 are depicted in the table below. Drakenstein provided indigent subsidies (free basics services) to the amount of R163.2 million during the 2022/23 financial year. The remainder of the equitable share of R186.6 million was used for the maintenance and provision of basic services in informal settlements.

Table 54: Free basic services delivered per service

Free basic services delivered per service							
Serial No.	Service	2020/21		2021/22		2022/23	
		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	10,399	22,600,128	12,662	24,921,292	11,198	22,803,271
2	Refuse Removal and Sanitation	21,218	68,419,785	17,682	79,686,025	15,210	73,805,361
3	Water	21,218	16,880,819	17,682	16,655,390	15,210	14,478,370
4	Electricity	21,588	47,704,175	20,837	50,452,024	19,050	47,316,267
5	Total		155,604,907		171,714,731		158,403,269

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 11,669.98 square metres of general road markings were maintained in the Drakenstein Municipal area; 331 intersections; 580 parking spaces, 1,080 stop signs; 327 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 3,354m of streets were resealed; 11,290 potholes were repaired; and 6,293m² 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 55: 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	2020/21	36.85	0.00	0.00	36.85
2	2021/22	36.85	0.00	0.00	36.85
3	2022/23	36.85	0.00	0.00	36.85

Table 56: 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	2020/21	510.23	0.00	0.00	10.326	507.77
2	2021/22	510.23	0.00	0.00	3.103	507.77
3	2022/23	510.23	0.00	0.00	2.181	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 flood lines 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.

A total of 844m storm water pipes of varying diameters were refurbished using CIPP technology during the financial year. A total of 131m of new installation was done to the Annie Benjamin/ Gert Thomas infrastructure, to mitigate recurring flooding. All 377.18km of the system was cleaned at least twice; 7,620 manholes were cleaned; 715 blockages attended to;

431 repairs to installations undertaken; and 36 sinkholes repaired. Taking cognisance of the limited resources, the section performed very well.

Table 57: 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	2020/21	356.77	0	0	356.77
2	2021/22	377.18	0	0	377.18
3	2022/23	377.37	0.131	0	377.37

3.11.5 Capital Expenditure

The Roads and Stormwater Section spent R27.6 million or 100% 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 58: Capital Expenditure 2022/23 - Roads & Stormwater (Traffic Engineering included)

Capital Expenditure 2022/23: 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	Drommedaris Road Rebuild	5,000,000	7,959,235	7,959,234	0.0%
2	Reseal of Streets in Terms of the RAMS	5,000,000	5,019,396	5,019,396	0.0%
3	Refurbish Storm Water Systems	5,000,000	4,994,509	4,994,508	0.0%
4	Traffic Lights (Drakenstein)	1,650,000	3,064,305	3,031,376	1.1%
5	Upgrading Of Oosbosch Street	-	2,737,000	2,737,000	0.0%
6	Reseal of Streets/ Road Network Paarl	-	1,635,350	1,635,349	0.0%
7	Upgrading of Sidewalks	1,500,000	1,497,012	1,497,011	0.0%
8	Closing of Walkways	460,000	399,827	427,999	-7.0%
9	Other Capital Projects	101,490	315,041	308,610	2.0%
10	Total Capital Expenditure	18,711,490	27,621,675	27,610,484	0.0%

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 R150.4 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 59: Operating Revenue and Expenditure: Roads and Stormwater Services

Operating Revenue and Expenditure: Roads and Stormwater Services						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(18,009,519)	(2,868,547)	(3,527,480)	(8,208,811)	132.7%
2	Total Operating Revenue	(18,009,519)	(2,868,547)	(3,527,480)	(8,208,811)	132.7%
3	Employee related costs	39,602,146	43,415,715	40,887,298	41,323,531	-1.1%
4	Interest paid	28,604,385	27,969,532	27,969,532	27,969,532	0.0%
5	Contracted services	6,056,930	9,105,857	9,045,982	7,461,021	17.5%
6	Depreciation and amortisation	52,931,161	51,890,667	54,077,078	53,921,542	0.3%
7	Inventory consumed	3,180,071	2,827,064	2,342,946	3,215,032	-37.2%
8	Operational Costs and Losses	13,596,218	24,034,682	24,979,962	24,675,701	1.2%
9	Total Operating Expenditure	143,970,912	159,243,517	159,302,798	158,566,359	0.5%
10	Operating (Surplus) / Deficit	125,961,392	156,374,970	155,775,318	150,357,548	-3.5%

3.11.8 Employee Statistics

The Roads and Stormwater Services Section has 240 posts on the organisational structure approved by Council on 30 June 2022 of which 80 posts are frozen and 160 posts funded at year-end. The section had 146 filled and 8 vacant posts at year-end, with a 8.8% vacancy rate.

Table 60: Employees - Roads and Stormwater Services

Employees: Roads and Stormwater Services								
Serial No.	Job Level	2021/22	2022/23					
		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	2	0	2	2	0	0.0%
3	T12 - T14	4	8	4	4	3	1	25.0%
4	T09 - T11	7	12	5	7	6	1	14.3%
5	T06 - T08	28	48	19	29	25	4	13.8%
6	T03 - T05	120	170	52	118	110	8	6.8%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	161	240	80	160	146	14	8.8%

COMPONENT D: PLANNING AND DEVELOPMENT

3.12 INTRODUCTION

The Planning and Development Department includes the Division Land Development Management (Building Control, Land Surveying and Land Use Planning), the division Spatial Planning and Environmental Management (Spatial Planning, Heritage, Geographical Information Services and Environmental Management), and the division Economic Growth and Tourism. The divisions are responsible for sustainable and pro-active planning and compliance monitoring of the natural and built environment and to facilitate physical, social and economic development and growth. However, it must be noted that the department's name changed to the Corporate and Planning Services Department after amalgamation of the said department with the Corporate Services Department from May 2023.

3.13 SPATIAL PLANNING AND ENVIRONMENTAL MANAGEMENT

The Division: Spatial Planning and Environmental Management is responsible to ensure that orderly spatial and sustainable development occurs within the Drakenstein Municipal area, through the formulation and implementation of various policies and framework, inclusive of the municipal spatial development framework and the environmental management framework.

The Division: Spatial Planning and Environmental Management attends to technical land development and investment support, spatial planning, geographical information services, heritage management, environmental planning and sustainability, natural resource management, and environmental compliance and enforcement.

3.13.1 Section: Spatial Planning

The Spatial Planning Section consists of a Spatial Planning Sub-Section, a Heritage Management 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 reviewing the Municipal Spatial Development Framework;
- Formulating, amending and reviewing Local Spatial Development Frameworks for certain identified geographical areas within Drakenstein Municipality;

- Developing spatial planning related policies, guidelines and strategies;
- 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 projects during the 2022/23 year:

- Compilation of the Newton, Roggeland and Vlakkeland Local Spatial Development Framework;
- The compilation of several land development applications in order to render numerous vacant municipal properties investment ready; and
- Review of the Drakenstein Spatial Development Framework.

3.13.1.2 Sub-Section: Heritage Management

The purpose of the sub-section is to identify, protect and manage the heritage resources and cultural landscapes within 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 2022/23 year:

- Compilation of an application for heritage competency in terms of the National Heritage Resources Act, for submission to Heritage Western Cape; and
- Establishment of the Drakenstein Heritage Advisory Committee.

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:

- Review of the Drakenstein Spatial Development Framework (SDF): The review of the Municipal SDF was initiated in September 2022 and concluded in May 2023. The SDF was approved, as part of the Drakenstein Integrated Development Plan (IDP), by Council on 30 May 2022. In future, the SDF will be reviewed and amended annually as part of the IDP.

- Neighbourhood Development Partnership Grant Funding Application: An application for capital grant funding to implement specific capital projects were lodged during the third quarter of the year. A total of R10 million was allocated to Drakenstein Municipality for the rebuild and upgrade of the Drommedaris Street during the 2023/24 financial year. This project will be implemented by the Division: Roads and Stormwater.
- Submission of a heritage competency application to Heritage Western Cape: Council, on 29 March 2023, approved the submission of an application to Heritage Western Cape to be declared competent as a local heritage resource authority. Upon being declared competent by Heritage Western Cape in future, an application for delegations in terms of the National Heritage Resources Act, 1999, will be lodged. The obtaining of delegations will assist in speeding up processes associated with heritage resource management, which is currently being executed by Heritage Western Cape.
- Approval of the terms of reference and the code of conduct for the members of the Drakenstein Heritage Advisory Committee: Council approved the terms of the reference and the code of conduct for the members of the Drakenstein Heritage Advisory Committee on 25 November 2022 and 29 March 2023, respectively. The purpose of the Drakenstein Heritage Committee is to advise, provide feedback, guide and assist the Municipality on various aspects relating to the conservation, management and monitoring of the cultural landscapes and the heritage resources of the entire municipal area. A process to appoint the willing and most suitable persons to serve on the Committee has been commenced with. It is envisioned that the Committee will commence with operation during the 2023/24 financial year.

3.13.2 Section: Technical Development Support

The purpose of the section is to assist and guide the private sector, as well as internal and external departments, to coordinate land development projects that have a major beneficial economic and social impact.

The Section: Technical Development Support is responsible for:

- Identifying municipal owned land for private and public development;
- Formulation of development specifications;
- Coordinating internal development and investment committees;
- Providing inter-departmental support, from a town planning and land development perspective, on project execution;
- Advise private developers on required applications and processes for the execution of developments;
- Execute land value capture exercise on municipal owned properties;
- Establish new and strengthen existing partnerships to enhance development delivery.

3.13.2.1 Major Projects Completed

Major projects undertaken during the year under review include:

- Compilation of development specifications: Development specifications for Erven 550 and 1680 Wellington (Botterberg), Erf 33036 and Remainder Erf 8431 Paarl (Riverfront), Erf 607 Gouda (Gouda Filling Station / Truck Park), Erf 316 Paarl, Erf 15964 Paarl (GAP housing), Erf 11466 Paarl (Industrial), and Erf 72 Paarl (conventional housing);
- Evaluation of development proposals: The development proposals for the De Poort Development and the Gouda Filling Station / Truck Park were evaluated; and
- Submission of land development applications: Land development applications were submitted for Erf 11466 Paarl (Subdivision), Erf 2481 Paarl (Subdivision, Consolidation and Rezoning), Erf 3719 Mbekweni (Subdivision and Rezoning) and Erf 39379 Paarl (Subdivision).

3.13.3 Section: Building Control

National and Provincial Laws, as well as Municipal Bylaws inter alia manage the way in which land within the Municipal 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.

3.13.3.1 Building Control Statistics

A total of 1,906 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 530,733m² of potential development area with an estimated value of R4.1 billion, which amounts to an 75% increase in square meters and a 35% increase in estimated value. This can thus be seen as a clear indication of the upturn of the local economy.

Although 1,906 new applications were received, a total of 5,048 determinations, consisting of 1,949 approvals and 3,099 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. R9,860,093 of revenue was created due to building plan applications, which is a 30.26% increase from the previous year.

Table 61: Applications for Land Use Development

Applications for Land Use Development										
Serial No.	Detail	Formalisation of Townships			Rezoning			Building Environment		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	Planning applications received	11	14	19	20	12	9	1,184	1,614	1,906
2	Determination made in year of receipt	2	4	5	2	0	0	1,140	3,596	5,048
3	Determination made in following year	-	0	1	-	0	0	30	44	159
4	Applications withdrawn	0	0	0	1	0	0	0	0	0
5	Applications outstanding at year end	9	10	14	17	12	9	44	159	59

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

Table 62: Building Plan Applications Approved 2022/23

Building Plan Applications Approved 2022/23					
Serial No.	Application Type	Total	%	Floor Area	Value ®
Column Ref.	A	B	C	D	E
1	Residential	1,717	88.1	409,682,18 m ²	R2,625,342,786.00
2	Non-Residential	232	11.9	94,977,24 m ²	R659,930,083.00
3	Total	1,949	100	504 659,42 m²	R3,285,272,869.00

Over the past 12 months the municipal Building Inspectors were responsible for carrying out 6,841 building inspections throughout the Municipality. These include beacon inspections (2,370), commencement/foundation inspections (1,410), drainage inspections (807), completion inspections (1,516) as well as certificate of occupation applications (738). A total of 415 certificates of occupation were issued during the financial year.

Furthermore, a total of 8 demolition applications were processed during the financial year and 264 Building Control related complaints were received and addressed at an average of 22 complaints per month.

3.13.3.2 Major Projects Completed

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

3.13.4 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 processing of applications, the system is on a continual basis adapted and refined.

With regard to the year's performance it needs to be noted that the upward application submission trend of the previous two years was sustained, thus indicating that the recovery of the economy of the Municipality has stabilised. The actual execution of development approvals is however showing an upward trend.

3.13.4.1 Service Statistics

Table 63: Service Statistics - Land Use Planning & Surveying

Service Statistics – Land Use Planning and Surveying				
Serial No.	Applications	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Simultaneous rezoning and subdivision (inclusive of township establishment)	10	10	3
2	Rezoning	12	16	10
3	Consent Uses	13	17	17
4	Temporary Departures	1	0	0
5	Removal of restrictive Title conditions	2	3	1
6	Amendment of Conditions of Approval	14	5	6
7	Farm Subdivisions	1	0	0
8	Urban Subdivisions	20	22	14
9	Exempted Subdivisions	29	24	14
10	Consolidations	3	3	11
11	Home Owners Association Constitution approval / amendments	9	2	7
12	Zoning determinations	0	0	0
13	Extension-of-time	7	3	3
14	Site Development plan approvals	2	4	1
15	House Shops	17	3	0
16	Departures/Technical approval	16	16	10
17	Departures as part of Building Plan approvals	106	134	121

3.13.4.2 Major Projects Completed

The Draft Revised House Shop Policy has been adopted for public participation purposes.

3.13.5 Capital Expenditure

The Planning Services Department spent R76.3 thousand or 100% of the final adjustments budget on machinery, equipment and professional fees for infrastructure for the year under review.

Table 64: Capital Expenditure 2022/23 - Planning Services

Capital Expenditure 2022/23: 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	70,000	76,356	76,356	0.0%
2	Total Capital Expenditure	70,000	76,356	76,356	0.0%

3.13.6 Operating Expenditure

Planning services, as a community service, generated an operating deficit of R26.5 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 65: Operating Revenue and Expenditure: Planning Services

Operating Revenue and Expenditure: Planning Services						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(8,594,656)	(6,946,959)	(6,946,959)	(10,856,414)	56.3%
2	Total Operating Revenue	(8,594,656)	(6,946,959)	(6,946,959)	(10,856,414)	56.3%
3	Employee related costs	34,481,449	38,009,143	36,285,876	35,906,528	1.0%
4	Contracted services	800,268	1,267,694	851,875	621,209	27.1%
5	Depreciation and amortisation	210,114	220,016	130,011	212,814	-63.7%
6	Inventory consumed	125,141	257,366	163,261	142,011	13.0%
7	Operational Costs and Losses	606,225	1,234,324	919,998	454,165	50.6%
8	Total Operating Expenditure	36,223,197	40,988,543	38,351,021	37,336,727	2.6%
9	Operating (Surplus) / Deficit	27,628,541	34,041,584	31,404,062	26,480,313	-15.7%

3.13.7 Employee Statistics

The Planning Services Division has 52 posts on the organisational structure approved by Council on 30 June 2022 of which 3 posts are frozen and 49 posts funded at year-end. The section had 46 filled and 3 vacant posts at year-end, with a 6.1% vacancy rate.

Table 66: Employees - Planning Services

Employees: Planning Services								
Serial No.	Job Level	2021/22	2022/23					
		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	9	1	8	8	0	0.0%
3	T12 - T14	9	9	0	9	8	1	11.1%
4	T09 - T11	20	19	1	18	17	1	5.6%
5	T06 - T08	11	12	1	11	10	1	9.1%
6	T03 - T05	2	2	0	2	2	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	51	52	3	49	46	3	6.1%

3.14 ECONOMIC GROWTH (INCLUDING TOURISM AND MARKET PLACES)

Drakenstein continues to experience noticeable economic growth despite the glaring structural challenges in the South African economy such as rolling loadshedding and unfavourable labour reforms. The growth in the top economic sectors namely finance, real estate, insurance and business services at R6.8 bn; Wholesale, retail trade, catering and accommodation at R3.9 bn and manufacturing at R3.6 bn are indicative of the efforts that Drakenstein have made in positioning the area as an investment friendly area focusing on maximising economic recovery opportunities in South Africa.

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 to grow the economy. These key pillars will continue to drive further investment into the area.

3.14.1.1 Economic Growth Environment

Key divisional highlights for the 2022/23 financial year include the following:

- Policy reforms in respect of the Informal sector with the review of the Informal Trading Management Policy and the Informal Trading bylaw;
- Strengthening the Investment Area Management's function through the provision of ongoing monitoring of service delivery related matters attended to. A total of 778 service requests were attended to;
- Facilitating access to business development support programmes to enable SMMEs to grow their business.
- Development of an online tourism signage application system to improve efficiency in Tourism regulation; and
- Provision of ongoing non- financial support to sports events with a view to position destination as the sporting capital of the Cape Winelands District Municipality.

3.14.1.2 Economic Growth Achievements

The highlighted achievements below are indicative of the municipality's continued commitment to focus on promoting Drakenstein as a City geared for growth that guarantees excellent infrastructure and an environment that encourages the ease of doing business.

- The enhancement 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 SMME's, the private sector and other state entities.
- 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
- Implementation of demand driven skills development programmes 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 Internet 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;
- Rolling loadshedding;
- 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. 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 2022/23 was R18.99 million, while the grant amounted to R4.14 million. This own contribution was R3.23 million more than in 2021/22.

During 2022/23, 949 new and 500 existing contracts from appointments in the 2021/22 financial year were respectively started or concluded from the EPWP Grant and municipal funding, over and above these, 431 people were appointed on the ward projects for short term local interventions at an additional cost of R1.45 million.

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.

The reduction in the number of new contracts entered into comes from a deliberate shift towards longer appointments to create meaningful opportunities and drive a training focus. The number of short term ward based appointments halved in favor of a change in focus to security systems and security training in some wards.

Table 67: 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	2020/21	R4,093,000	R15,263,357	21	2,487
2	2021/22	R3,287,000 R2,000,000	R13,342,868	21	1,840
3	2022/23	R4,139,000	R18,989,357	25	1,380

3.14.2 Tourism and Market places

The Tourism Sector in Drakenstein continues to experience growth on the back of the overall sector growth both provincially and nationally. During this period the Municipality also assessed whether the existing marketing platforms were sufficient to drive tourists to the destination and resolved that more was required to enhance destination marketing efforts. This will be done through the provision of Tourism Information centres and strengthening partnerships with other local Destination Marketing Organisations.

Despite some challenges, the Division has made strides in the following areas:

3.14.2.1 Tourism Achievements

Below are some of the highlights we achieved during the 2022/23 financial year:

- The municipality verified the Tourism Asset Register containing contact details and services offered by tourism businesses and product owners in Paarl and Wellington to ensure that stakeholder databases remain current.
- Destination marketing. The municipality hosted Tourism market days, the Fair Trade Tourism Market day, World Tourism Day and the Mbekweni Tourism Market day, to broaden participation and the mainstreaming of tourism businesses. In addition, The Municipality attended three international marketing platforms including Meetings Africa, The World Travel Market Africa and the Africa Travel Indaba.
- Continuous enhancement of business process efficiency in respect of tourism signage applications and successfully facilitated 5 tourism signage applications. The ease of doing business was enabled by the development of the Online Tourism Signage Application Portal which was concluded in February 2023. This was done in conjunction with the support of the Department of Economic Development and Tourism (DEDAT).
- Tourism Skills Development Programmes. The municipality successfully implemented the film training for unemployed youth; Tourist Guide training and a wine skills training programme. 45 Youth from Drakenstein have benefited from the respective training programmes.
- We continue to reap the rewards of our efforts in developing the municipality as a film friendly destination. This year various commercials, still shoots and films were filmed in the region.
- The Tourism sector continues to grow and tourist arrival figures were restored to pre-COVID levels in the Western Cape, thus moving beyond recovery, into growth (Western Cape Government, July 2023). In addition, international visitors remained strong between January and June 2023, exceeding pre-pandemic levels by 104% and growing by 76% year-on-year.

3.14.2.2 Tourism Challenges

The following challenges prevail:

- The need for transformation in the tourism industry;
- Seasonality;
- Additional tourism signage infrastructure to enhance the visitor's experience was initiated;
- A need to improve the tourism digital marketing platforms;
- A need to revive the Visitor Information Services Centres in Paarl and Wellington;

- A suitable Film Locations Policy;
- A need to diversify the Tourism offering to include more outdoor active and wellness experiences;
- A need to promote a more responsible tourism focus;
- A need to increase revenue, visitor numbers and length of stay;
- A need for a unified brand identity to promote Paarl-Wellington as a destination;
- 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 R300.3 thousand or 100% of the final adjustments budget on capital items for the year under review.

Table 68: Capital Expenditure 2022/23 - Economic Growth (Tourism & Market Places included)

Capital Expenditure 2022/23: 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	330,000	300,381	300,381	0.0%
2	Total Capital Expenditure	330,000	300,381	300,381	0.0%

3.14.4 Major Projects Completed

- Development of the Tourism Signage online system to reduce red tape in respect of tourism signage regulations.
- Successfully hosted the second Entrepreneurship Expo where 21 businesses were given an opportunity to market their goods and services;
- Upgrade of one Business Hive (Mphakalasi) and 2 outdoor informal trading structures (Klein Drakenstein Road and Van der Poel square) to enhance infrastructure support to the informal sector.

3.14.5 Operating Expenditure

Economic growth and tourism services, as a community service, generated an operating deficit of R25.0 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 69: Operating Revenue and Expenditure: Economic Growth and Tourism

Operating Revenue and Expenditure: Economic Growth and Tourism						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(5,613,388)	(4,301,525)	(4,301,525)	(4,296,909)	-0.1%
2	Total Operating Revenue	(5,613,388)	(4,301,525)	(4,301,525)	(4,296,909)	-0.1%
3	Employee related costs	21,342,997	24,439,823	28,925,227	25,739,621	11.0%
4	Contracted services	334,980	3,524,714	2,691,615	2,369,141	12.0%
5	Depreciation and amortisation	51,255	50,334	52,503	52,345	0.3%
6	Inventory consumed	192,972	207,363	235,300	150,964	35.8%
7	Operational Costs and Losses	1,583,112	3,008,340	1,121,904	989,761	11.8%
8	Total Operating Expenditure	23,505,316	31,230,574	33,026,549	29,301,832	11.3%
9	Operating (Surplus) / Deficit	17,891,928	26,929,049	28,725,024	25,004,923	-13.0%

3.14.6 Employee Statistics

The Economic Growth Division has 10 posts on the organisational structure approved by Council on 30 June 2022 of which 0 posts are frozen and 10 posts funded at year-end. The section had 9 filled posts at year-end with a 10% vacancy rate.

Table 70: Employees - Economic Growth (including Tourism and Market Places)

Employees: Economic Growth (including Tourism and Market Places)								
Serial No.	Job Level	2021/22	2022/23					
		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	0	3	3	0	0.0%
3	T12 - T14	1	2	0	2	2	0	0.0%
4	T09 - T11	3	2	0	2	1	1	50.0%
5	T06 - T08	2	3	0	3	3	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	Total	8	10	0	10	9	1	10.0%

3.15 DRAKENSTEIN AS A FAIR TRADE CITY

Ensuring a sustainable municipality, is to ensure that we maintain the health and biological capacity of the environment. A sustainable municipality supports the well-being of individuals and communities. The latter will thus result in a resilient growing economy where waste and pollution are minimised, fewer emissions generated, more inclusive jobs are generated and where wealth is more equitably distributed.

The Fair Trade City of Drakenstein is focused on implementing the following key performance areas:

- Promoting the creation of sustainable Social Enterprises;
- Encouraging businesses to adopt more sustainable ethical and fair trade practices;
- Encouraging sustainability ethical and fair trade information adoption in education institutions;
- Encouraging consumers to adopt sustainability practices; and
- Promoting triple bottom line focused enterprises.

Table 71: Fair Trade Projects / Initiatives

Rural Development Projects Initiatives		
Serial No.	Project/Initiative	Description/Value added to improve service delivery
Column Ref	A	B
1	Business library corners	The Business Library Corners are situated at the Hermon, Wellington and Mbekweni Libraries. The objective of the initiative is to create spaces where businesses can easily access (funding and business development) information without the additional cost of transportation.
2	Relocation of Vlakkeland Small Farmers.	The relocation of the Vlakkeland Small Scale farmers will encourage the inclusion of previously disadvantaged communities in agri-processing and further encourage the creation of jobs in rural areas. 60 land portions have been identified by the National Department of Public Works in the Western Cape and a review will be completed by the Western Cape Department of Agriculture to identify a suitable portion for the affected farmers.
3	Fair Fridays	The objective of this initiative is to give sustainable local vendors the opportunity to market themselves at municipal offices with high footfall. This financial year the Division held 6 Fair Fridays. 14 businesses from the food and beverage and tourism sectors participated.
4	World Fair Trade Day.	The event affords sustainable local vendors the opportunity to market themselves at a free entry market style event at no cost. This platform was also established to promote and highlight the positive impact that fair trade has on economies. In May 2023 the market day hosted 13 business. Approximately 600 people attended the event.

COMPONENT E: COMMUNITY AND SOCIAL SERVICES

3.16 INTRODUCTION

This part of the report deals with Library and Information Services, Cemeteries and Crematoria, Community Halls and Thusong Centres, and Public Ablution facilities, Services to Childcare, the Aged Care and Social Programmes rendered during the year under review.

3.17 LIBRARY SERVICES

Drakenstein Municipality provide Library and Information Services in 17 functional libraries, providing a range of services for reading development, community interaction and educational support. Bergendal Library are not completed yet and Wagenmakersvallei Library establishment will start in 2023. Libraries are spaces where our communities can grow and develop to their full potential and achieved their dreams and goals. Librarians and staff are always available to support them with educational, recreational, and individual concerns they struggled with.

In November 2022 the Library Services experienced a major crash of the Library Management System (SLIMS.) The libraries had to stop with circulation to the public for 7 weeks, because of uncertainty when the system would be repaired. It was found that all systems were compromised. The libraries had to rethink how to go ahead with service to the public and started with circulation on a manual system to allow patrons to borrow books. The system is not open for circulation yet, but Provincial Library Services could retrieve many of the catalogue records and membership totals on the system.

The South African Library Week Theme 2023: **Libraries Telling Powerful Stories** gave librarians and patrons a chance to share their experiences of libraries. During Library week all libraries organised programmes in celebration of Library Week in March 2023 and reached over 2000 children in that week.

Provincial Library Services launched Project Yeboneers which provided the young people between 18 and 25 years old to worked in the libraries and help patrons with computer literacy. They teach the elderly how to use social media, WhatsApp, and Facebook, how they can open an e-mail account, teach them basic computer skills and help job seekers to apply online for work. They worked for 10 months in the libraries and reached more than 600 people through this project.

Hermon Library piloted an afterschool programme to give some children an opportunity to get help with homework and learning in a safe space but also support those parents that do not understand all the areas of the new school curriculum. The children enjoyed the individual

care and support of the staff. Other programmes provided at libraries include visits to homes for the aged, ECD interactions, providing learner support, storytelling, outreach programmes, and youth and women programmes.

3.17.1 Service Statistics

Drakenstein has 97,935 library members and all libraries accounted for 666,436 library visits during the year under review. A total of 230,623 library items were circulated and ICT computer usages amounted to 20,615 times.

Table 72: Service Statistics for Libraries 2022/23

Service Statistics for Libraries 2022/23						
Serial No.	Programme	Q1	Q2	Q3	Q4	Full Year
Column Ref.	A	B	C	D	E	F
1	Displays	197	187	208	201	793
2	Storytelling Sessions	265	274	253	306	1,098
3	Book Education, Book Discussions Library Orientation, Book Talks and Book Clubs, Class Visits and Bibliographic Instruction	168	139	161	137	605
4	Library Centred Activities	376	666	1,350	438	2,830
5	Community and Outreach Programmes	256	176	209	232	873
6	ICT computer usages	4,652	3,241	6,054	6,668	20,615
7	Learner support	2,454	645	1,022	1,209	5,330
8	Circulation	84,078	35,619	51,310	59,616	230,623
9	New members added	1,230	632	1,061	741	3,664
10	Total library visits	158,508	153,618	177,598	176,712	666,436
11	Library space usage	116	419	80	159	774
13	Membership			2021/22	2022/23	
				96,638	97,935	
14	Library stock			Province	Own	Total
				276,477	37,961	314,438

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 R43.9 thousand or 102.2% 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 73: Capital Expenditure 2022/23 - Library Services

Capital Expenditure 2022/23: 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	-	42,904	43,859	-2.2%
2	Total Capital Expenditure	-	42,904	43,859	-2.2%

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 R10.0 million for the 2022/23 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 74: Operating Revenue and Expenditure: Library Services

Operating Revenue and Expenditure: Library Services						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(17,820,978)	(20,627,406)	(20,237,002)	(17,774,770)	-12.2%
2	Total Operating Revenue	(17,820,978)	(20,627,406)	(20,237,002)	(17,774,770)	-12.2%
3	Employee related costs	20,368,075	22,696,961	20,628,570	20,469,683	0.8%
4	Contracted services	470,630	521,508	348,677	166,678	52.2%
5	Depreciation and amortisation	4,513,862	4,432,755	4,623,781	4,609,884	0.3%
6	Inventory consumed	222,484	115,415	174,331	379,335	-117.6%
7	Operational Costs and Losses	2,047,407	74,650	1,442,167	2,107,759	-46.2%
8	Total Operating Expenditure	27,622,459	27,841,289	27,217,526	27,733,339	-1.9%
9	Operating (Surplus) / Deficit	9,801,481	7,213,883	6,980,524	9,958,569	42.7%

3.17.6 Employee Statistics

The Library Services Section has 107 posts on the organisational structure approved by Council on 30 June 2022 of which 32 posts are frozen and 75 posts funded at year-end. The section had 65 filled posts at year-end with a 13.3% vacancy rate.

Table 75: Employees - Library Services

Employees: Library Services								
Serial No.	Job Level	2021/22	2022/23					
		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	8	11	4	7	5	2	28.6%
4	T09 - T11	5	12	8	4	2	2	50.0%
5	T06 - T08	51	58	6	52	47	5	9.6%
6	T03 - T05	11	25	14	11	10	1	9.1%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	76	107	32	75	65	10	13.3%

3.18 CEMETERIES AND CREMATORIA

Drakenstein Municipality manages 13 cemeteries under its area of jurisdiction that stretches from Simondium in the South to Saron in the North. The COVID-19 impeded negatively on the available burial space especially in the urban edge of the municipality that leads to reaching capacity of all cemeteries in the urban edge except Parys Cemetery with relative limited burial space. These burial space is mainly available outside the winter/rainy season that makes it extremely difficult for burials during the winter/rainy season.

The Cemetery Section also experience abnormal high burials during the winter season for the financial year under review. The impact of these statistics influences negatively on our current burial space. The below information reflects on the available burial space per cemetery:

Table 76: Available burial space per cemetery

Available burial space per cemetery			
Serial No.	Cemetery	Available space (Available for re-opening of extra deep graves)	Lifespan
Column Ref.	A	B	C
1	Parys / Klein Parys	1,580 graves	12 months
2	Klein Parys	Full	0
3	Hillcrest	Full	0
4	Champagne	19 graves	1 month
5	Voorstraat	Dormant	0
6	Bloekom Avenue	Full	0
7	Dal Josaphat	Full	0
8	Saron	3,182 graves	20 years
9	Gouda	27 graves	5 years
10	Simondium	61 graves	1 year
11	Hermon	946 graves	10 years
12	Houtstraat	Full	0
13	Bosmanstraat	Full	0

The Cemetery Section finalise the alien vegetation clearing in Parys Cemetery that provides additional burial space that we can mainly utilise during summer.

3.18.1 Service Statistics

During the year under review, 1,312 burials took place at an average of 109 burials per month. Drakenstein Municipality does not have a municipal crematorium.

Table 77: Summary of burials and cremation

Summary of burials and cremation				
Serial No.	Month	Year		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	July	126	297	137
2	August	190	529	103
3	September	175	282	101
4	October	180	194	118
5	November	131	137	108
6	December	164	178	103
7	January	337	212	82
8	February	644	165	101
9	March	538	200	97
10	April	507	146	119
11	May	111	157	113
12	June	160	145	130

Drakenstein Crematorium is under private ownership and performs 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 and includes horticultural maintenance and minor grave maintenance.

3.18.3 Capital Expenditure

The Cemeteries Section spent R390.9 thousand or 100% of the final adjustments budget on cemetery services infrastructure projects for the year under review.

Table 78: Capital Expenditure 2022/23 - Cemeteries & Crematoria

Capital Expenditure 2022/23: 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	Tools of Trade	-	366,312	366,311	0.0%
2	Other Capital Projects	-	24,623	24,623	0.0%
3	Total Capital Expenditure	-	390,935	390,934	0.0%

3.18.4 Major Projects Completed

The Cemetery Section completed the environmental authorisation process and obtained the exemption approval from the National Department of Health in collaboration with the Cape Winelands District Municipality. This is a major breakthrough for the Section as it ensures burial space given the status of our current challenges around burial space.

3.18.5 Operating Expenditure

Cemeteries Services, as a community service, generated an operating deficit of R2.4 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 79: Operating Revenue and Expenditure: Cemeteries & Crematoria

Operating Revenue and Expenditure: Cemeteries & Crematoria						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(4,131,672)	(4,408,054)	(4,408,054)	(3,191,682)	-27.6%
2	Total Operating Revenue	(4,131,672)	(4,408,054)	(4,408,054)	(3,191,682)	-27.6%
3	Employee related costs	3,952,193	4,112,899	4,269,689	4,347,627	-1.8%
4	Contracted services	843,847	1,300,000	212,500	219,578	-3.3%
5	Depreciation and amortisation	7,231	7,099	7,408	7,384	0.3%
6	Inventory consumed	181,914	321,211	429,061	400,262	6.7%
7	Operational Costs and Losses	138,099	461,930	647,185	590,115	8.8%
8	Total Operating Expenditure	5,123,284	6,203,139	5,565,843	5,564,967	0.0%
9	Operating (Surplus) / Deficit	991,612	1,795,085	1,157,789	2,373,285	105.0%

3.18.6 Employee Statistics

The Cemeteries Services function has 125 posts on the organisational structure approved by Council on 30 June 2022 of which 44 posts are frozen and 81 posts funded at year-end. The section had 50 filled at year-end with a 38.3% vacancy rate.

Table 80: Employees - Cemeteries and Crematoria

Employees: Cemeteries, Crematoria and Resorts								
Serial No.	Job Level	2021/22	2022/23					
		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	2	2	0	2	2	0	0.0%
4	T09 - T11	1	3	2	1	0	1	100.0%
5	T06 - T08	13	20	6	14	9	5	35.7%
6	T03 - T05	44	99	36	63	38	25	39.7%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	61	125	44	81	50	31	38.3%

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, seven 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 Simondium, Huguenot, Fairyland, Mbekweni ,Colibri ,Gouda and Saron 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 81: Town Halls, Community Halls and Thusong Centres

Town Halls, Community Halls and Thusong Centres				
Serial No	Facility	Number of Functions		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Paarl Town Hall	10	30	59
2	Wellington Town Hall	6	43	56
3	Huguenot Community Hall	21	72	98
4	Fairyland Community Hall	7	36	123
5	Mbekweni Community Hall	42	34	43
6	Colibri Community Hall	8	37	81
7	Safmarine Community Hall	0	0	0
8	Simondium Community Hall	14	37	46
9	Gouda Community Hall	0	31	53
10	Saron Community Hall	0	39	52
11	Paarl-East Thusong Service Centre	45	69	127
12	Mbekweni Thusong Service Centre	31	74	82

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%.

3.19.3 Capital Expenditure

The Community Development Section spent R618 thousand or 100% of the final adjustments budget on capital projects for the year under review.

Table 82: Capital Expenditure 2022/23 - Community Halls, Facilities and Thusong Centres

Capital Expenditure 2022/23: 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	Community Hall and Facilities - Huguenot	600,000	618,000	618,000	0.0%
2	Total Capital Expenditure	600,000	618,000	618,000	0.0%

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 R10.3 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 83: Operating Revenue and Expenditure: Community Halls, Facilities and Thusong Centres

Operating Revenue and Expenditure: Community Halls, Facilities and Thusong Centres						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(305,199)	(387,103)	(237,103)	(541,360)	128.3%
2	Total Operating Revenue	(305,199)	(387,103)	(237,103)	(541,360)	128.3%
3	Employee related costs	6,478,751	6,722,803	6,555,508	6,600,492	-0.7%
4	Contracted services	19,528	395,283	187,123	155,421	16.9%
5	Depreciation and amortisation	3,510,439	3,447,364	3,595,924	3,585,115	0.3%
6	Inventory consumed	581,647	348,019	433,716	411,312	5.2%
7	Operational Costs and Losses	833,454	57,500	57,500	56,390	1.9%
8	Total Operating Expenditure	11,423,820	10,970,969	10,829,771	10,808,731	0.2%
9	Operating (Surplus) / Deficit	11,118,620	10,583,866	10,592,668	10,267,371	-3.1%

3.19.6 Employee Statistics

The Community Halls, Facilities and Thusong Centres Services Section has 75 posts on the organisational structure approved by Council on 30 June 2022 of which 13 posts are frozen and 62 posts funded at year-end. The section had 56 filled at year-end with a 9.7% vacancy rate.

Table 84: Employees - Community Halls, Facilities and Thusong Centres

Employees: Community Halls, Facilities and Thusong Centres								
Serial No.	Job Level	2021/22	2022/23					
		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	0	2	2	0	0	0	0.0%
5	T06 - T08	10	11	1	10	10	0	0.0%
6	T03 - T05	52	62	10	52	46	6	11.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	62	75	13	62	56	6	9.7%

3.20 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Drakenstein Municipality's Integrated Development Plan guides the Social Development Section on what programmes must be rolled out, to address an array of topics forming part of Social Development. Programmes such as 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 Social Development Section

These social issues affecting our municipal environment and society in general especially most vulnerable groupings; thus, the section responds with a holistic plan to counter these challenges.

3.20.1 Service Statistics

Services are rendered to all 33 wards in Drakenstein.

Elderly:

- Drakenstein Municipality enrolled 19 Elderly clubs in the Cape Winelands District Municipality Annual Golden Games sport event. Drakenstein Municipality hosted the

Golden Games Sport Event in 2022/23 on Daljosaphat Stadium and provided breakfast packs all the elderly persons.

- Alzheimer and Dementia Workshop were conducted with the elderly. Elderly Awareness Abuse were held across Drakenstein. The Social Development Section provided blood pressure and sugar testing kits to elderly clubs.

Gender Based Violence (GBV):

- Drakenstein Municipality believes that all forms of violence against women and children should be eradicated in society. The Drakenstein Gender Forum shares this sentiment and that all rights as enshrined in the Bill of Rights should be respected and protect all the vulnerable groups in our communities. As a Municipality, we will play our role and work together with all spheres of government, law enforcement agencies and NGOs, to ensure the safety of our female colleagues and all women of Drakenstein municipal area. Various awareness programmes were rolled-out within the communities, rural areas, and schools.

Youth:

- In a joint effort among stakeholders and youth representative, Drakenstein Municipality strives to be all- inclusive and supports the youth aligned to the National Youth Policy.
- Youth Development is essential in helping the youth of Drakenstein succeed in life. There are far more prospective workers than there are jobs available for them, and many youths are not able to study further and become more specialised.
- This is where youth development programmes come in. Offering young people work readiness programmes, opportunities to advance their education and make a difference in their communities, are just some of the ways that youth development can change Drakenstein for the better.

Homeless:

- An Overnight Shelter was established in August 2022 and is operational in Wellington. A service provider was appointed to manage the services to the homeless people. 17 individuals were reunited with their families and aftercare follow-ups are being conducted after 6 months. In Paarl on erf 28699 behind The Haven Night Shelter phase 1 of the establishment of an overnight shelter has been completed. Phase 2 will commence in the financial year 2023/24.

Early Child Development (ECD):

- The ECD Skills Development conducted Foetal Alcohol Syndrome, Health Compliance, and First Aid Training Courses with the ECD teachers. Child Protection Awareness marches was held during May and June 2022/23. An information session regarding the National Lottery Application was held with the ECD teachers to assist them on how to apply for funding.

Soup Kitchens:

- Soup kitchens in Wards 8, 12, 25 and 33 will commence in the financial year 2023/24. The Paint My Story Initiative for soup kitchens were rolled out for the following Wards: 1, 5, 10, 13, 21, 24, 26, 27, 31 and 33. Palisade fences were fitted at soup kitchens in Wards: 10 and 26. Phase 2 of the fitting of palisade fencing at soup kitchens in Wards 5, 9, 21 and 27 will take place in the financial year 2023/24.

3.20.2 Service Delivery Levels

The Community Development Section's aim is to provide effective, efficient and quality social services to communities within Drakenstein and work in collaboration with other departments and spheres of government to optimally share and use resources available.

3.20.3 Capital Expenditure

The Community Development Section spent R701.7 thousand or 100% of the final adjustments budget on capital projects for the year under review.

Table 85: Capital Expenditure 2022/23 - Child Care, Aged Care & Social Programmes

Capital Expenditure 2022/23: 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	700,000	701,673	701,670	0.0%
2	Total Capital Expenditure	700,000	701,673	701,670	0.0%

3.20.4 Major Projects Completed

A Overnight Shelter was established for homeless people in Wellington.

3.20.5 Operating Expenditure

Child care, aged care and social programmes, as a community service, generated an operating deficit of R10.6 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 86: Operating Revenue and Expenditure: Child Care, Aged Care & Social Programmes

Operating Revenue and Expenditure: Child Care, Aged Care & Social Programmes						
Serial No.	Description	2021/22 Actual Results	2022/23			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Employee related costs	8,063,182	8,999,539	7,725,950	7,729,824	-0.1%
2	Contracted services	93,709	451,732	122,580	76,574	37.5%
3	Depreciation and amortisation	204,718	201,038	209,703	209,073	0.3%
4	Inventory consumed	1,376,300	1,228,552	1,769,253	1,820,282	-2.9%
5	Operational Costs and Losses	318,000	250,000	751,000	721,826	3.9%
6	Total Operating Expenditure	10,055,909	11,130,861	10,578,486	10,557,579	0.2%
7	Operating (Surplus) / Deficit	10,055,909	11,130,861	10,578,486	10,557,579	-0.2%

3.20.6 Employee Statistics

The Child Care, Aged Care and Social Programmes Section has 10 posts on the organisational structure approved by Council on 30 June 2022 of which 1 post are frozen and 9 posts funded at year-end. The section had 8 posts filled at year-end with a 11.1% vacancy rate.

Table 87: Employees - Child Care, Aged Care and Social Programmes (Social Development)

Employees: Child Care, Aged Care and Social Programmes (Social Development)								
Serial No.	Job Level	2021/22	2022/23					
		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	0	0	0	0	0	0.0%
3	T12 - T14	0	1	0	1	0	1	100.0%
4	T09 - T11	4	4	0	4	4	0	0.0%
5	T06 - T08	0	4	0	4	4	0	0.0%
6	T03 - T05	2	1	1	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	7	10	1	9	8	1	11.1%

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 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 Section 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

The Environmental Management Section forms part of the Planning and Development Department which, towards the end of the financial year, changed to the Corporate and Planning Services Department. This Section forms part of the Spatial Planning and Environmental Management Division and consists of three Sub-Sections including, Environmental Planning and Sustainability; Environmental Monitoring and Compliance; as well as Natural Resource Management. The Section's service delivery focus is to ensure that residents live in 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.

The Environmental Planning and Sustainability Sub-Section plays a proactive role in planning for sustainable development through several initiatives including the review of the Environmental Management Framework, the implementation of the Climate Change Adaptation Plan, providing environmental input on land development applications and coordinating the Climate Partnership with Neumarkt, a municipality located in Germany.

The Environmental Monitoring and Compliance Sub-Section plays an active role in monitoring threats to the environment and ensuring compliance with environmental legislation. This is achieved through managing and coordinating environmental emergency incidents in accordance with Section 30 of the National Environmental Management Act 107 of 1998, responding to environmental complaints, and executing the air quality management and noise control functions in terms of the relevant legislation and bylaws. The Environmental Management Section has three officials that are, over and above their primary duties,

designated as Environmental Management Inspectors. These officials have powers in terms of the National Environmental Management Act to enforce compliance to the relevant environmental legislation and regulations. These officials are also designated peace officers to enforce municipal bylaws.

The Natural Resource Management Sub-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, managing invasive alien vegetation on these municipal conservation areas and conducting environmental awareness campaigns with schools and the public in general.

3.22.1 Service Statistics

Table 88: Environmental Management - Service Statistics

Environmental Management Service Statistics				
Serial No	Description	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Environmental Education and Awareness Events	18	13	34
2	Environmental Applications commented on	31	32	24
3	Land Use Applications commented on	51	37	30
4	Noise Exemptions issued	1	8	20
5	Noise Complaints attended to	15	10	35
6	Pollution Incidents attended to	17	34	45

3.22.2 Capital Expenditure

The Environmental Management Division spent R954.9 thousand or 52.3% 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 89: Capital Expenditure 2022/23 - Environmental Management (Pollution Control Included)

Capital Expenditure 2022/23: 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	1,310,580	1,328,766	458,551	65.5%
2	Air Quality Monitoring Equipment	500,000	424,025	424,024	0.0%
3	Other Capital Projects	53,022	72,371	72,369	0.0%
4	Total Capital Expenditure	1,863,602	1,825,162	954,944	47.7%

3.22.3 Major Projects Completed

The Environmental Management Section procured two portable ambient air quality analysers and a weather station with funds allocated on the Section's capital budget for air quality management. This new equipment has allowed the Air Quality Officer to commence with ambient air quality monitoring in pollution hotspot areas to ascertain whether ambient air quality is within the applicable National Ambient Air Quality Standards. Previously, Drakenstein Municipality only received air quality data from a single ambient air quality reference station, situated at the Dal Josafat Traffic Test Station in Paarl (owned by the Provincial Department of Environmental Affairs and Development Planning). The implementation of portable ambient air quality monitoring is a key objective of the Drakenstein Air Quality Management Plan and will provide much needed data to guide air quality management in the foreseeable future. In addition to this, the Environmental Management Section also procured dust monitoring equipment due to dust complaints received in certain areas. The Section commenced with dustfall monitoring with this equipment in February 2022, and will continue monitoring dustfall in the 2023/24 financial year at identified hotspots.

The DEA&DP and Drakenstein Municipality initiated the review of the Environmental Management Framework (EMF) for the municipal area. The revision of the existing EMF was 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 aims to enhance alignment with the current Spatial Development Framework. 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 it was gazetted for adoption by the Provincial Minister of Local Government, Environmental Affairs and Development Planning in November 2022. This tool is being implemented on a continuous basis when assessing proposed developments and enforcing compliance.

Drakenstein Municipality has a climate partnership with Neumarkt, a municipality located in the Free State of Bavaria in Germany. This climate partnership focusses on various initiatives and projects that address the impacts of climate change 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 financial year:

- Paarl Arboretum Upgrade: This project entails the upgrade of the Paarl Arboretum and the construction of an environmental classroom. The classroom was completed in August 2022 and officially opened in September 2022. The Environmental Management Section facilitates environmental lessons from the classroom and it is also home to the Environmental Holiday Programmes that are hosted by this Section during each school holiday. Over and above the mentioned use of the facility, it has been earmarked for utilisation by internal departments and other organisational partners for training and developmental purposes.
- Update of the Joint Programme of Action: The Joint Programme of Action (JPA) serves as the main action plan for this partnership between the two municipalities and sets out objectives and targets to be attained over a five-year period. The projects listed in the JPA are aimed at mitigating both municipalities' impact on climate change as well as setting out measures for improved adaptation and resilience in response to predicted climate change risks. The climate partnership's 3rd Generation JPA was updated in 2022 through a series of workshops between the two municipalities and adopted by Council in March 2023. Measures identified were either aligned to the current work that the organisations are implementing or have been aligned with the funding programmes that are available through Engagement Global and other partners in the sustainability network that the municipality has access to. The projects listed under the JPA will be implemented over the next five years.

3.22.4 Operating Expenditure

Environmental management services (pollution control included), as a community service, generated an operating surplus of R0.8 million for the 2022/23 financial year.

Table 90: Operating Revenue and Expenditure: Environmental Management (Pollution Control included)

Operating Revenue and Expenditure: Environmental Management (Pollution Control included)						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(2,782,839)	(1,250,022)	(2,184,837)	(1,234,236)	-43.5%
2	Total Operating Revenue	(2,782,839)	(1,250,022)	(2,184,837)	(1,234,236)	-43.5%
3	Employee related costs	185,628	195,894	191,615	187,048	2.4%
4	Contracted services	499,829	835,500	164,060	142,006	13.4%
5	Depreciation and amortisation	11,181	10,980	11,453	11,419	0.3%
6	Inventory consumed	29,454	77,500	80,971	53,269	34.2%
7	Operational Costs and Losses	65,880	49,700	101,800	49,484	51.4%
8	Total Operating Expenditure	791,972	1,169,574	549,899	443,226	19.4%
9	Operating (Surplus) / Deficit	(1,990,867)	(80,448)	(1,634,938)	(791,010)	-51.6%

3.22.5 Employee Statistics

The Environmental Management Division has 8 posts on the organisational structure approved by Council on 30 June 2022 of 3 posts are frozen and 5 posts funded at year-end. The section had 5 filled posts at year-end with a 0% vacancy rate.

Table 91: Employees: Environmental Management

Employees: Environmental Management								
Serial No.	Job Level	2021/22	2022/23					
		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	5	2	3	3	0	0.0%
4	T09 - T11	1	1	0	1	1	0	0.0%
5	T06 - T08	1	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	Total	6	8	3	5	5	0	0.0%

3.23 PARKS, LANDSCAPE AND 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). The application (app) has been activated and newly planted and existing trees as well as hazardous tree information is uploaded on GIS. 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, 159 trees were planted as part of programmes and various projects undertaken by the Parks Section.

A total of 105 trees were again donated to the community and schools. The Arboretum upgrades 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.

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, 1471ha hectares IAP's were eradicated, and 11km firebreak were attended to, which includes follow-up sites. Various wood permits were also sold to local wood harvesters to reduce biomass in the very dense areas. These permits serve to assist the Municipality with addressing backlogs in the eradication of invasive alien plants. Various meeting has been attended with contractors and stakeholders to address the invasive species. Parts of the Jan Philips Road was also graded and repaired after the heavy storms and rainfall in winter.

Various requests for alien eradication on open spaces were also attended to outside of the nature reserve boundaries. Numerous sport, filming and school events were held on the mountain during the year. The Paarl mountain nature reserve advisory board plays a vital role in the management of the reserve activities and assist with projects to improve the biodiversity on the mountain.

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 and Landscape (Open Spaces Included) had no capital projects for the year under review.

3.23.4 Major Projects Completed

The Paarl Arboretum Smart Park Eco Classroom, signage and forecourt projects have been completed and adds value in the green space for tourism. Apart from the completion of the lights have been installed to ensure that the Arboretum is safe for the daily users as well as for the park runners. The mere fact that the Arboretum has a diverse group of users, a BMX track was also completed for the younger generation that utilise the Arboretum.

3.23.5 Operating Expenditure

Biodiversity and landscaping, as a community service, generated an operating deficit of R1.8 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 92: Operating Revenue and Expenditure: Biodiversity and Landscaping

Operating Revenue and Expenditure: Biodiversity and Landscaping						
Serial No.	Description	2021/22 Actual Results	2022/23			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	1,691,432	1,786,375	1,795,594	1,770,722	1.4%
2	Total Operating Expenditure	1,691,432	1,786,375	1,795,594	1,770,722	1.4%
3	Operating (Surplus) / Deficit	1,691,432	1,786,375	1,795,594	1,770,722	1.4%

3.23.6 Employee Statistics

The Parks, Landscaping and Open Space Section has 187 posts on the organisational structure approved by Council on 30 June 2022 of which 52 posts are frozen and 135 posts funded at year-end. The section had 125 filled at year-end and with a 7.4% vacancy rate.

Table 93: Employees - Biodiversity and Landscaping (Parks)

Employees: Biodiversity and Landscaping (Parks)								
Serial No.	Job Level	2021/22	2022/23					
		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	3	0	3	3	0	0.0%
4	T09 - T11	0	0	0	0	0	0	0.0%
5	T06 - T08	26	36	9	27	21	6	22.2%
6	T03 - T05	126	147	43	104	100	4	3.8%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	157	187	52	135	125	10	7.4%

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 2022/23, 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 94: Traffic, Licensing and Law Enforcement Service Data

Traffic, Licensing and Law Enforcement Service Data				
Serial No.	Details	2020/21 Actual	2021/22 Actual	2022/23 Actual
Column Ref.	A	B	C	D
1	Number of road traffic accidents during the year	3,356	3,599	3,039
2	Number of bylaw infringements attended	3,523	4,243	1,139
3	Number of traffic officers in the field on an average day	5 – Shift One 6 – Shift Two 11 = officers per day	4 – Early Shift 4 – Late Shift 8 = officers per day	4 – Early Shift 4 – Late Shift 8 = officers per day
4	Number of traffic officers on duty on an average 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	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 R2.3 million or 96.6% 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 95: Capital Expenditure 2022/23 - Traffic, Licensing and Law Enforcement

Capital Expenditure 2022/23: 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	Fencing Daljosaphat Traffic	480,000	1,258,343	1,258,343	0.0%
2	Other Capital Projects	4,050,000	871,983	789,499	9.5%
3	CCTV Camers	-	289,942	289,941	0.0%
4	Total Capital Expenditure	4,530,000	2,420,268	2,337,783	3.4%

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 R40.2 million for the 2022/23 financial year.

Table 96: Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement

Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(125,450,684)	(129,684,604)	(143,104,334)	(125,978,484)	-12.0%
2	Total Operating Revenue	(125,450,684)	(129,684,604)	(143,104,334)	(125,978,484)	-12.0%
3	Employee related costs	44,640,828	46,706,051	47,108,951	47,495,330	-0.8%
4	Impairment losses on financial assets	88,557,866	85,879,083	73,192,196	73,192,195	0.0%
5	Interest paid	522,454	510,858	510,858	510,858	0.0%
6	Contracted services	41,961,855	42,907,033	44,227,179	43,266,178	2.2%
7	Depreciation and amortisation	182,026	134,010	139,784	184,929	-32.3%
8	Inventory consumed	299,019	533,235	1,107,443	691,664	37.5%
9	Operational Costs and Losses	470,531	440,920	1,014,856	850,446	16.2%
10	Total Operating Expenditure	176,634,578	177,111,190	167,301,267	166,191,600	0.7%
11	Operating (Surplus) / Deficit	51,183,894	47,426,586	24,196,933	40,213,117	66.2%

3.25.6 Employee Statistics

The Traffic, Licensing and Law Enforcement Section has 191 posts on the organisational structure approved by Council on 30 June 2022 of which 77 posts are frozen and 114 posts funded at year-end. The section had 104 filled posts at year-end and based with a 8.8% vacancy rate.

Table 97: Employees - Traffic, Licensing and Law Enforcement

Employees: Traffic, Licensing and Law Enforcement								
Serial No.	Job Level	2021/22	2022/23					
		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	2	0	2	2	0	0.0%
3	T12 - T14	2	6	3	3	2	1	33.3%
4	T09 - T11	53	88	36	52	49	3	5.8%
5	T06 - T08	10	49	25	24	23	1	4.2%
6	T03 - T05	46	46	13	33	28	5	15.2%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	113	191	77	114	104	10	8.8%

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. These functional areas focus on the following key areas:

- Operations: The division operates a 24-hour service and an emergency control centre, which responds to all incidents in the municipal area immediately within 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.
- Professional Training: 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.
- Public and Life Safety Training and Awareness Sessions - A total of 1,227 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 98: Fire Service Data

Fire Service Data				
Serial No.	Detail	2020/21 Actual	2021/22 Actual	2022/23 Actual
Column Ref.	A	B	C	D
1	Total fires attended to in the year	1,024	1,097	867
2	Total of other incidents attended to in the year	165	184	162
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	71	68	64
6	Total fire appliances at year end	11	9	9
7	Average number of appliances on the road during the year	10	8	8

Table 99: Fire Safety – Activities/Inspections

Fire Safety Activities/Inspections				
Serial No	Description	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Fire safety inspections	116	143	165
2	Inspections of overgrown erven and property	1,065	297	366
3	Lectures and demonstrations	48	2,273	52
4	Buildings plans scrutinised and approved	2,785	109	2,407
5	Events Management and risk visits	78	143	151

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

Table 100: Fire Fighter Training

Firefighter Training				
Serial No	Description	Number of Officials Attended		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Practical Pump Operations and Driving	6	12	1
2	Advanced Fire Safety Course	2	2	48
3	Daily drills and instruction per shift	55	42	18
4	Breathing Apparatus refresher course	55	15	7
5	Fire Investigation Course	-	1	N/A
6	Chainsaw Operator Course	-	7	16
7	First Aid level 3 course	-	16	16
8	Firefighter 2 Course	6	7	1
9	Hazmat Awareness	-	-	48

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 2022/23, 1,173 blankets and 335 food parcels were handed out. Shack fires remain a challenge. The Fire Service continued their smoke alarm project, which involved the installation of 237 smoke alarms in the informal settlements' areas of Paarl East, Mbekweni and Gouda and Simondium.

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 R125.7 thousand 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 101: Capital Expenditure 2022/23 - Fire & Disaster Management

Capital Expenditure 2022/23: 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	Other Capital Projects	150,000	125,658	125,657	0.0%
2	Total Capital Expenditure	150,000	125,658	125,657	0.0%

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.

3.26.5 Operating Expenditure

Fire and disaster management services, as a community service, generated an operating deficit of R46.1 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 102: Operating Revenue and Expenditure: Fire and Disaster Management Services

Operating Revenue and Expenditure: Fire and Disaster Management Services						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(201,081)	(184,800)	(169,800)	(138,301)	-18.6%
2	Total Operating Revenue	(201,081)	(184,800)	(169,800)	(138,301)	-18.6%
3	Employee related costs	41,130,447	44,868,168	42,932,451	44,026,641	-2.5%
4	Contracted services	234,478	398,748	311,890	214,032	31.4%
5	Depreciation and amortisation	226,648	222,365	230,419	230,580	-0.1%
6	Inventory consumed	367,983	188,045	188,045	150,289	20.1%
7	Operational Costs and Losses	892,341	696,170	1,688,365	1,637,903	3.0%
8	Total Operating Expenditure	42,851,897	46,373,496	45,351,170	46,259,444	-2.0%
9	Operating (Surplus) / Deficit	42,650,816	46,188,696	45,181,370	46,121,143	2.1%

3.26.6 Employee Statistics

The Fire and Disaster Management Section has 145 posts on the organisational structure approved by Council on 30 June 2022 of which 59 posts are frozen and 86 posts funded at year-end. The section had 74 filled posts at year-end with a 14% vacancy rate.

Table 103: Employees - Fire and Disaster Management

Employees: Fire and Disaster Management								
Serial No.	Job Level	2021/22	2022/23					
		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	9	11	2	9	6	3	33.3%
4	T09 - T11	12	27	15	12	12	0	0.0%
5	T06 - T08	58	99	40	59	50	9	15.3%
6	T03 - T05	4	5	2	3	3	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	86	145	59	86	74	12	14.0%

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.

3.27.1.1 Service Statistics

Below are the statistics for the number of visitors per resort

Table 104: Population utilisation of holiday resorts

Population utilisation of holiday resorts				
Serial No.	Resorts	Number of Visitors 2020/2021	Number of Visitors 2021/22	Number of Visitors 2022/23
Column Ref.	A	B	C	D
1	Orleans Park	18,125	8,468	16,691
2	Saron Holiday Resort	10,421	11,284	3,319
3	Antoniesvlei Holiday Resort	10,817	19,366	11,454

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 2,229 events/games for the year under review. The following table provides a comparison between 2020/21, 2021/22 and 2022/23 of the different sports codes' utilisation of the facilities

3.27.2.1 Service Statistics

Table 105: Sport codes utilisation of sport facilities

Sport codes utilisation of sport facilities					
Serial No	Sport Code	2020/21	2021/22	2022/23	Number of fields
Column Ref.	A	B	C	D	E
1	Rugby	100	193	420	21
2	Cricket	378	409	392	12
3	Soccer	223	475	624	13
4	Cycling	118	16	139	1
5	Hockey	0	0	6	4
6	Athletics	78	109	96	4
7	Netball	107	115	144	14
8	Darts, Karate, Kickboxing & Volleyball	-	-	408	2

The Sport and Recreation section has experienced a significant increase in sport bookings after the devastating COVID-19 outbreak.

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. Upgraded the Fairyland Sports Field and constructed a turf wicket at Gouda Sports Field. The necessary tools of the trade was procured to enable our workstream to deliver more effective and efficient service. Our mandate remain access to all and with the resources available we commit to maintain our facilities to a standard to enable accessibility.

3.27.3 Swimming Pools

All five swimming pools resorting under the Sport and Recreation Section opened on 1 October 2022. By enforcing proper safety procedures, there were no drownings or near drownings for the 2022/23 season. Minor maintenance was done to all five pools during the off season.

3.27.3.1 Service Statistics

Table 106: Swimming Pools - Service Statistics

Swimming Pools – Services Statistics				
Serial No.	Swimming Pool	Number of patrons 2020/21	Number of patrons 2021/22	Number of patrons 2022/23
Column Ref.	A	B	C	
1	Drakenstein	Under construction	14,889	18,876
2	Pentz Street	9,568	Under Construction	4,079
3	Faure Street	5,6074	18,750	18,072
4	Mbekweni	Under construction	14,031	11,073
5	Weltevrede	11,870	15,172	16,595

3.27.3.2 Service Delivery Levels

All five swimming pools under the ambit of the Sport and Recreation Section was operational during the 2022/23 financial year.

3.27.4 Capital Expenditure

The Sport and Recreation Section spent R6.1 million or 87.6% 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 107: Capital Expenditure 2022/23 - Holiday Resorts, Sport Facilities and Swimming Pools

Capital Expenditure 2022/23: 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	Upgrading of Faure Street Sports Stadium	1,000,000	1,578,849	1,578,849	0.0%
2	Arboretum Climate Park	-	1,194,415	1,184,284	0.8%
3	Tools of Trade	3,000,000	957,069	957,068	0.0%
4	Other Capital Projects	2,300,000	1,039,420	945,571	9.0%
5	Construct Fairyland Sport Facility	600,000	600,000	600,000	0.0%
6	Development of De Kraal Sport Complex	2,000,000	1,169,736	413,030	64.7%
7	Gouda Sportsfields (IUDG)	350,000	387,816	387,815	0.0%
8	Total Capital Expenditure	9,250,000	6,927,305	6,066,618	12.4%

3.27.5 Major Projects Completed

Various capital projects were undertaken by Community Services during the 2022/23 financial year:

- Fairyland Sports Field: Construction of perimeter wall and second phase of netball courts plus irrigation.
- De Kraal: Installation of two rugby fields, installation of irrigation, construction of a ticket office, construction of gabion walls and installation of sewerage systems.
- Construction of a turf wicket at Gouda Sports Field.
- Upgrade of the cycling track at Faure Stadium.
- Procurement of tools of the trade and swimming pool equipment (robotic sweepers, grass cutters, automated testing kits and a ride-on mower.
- Procurement of two vehicles for the Sport Section.

3.27.6 Operating Expenditure

Holiday resorts, sport facilities and swimming pools services, as a community service, generated an operating deficit of R66.8 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 108: 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	2021/22 Actual Results	2022/23			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	(4,479,707)	(3,160,496)	(2,357,996)	(2,676,145)	13.5%
2	Total Operating Revenue	(4,479,707)	(3,160,496)	(2,357,996)	(2,676,145)	13.5%
3	Employee related costs	55,287,997	58,380,488	54,868,067	54,738,885	0.2%
4	Contracted services	3,495,572	4,937,446	3,494,241	2,307,538	34.0%
5	Depreciation and amortisation	7,714,483	7,602,365	7,929,985	7,906,151	0.3%
6	Inventory consumed	3,318,382	2,408,227	2,842,769	3,005,382	-5.7%
7	Operational Costs and Losses	1,186,293	1,308,496	2,050,487	1,502,943	26.7%
8	Total Operating Expenditure	71,002,727	74,637,022	71,185,549	69,460,900	2.4%
9	Operating (Surplus) / Deficit	66,523,020	71,476,526	68,827,553	66,784,755	-3.0%

3.27.7 Employee Statistics

The Sport and Recreation Section has 181 posts on the organisational structure approved by Council on 30 June 2022 of which 61 posts are frozen and 120 posts funded at year-end. The section had 63 filled and 57 vacant post at year-end which resulted in a 47.5% vacancy rate. It should be noted that the majority of vacancies at year end, are for posts that are filled seasonally (October – March/April), when the swimming pools are open.

Table 109: Employees - Sport and Recreation

Employees: Sport and Recreation								
Serial No.	Job Level	2021/22	2022/23					
		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	1	0	0.0%
4	T09 - T11	1	1	0	1	1	0	0.0%
5	T06 - T08	25	43	18	25	18	7	28.0%
6	T03 - T05	93	135	43	92	42	50	54.3%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	121	181	61	120	63	57	47.5%

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 110: Service Statistics for the Executive and Council

Service Statistics for the Executive and Council				
Serial No	Council and Committee Structures	No. of meetings		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Mayoral Committee	20	19	12
2	Special Mayoral Committee	0	0	1
3	Council	11	12	12
4	Special Council	2	3	1
5	Special Confidential Council	0	0	0
6	Corporate Services Portfolio Committee	8	6	9
7	Community Services Portfolio Committee	6	6	6
8	Finance Portfolio Committee	12	9	10
9	Engineering Services Portfolio Committee	5	6	4
10	Planning and Development Portfolio Committee	6	5	5
11	Governance and Compliance Portfolio Committee	N/A	1	1
12	Municipal Public Accounts Committee (MPAC)	2	4	8
13	Appeal Committee	2	0	0
14	Audit Committee	9	7	8
15	Fraud and Risk Management Committee	4	4	4
16	Budget Steering Committee	8	6	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 R309.0 thousand or 89.5% 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 111: Capital Expenditure 2022/23 - Executive and Council

Capital Expenditure 2022/23: 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	220,000	345,319	309,017	10.5%
2	Total Capital Expenditure	220,000	345,319	309,017	10.5%

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.

Councillors can now also completed their declaration of interest electronically, which saves not only time, but also enhances confidentiality.

3.29.5 Operating Expenditure

Executive and Council generated an operating deficit of R152.1 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 112: Operating Revenue and Expenditure: Executive and Council

Operating Revenue and Expenditure: Executive and Council						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(1,769,668)	(1,904,096)	(1,995,319)	(2,333,694)	17.0%
2	Total Operating Revenue	(1,769,668)	(1,904,096)	(1,995,319)	(2,333,694)	17.0%
3	Employee related costs	51,019,045	71,171,179	77,852,279	51,005,754	34.5%
4	Contracted services	22,586,206	16,729,721	22,957,493	22,231,018	3.2%
5	Councillor related costs	31,654,070	35,255,123	35,255,123	33,213,291	5.8%
6	Depreciation and amortisation	583,755	488,886	509,777	615,880	-20.8%
7	Inventory consumed	25,985,168	19,531,588	39,914,925	38,984,165	2.3%
8	Operational Costs and Losses	5,610,053	12,744,631	9,267,971	8,379,480	9.6%
9	Total Operating Expenditure	137,438,296	155,921,128	185,757,568	154,429,587	16.9%
10	Operating (Surplus) / Deficit	135,668,628	154,017,032	183,762,249	152,095,893	-17.2%

3.29.6 Employee Statistics

The Executive and Council Support Section has 13 posts on the organisational structure approved by Council on 30 June 2022. The section had 13 filled posts at year-end with a 0% vacancy rate.

Table 113: Employees - Executive and Council Support

Employees: Executive and Council Support								
Serial No.	Job Level	2021/22	2022/23					
		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	0	0	0	0	0	0	0.0%
5	T06 - T08	11	13	0	13	13	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	Total	11	13	0	13	13	0	0.0%

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 2022/23 financial year (before considering the provision for impairment) was 67.4 days, which is below the targeted number of 70 days. The number of days for the 2021/22 financial year (before considering the provision for impairment) was 61.9 days, which is below the targeted number of 70 days.

The Municipality's debtors' collection period in days (after impairment) decreased to 37.6 days at 30 June 2023 compared with the to 44.3 days as at 30 June 2022. The Municipality's debtors' collection period in days (before impairment) regressed by 5.5 days and the Municipality's debtors' collection period in days (after impairment) improved by 6.8 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 external loan debt of Council, which amounted to 56.2% of total operating revenue (conditional capital and operational grants excluded) at the end of the 2022/23 financial year. Although Council policy 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. This investment is now starting to bear fruit, as can be seen in the rapid decrease in the gearing ration in the next five years. It is envisaged that the gearing ratio will decrease to about 49.2% in the 2023/24 financial year and to about 22.3% in accordance with the Long Term Financial Plan by the 2027/28 financial year.

3.30.1 Service Statistics

Table 114: Debt Recovery

Debt Recovery							
Serial No.	Revenue Service	R'000					
		2021/2022			2022/2023		
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	416,884	406,148	97.4%	437,183	429,498	98.2%
2	Electricity	1,382,372	1,365,734	98.8%	1,371,117	1,374,471	100.2%
3	Water	171,167	152,686	89.2%	195,383	174,013	89.1%
4	Sanitation	128,521	119,057	92.6%	147,408	136,254	92.4%
5	Refuse	138,893	124,639	89.7%	159,336	139,634	87.6%
6	Other	3,439	2,243	65.2%	5,094	3,613	70.9%
7	Totals	2,241,275	2,170,508	96.8%	2,315,520	2,257,483	97.5%

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 R279.2 thousand or 100% 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 115: Capital Expenditure 2022/23 - Financial Services

Capital Expenditure 2022/23: 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	Other Capital Projects	1,520,000	279,304	279,165	0.0%
2	Total Capital Expenditure	1,520,000	279,304	279,165	0.0%

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 R394.4 million for the 2022/23 financial year. The surplus, due to property rates revenue, is subsidising other community services operating at a loss.

Table 116: Operating Revenue and Expenditure: Financial Services (Procurement Services excluded)

Operating Revenue and Expenditure: Financial Services (Procurement Services excluded)						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(470,509,021)	(451,122,315)	(492,119,902)	(508,387,491)	3.3%
2	Total Operating Revenue	(470,509,021)	(451,122,315)	(492,119,902)	(508,387,491)	3.3%
3	Employee related costs	58,938,006	64,604,151	60,738,494	60,275,582	0.8%
4	Impairment losses on financial assets	807,770	8,230,974	13,102,166	13,594,636	-3.8%
5	Contracted services	3,842,705	6,301,801	5,056,806	4,041,734	20.1%
6	Depreciation and amortisation	724,678	765,006	664,787	728,266	-9.5%
7	Inventory consumed	1,975,487	1,610,083	2,659,026	2,890,394	-8.7%
8	Operational Costs and Losses	27,415,646	32,864,223	32,811,449	32,450,533	1.1%
9	Total Operating Expenditure	93,704,292	114,376,238	115,032,728	113,981,145	0.9%
10	Operating (Surplus) / Deficit	(376,804,728)	(336,746,077)	(377,087,174)	(394,406,346)	4.6%

3.30.6 Employee Statistics

The Financial Services Department (Procurement Services Division excluded) has 213 posts on the organisational structure approved by Council on 30 June 2022 of which 159 approved posts was funded. The section had 133 filled posts at year-end with a 16.4% vacancy rate.

Table 117: Employees - Financial Services (Procurement Services Excluded)

Employees: Financial Services (Procurement Services Excluded)								
Serial No.	Job Level	2021/22	2022/23					
		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	5	6	0	6	6	0	0.0%
3	T12 - T14	14	22	6	16	12	4	25.0%
4	T09 - T11	5	7	1	6	2	4	66.7%
5	T06 - T08	75	110	30	80	71	9	11.3%
6	T03 - T05	45	66	17	49	40	9	18.4%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	146	213	54	159	133	26	16.4%

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 – eight (38) and six (6) of those are vacant and budgeted.

The Human Resources Section coordinated the appointment of 151 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 Municipal Staff Regulations to ensure the effective implementation of the regulations. The focus of the regulations is the Organisational Structure, Job descriptions, Performance Management, Recruitment and Selection, and Training and Development. We are still embarking and encouraging 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 and they are currently doing their 3rd year towards a Human Resources Development qualification.

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 2023. The Workplace Skills Plan and Annual Report were also submitted on 30 April 2023.

We pride ourselves with contributing positively to “*A city of excellence*” vision.

3.31.1 Service Statistics

Table 118: Service Statistics for Human Resources Services

Service Statistics for Humane Resources Services			
Serial No.	Submission Date	To	Document
Column Ref.	A	B	C
1	30 April 2023	LGSETA	Workplace Skills Plan
2	30 April 2023	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
6	Monthly	Corporate and Planning Services Committee	Monthly Human Resources Report

3.31.2 Service Delivery Levels

A significant number of job descriptions have been evaluated and a few new job descriptions were evaluated in the financial year 2022/23. Additional 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 2023.

3.31.3 Capital Expenditure

The Human Resources Division had no capital projects for the year under review.

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 R35.3 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 119: Operating Revenue and expenditure: Human Resource Services

Operating Revenue and Expenditure: Human Resources Services						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(1,106,570)	0	(2,407,271)	(2,273,318)	-5.6%
2	Total Operating Revenue	(1,106,570)	0	(2,407,271)	(2,273,318)	-5.6%
3	Employee related costs	17,875,071	18,502,333	18,770,978	18,460,330	1.7%
4	Contracted services	2,093,032	2,988,280	4,351,754	3,370,265	22.6%
5	Depreciation and amortisation	422,253	441,461	263,297	427,721	-62.4%
6	Inventory consumed	254,042	190,686	244,186	385,099	-57.7%
7	Operational Costs and Losses	13,507,679	14,620,470	14,987,754	14,924,540	0.4%
8	Total Operating Expenditure	34,152,077	36,743,230	38,617,969	37,567,955	2.7%
9	Operating (Surplus) / Deficit	33,045,507	36,743,230	36,210,698	35,294,637	-2.5%

3.31.6 Employee Statistics

The Human Resources Division has 51 posts on the organisational structure approved by Council on 30 June 2023 but only 38 of those are budgeted for. The section had 32 filled posts at year-end and with a 10.5% vacancy rate in terms of budgeted positions.

Table 120: Employees - Human Resources

Employees: Human Resources								
Serial No.	Job Level	2021/22	2022/23					
		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	3	8	7	1	12.5%
4	T09 - T11	9	8	0	8	7	1	12.5%
5	T06 - T08	13	19	7	12	12	0	0.0%
6	T03 - T05	3	8	3	5	3	2	40.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	35	51	13	38	34	4	10.5%

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.

The following audits were conducted by independent auditors as part of the ICT Audit Plan with a positive outcome.

Reviewed the adequacy and effectiveness of ICT Continuity: Infrastructure:

- Infrastructure assessment and replacement planning;
- Maintenance contracts in respect of key infrastructure;
- Environmental controls (Fire prevention and detection, physical access control, management of air conditioners and generators; and
- Follow up of agreed action plans from previous audits.

3.32.2 Information Systems

Information Systems are primarily responsible for:

- Business process redesign and optimisation;
- Managing all business system changes as part of the Change Management principles or new IT systems development projects.
- Developing and managing business application systems and user access.
- Developing and managing MS SQL databases and user access.
- Development and maintenance of an Enterprise Architecture in Business Application Systems; and

In the 2022/23 this section spearheaded the review of the Municipality's mission critical systems.

3.32.3 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 62 virtual servers;
- 3 Physical servers for production and backups are also in use;
- 120 TB storage unit containing all data that is generated and stored;
- Core network node that provides connectivity to 68 sites using 129 switches and 53 wireless links;
- 35 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 983 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 2,546 calls were resolved.

3.32.4 Capital Expenditure

The ICT Division spent R10.1 million or 100.2% 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 121: Capital Expenditure 2022/23 - Information and Communication Technology (ICT) Services

Capital Expenditure 2022/23: 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	3,570,000	9,989,594	10,008,321	-0.2%
2	Other Capital Projects	530,000	115,475	114,269	1.0%
3	Total Capital Expenditure	4,100,000	10,105,069	10,122,590	-0.2%

3.32.5 Major Projects Completed

- Upgrade of various wireless network links to municipal buildings;
- 80% of the fiber installation to Paarl East Housing were completed;
- Automated software patch management through Microsoft Intune;
- Immutable backup was setup to Wellington Disaster Recovery Server Room;
- Inhouse Helpdesk Ticketing system was completed;
- Printer automation, computer imaging, server block cloning, and faster server restore to help improve disaster response times;
- Reverse proxy server moved to Azure application proxy in the cloud;

- 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; and
- We migrated our current MS Office users to Office E365. This included moving Exchange (Email) server to the cloud.

Cyber Attack and Cyber Security Controls

On 11 August 2022 at 04:25 Drakenstein suffered a cyberattack through malware known as Lockbit Black Ransomware 3.0. All indication was that a “Password Spray Attack” resulted in access to the network. Files were encrypted across 72 virtual and physical servers. Many computers that were on the network at the time experienced encryption. Data of all core systems encrypted and not accessible and transaction with customers were not possible. While the cyber attack highlighted vulnerabilities the important positive was that no system data was lost as a result of the back up and disaster recovery environment. The main systems were restored within days and the Annual Financial Statements were submitted on time.

Since the cyber attack and during the period under review the ICT environment was improved as follows:

- Conditional access which will only allow user to log in if specific conditions are met, e.g., location, trusted endpoint, time of day;
- Multi-Factor Authentication (MFA) which add an additional layer of security, even when an account is compromised, an extra layer of authentication is required before access to a system or application is granted;
- RBAC (Role based access control) which allows only authorised users to access sensitive content on the network, paired with principles of least privilege, users will only be allowed enough access to complete their tasks and will be blocked to access anything other than the resources specified by the company policies;
- Segregated accounts which allow an administrator to use a separate account to perform administrative duties, this will ensure that high level resources will still be secured should an administrator’s day to day account be compromised;
- VPN with multi-factor authentication. The use of a VPN to access company resources will ensure that no internal information is public facing and decreases the attack surface of the municipality;
- We deployed a modern endpoint protection solution (EDR) Microsoft Defender for Endpoint (Plan 2); and
- Implemented Darktrace Artificial intelligence for network protection and Email Filtering

3.32.6 Operating Expenditure

Information and communication technology services, as a support service, generated an operating deficit of R23.8 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 122: Operating Revenue and Expenditure: Information and Communication Technology (ICT) Services

Operating Revenue and Expenditure: Information and Communication Technology (ICT) Services						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(1,000,000)	0	0	0	0.0%
2	Total Operating Revenue	(1,000,000)	0	0	0	0.0%
3	Employee related costs	9,575,719	9,654,863	8,405,782	8,387,677	0.2%
4	Contracted services	1,170,329	1,942,200	1,957,096	1,899,797	2.9%
5	Depreciation and amortisation	4,436,491	4,497,857	4,138,901	4,219,724	-2.0%
6	Inventory consumed	251,840	125,322	185,822	169,902	8.6%
7	Operational Costs and Losses	8,193,971	5,643,342	9,325,144	9,168,814	1.7%
8	Total Operating Expenditure	23,628,349	21,863,584	24,012,745	23,845,913	0.7%
9	Operating (Surplus) / Deficit	22,628,350	21,863,584	24,012,745	23,845,913	-0.7%

3.32.7 Employee Statistics

The ICT Division has 14 posts on the organisational structure approved by Council on 30 June 2022 of which 3 post are frozen and 11 posts funded at year-end. The section had 11 filled posts at year-end with a 0% vacancy rate.

Table 123: Employees - Information and Communication Technology (ICT) Services

Employees: Information and Communication Technology (ICT) Services								
Serial No.	Job Level	2021/22	2022/23					
		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	4	2	2	2	0	0.0%
3	T12 - T14	5	8	1	7	7	0	0.0%
4	T09 - T11	3	2	0	2	2	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	Total	11	14	3	11	11	0	0.0%

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 124: Properties sold

Properties for which final approval was granted from 1 July 2022 – 30 June 2023			
Serial No.	Properties sold	To	Purpose
Column Ref	A	B	C
1	Portion of Erf 481 Paarl (Public Place)	Adjacent landowner of Erf 483 Paarl	For consolidation with existing residential property
2	Portion of Remainder Erf 14755 Paarl	Adjacent landowner of Erf 20786 Paarl	For extension of existing property / parking purposes
3	Portion of Erf 2097 Wellington (Road Reserve)	Adjacent landowner of Remainder Erf 600 Wellington	For consolidation with existing residential property
4	Portion of Remainder Erf 5058 Paarl	Adjacent landowner of Erf 39593 Paarl	Parking purposes
5	Portion of Erf 3643 Mbekweni	Adjacent landowner of Erf 3642 Mbekweni	Expansion of the existing school facility (Masakahne Pre-School & Grassroots Educare Centre)

Table 125: Properties leased

Properties leased			
Serial No	Property	To	Purpose
Column No.	A	B	C
1	Portion of Erf 31005 Paarl	Shift Academy	Sport
2	Porion of Erf 8431 Paarl	Paarl Squash Club	Sport
3	Portion of Erf 3952 Paarl	IEC	Office space
4	Erf 33035 (Portion of Erf 8431 P) Paarl	Paarl Canoe Club	Sport
5	Erf 2689 Mbekweni Room A	University of Cape Town	Office space
6	Erf 2689 Mbekweni Room E	Uzuko Funeral Services	Office space
7	Erf 2689 Mbekweni Room B	Jos funeral Services	Office space
8	Erf 2689 Mbekweni Room C	NS 64 Business enterprises	Office space
9	Erf 645 Mbekweni Portion A	Wagon f Hope	Social and Welfare

Properties leased			
Serial No	Property	To	Purpose
Column No.	A	B	C
10	Erf 4953 Wellington	Badisa	Social and Welfare
11	Erf 2651 Wellington	Right to Care	Social and Welfare
11	Portion of Erf 34 Wellington	SPCA Wellington	Animal shelter and office space
12	Portion Erf 1 Paarl	Sentech Soc	Transmitting station
13	Erf 1750 Mbekweni	Lukhanyo Youth Organisation	Community and related
14	Portion of Erf 1113 Wellington	Wellington Cricket Cub	Sport Purposes
15	Erf 28773 Paarl	Kinesis Group (Pty) Ltd	Mixed Use Development
16	Portions of Erven 34 and 411 Wellington	Van Zyl Familie Trust and Junico Beleggings CC	Parking purposes
17	Portion of Erf 31005 Paarl	Shift Academy	Sport

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 R7.8 million or 100% 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 126: Capital Expenditure 2022/23 - Property Services

Capital Expenditure 2022/23: 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	Backup Power Installations	-	7,213,347	7,213,346	0.0%
2	Buildings Upgrading of Civic Centre	455,000	367,592	367,591	0.0%
3	Other Capital Projects	365,000	239,826	238,957	0.4%
4	Total Capital Expenditure	820,000	7,820,765	7,819,894	0.0%

3.33.4 Major Projects Completed

Major projects that include maintenance are completed by Engineering Services .

Table 127: 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
2	Supply and install blinds - Civic Centre	19,253
3	Network points at Mill Street and IT	15,000
4	UPS system for Paarl Tourism Building	57,000
5	Construction of a Soup Kitchen Ward 25	92,140
6	Construction of new roof at Bergendal Library	172,398
7	Councill chambers - Replace downlights	15,500
8	Directional signs - Supply and install	13,472
9	Electric DB board for new aircons - 60 Breda	195,100
10	Nedbank move project	1,100,000
11	Civic Centre Waterproofing project	630,021
12	Nedbank maintenance project	418,984
13	Fire remedial work on existing partitioning walls at Markets Street building	191,688
14	Upgrading of main stores building phase 1	1,191,530

3.33.5 Operating Expenditure

Property services, as a community service, generated an operating deficit of R35.3 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 128: Operating Revenue and Expenditure: Property Management Services

Operating Revenue and Expenditure: Property Management						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(10,937,400)	(1,855,482)	(7,865,482)	(7,998,235)	1.7%
2	Total Operating Revenue	(10,937,400)	(1,855,482)	(7,865,482)	(7,998,235)	1.7%
3	Employee related costs	19,112,079	19,458,879	22,254,103	20,305,851	8.8%
4	Contracted services	3,575,695	1,856,360	5,675,956	5,421,757	4.5%
5	Depreciation and amortisation	11,301,331	11,422,517	11,914,754	11,873,465	0.3%
6	Inventory consumed	404,780	627,574	618,603	559,841	9.5%
7	Operational Costs and Losses	8,067,261	963,813	15,009,759	5,117,441	65.9%
8	Total Operating Expenditure	42,461,146	34,329,143	55,473,175	43,278,356	22.0%
9	Operating (Surplus) / Deficit	31,523,747	32,473,661	47,607,693	35,280,121	-25.9%

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 has been operational since 1 December 2022.

The Municipal Court was established to promote law enforcement within the Municipality's jurisdiction and further enhance bylaw enforcement with a strong focus on the following areas:

- Traffic Bylaws;
- Provincial Traffic Bylaws;
- Law Enforcement Bylaws;
- Fire Bylaws;
- Building and Land Use Regulations;
- Environmental Bylaws;
- Electrical Bylaws;
- Nuisance Bylaw; and

- All other Bylaw contraventions.

3.34.1 Service Statistics

The following statistics reflect activities in the Legal Services Section in respect of litigation matters:

Table 129: Service Statistics - Legal Services

Serial No.	Category of litigation matters	Total cases registered		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Eviction Cases	81	54	71
2	Evictions lodged out of municipal property	1	0	2
3	Litigation against Drakenstein	19	16	9
4	Litigation initiated by Drakenstein	5	1	0

3.34.2 Capital Expenditure

The Legal Services Section spent R144.3 thousand or 101.7% 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 130: Capital Expenditure 2022/23 - Legal Services

Capital Expenditure 2022/23: 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	Other Capital Projects	190,000	141,922	144,302	-1.7%
2	Total Capital Expenditure	190,000	141,922	144,302	-1.7%

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 R6.0 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 131: Operating Revenue and Expenditure: Legal Services

Operating Revenue and Expenditure: Legal Services						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(459)	(14,238,679)	(14,238,679)	(61)	-100.0%
2	Total Operating Revenue	(459)	(14,238,679)	(14,238,679)	(61)	-100.0%
3	Employee related costs	5,864,184	6,273,816	5,280,732	5,212,228	1.3%
4	Interest paid	261,228	255,430	255,430	255,430	0.0%
5	Contracted services	152,947	65,210	145,210	85,962	40.8%
6	Depreciation and amortisation	343,841	337,140	351,669	351,144	0.1%
7	Inventory consumed	11,708	35,428	35,428	15,414	56.5%
8	Operational Costs and Losses	78,645	133,272	133,272	47,718	64.2%
9	Total Operating Expenditure	6,712,553	7,100,296	6,201,741	5,967,896	3.8%
10	Operating (Surplus) / Deficit	6,712,094	(7,138,383)	(8,036,938)	5,967,835	-174.3%

3.34.5 Employee Statistics

The Legal Services Section has 19 posts on the organisational structure approved by Council on 30 June 2022 of which 7 post are frozen and 12 posts funded at year-end. The section had 10 filled posts at year-end with a 16.7% vacancy rate.

Table 132: Employees - Legal Services (Legal Services and Property Administration)

Employees: Legal Services (Legal Services and Property Administration)								
Serial No.	Job Level	2021/22	2022/23					
		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	5	2	3	3	0	0.0%
3	T12 - T14	1	2	1	1	0	1	100.0%
4	T09 - T11	5	5	1	4	4	0	0.0%
5	T06 - T08	2	6	3	3	2	1	33.3%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	12	19	7	12	10	2	16.7%

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. Included in the functions of the IRM section is Business Continuity.

The FRM Section is based on four pillars, Prevention, Detection, Investigation and Feedback with regards to lessons learned. Added to this, is also responsibility for the Combined Assurance function.

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 departments and divisions.

The Strategic Risk Register is revised 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 2022/23 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.

The first Combined Assurance Report was drafted and tabled at the Fraud and Risk Management Committee (FARMCO).

3.35.5 Operating Expenditure

Risk Management Services, as a support service, generated an operating deficit of R3.0 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 133: Operating Revenue and Expenditure: Risk Management Services

Operating Revenue and Expenditure: Risk Management						
Serial No.	Description	2021/22 Actual Results	2022/23			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Employee related costs	1,973,018	2,072,956	2,556,180	2,535,765	0.8%
2	Contracted services	30,823	55,226	742,000	379,134	48.9%
3	Depreciation and amortisation	8,171	5,078	5,297	8,281	-56.3%
4	Inventory consumed	5,677	11,983	11,983	7,329	38.8%
5	Operational Costs and Losses	12,636	51,231	64,457	42,597	33.9%
6	Total Operating Expenditure	2,030,325	2,196,474	3,379,917	2,973,105	12.0%
7	Operating (Surplus) / Deficit	2,030,325	2,196,474	3,379,917	2,973,105	-12.0%

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 5 post are vacant and 1 post frozen at year-end. The section had 5 filled posts at year-end with a 0% vacancy rate.

Table 134: Employees - Risk Management

Employees: Risk Management								
Serial No.	Job Level	2021/22	2022/23					
		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	0	2	2	0	0.0%
4	T09 - T11	1	3	1	2	2	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	Total	3	6	1	5	5	0	0.0%

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 2022/23 financial year, purchase orders to the value of R586,461,845 were generated. The total value of deviations from the official procurement process increased to R36,124,128 from R19,430,395 of the previous financial. More importantly, deviations that were regarded as being impractical or impossible to follow the official procurement process (included in the totals above) decreased from the previous financial year from R5,300,371 to R325,085.

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 had no capital projects for the year under review.

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 R20.1 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 135: Operating Revenue and Expenditure: Procurement Services

Operating Revenue and Expenditure: Procurement						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(3,844,389)	(78,600)	(78,600)	(59,080)	-24.8%
2	Total Operating Revenue	(3,844,389)	(78,600)	(78,600)	(59,080)	-24.8%
3	Employee related costs	15,226,345	18,119,863	16,470,870	16,782,375	-1.9%
4	Interest paid	78,537	434,841	434,841	304,118	30.1%
5	Contracted services	1,051,746	1,022,609	133,974	72,229	46.1%
6	Depreciation and amortisation	2,472,309	2,425,685	2,530,214	2,693,991	-6.5%
7	Inventory consumed	233,046	157,503	128,453	277,996	-116.4%
8	Operational Costs and Losses	237,842	21,313	103,402	41,577	59.8%
9	Total Operating Expenditure	19,299,826	22,181,814	19,801,754	20,172,286	-1.9%
10	Operating (Surplus) / Deficit	15,455,437	22,103,214	19,723,154	20,113,206	2.0%

3.36.6 Employee Statistics

The Procurement Division has 57 posts on the organisational structure approved by Council on 30 June 2022 of which 10 posts are frozen and 47 posts funded at year-end. The section had 42 filled posts at year-end with a 10.6% vacancy rate.

Table 136: Employees - Procurement Services

Employees: Procurement Services								
Serial No.	Job Level	2021/22	2022/23					
		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	13	16	3	13	11	2	15.4%
5	T06 - T08	24	28	5	23	20	3	13.0%
6	T03 - T05	5	7	1	6	6	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	47	57	10	47	42	5	10.6%

3.37 FLEET

The Fleet and Workshop Division resorts under the Engineering Services Department. Some of the main focus areas for the 2022/23 financial year were to improve operations in terms of the number of vehicles serviced inside the mechanical workshop, making refuse compactors available for service delivery and motivating the appropriate expenditure on fleet replacement items. In terms of the internal services performed in the mechanical workshop the target of

282 internal services was achieved for the first time with 291 vehicles serviced inside the mechanical workshop. The average number of days that 15 refuse compactors are available for service delivery increased from 7.42 to 12.08, which represents a 62.9% improvement. The replacement vehicles bought targeted service delivery, reduction of hire expenditure and to relieve the impact of the aged fleet of the municipality. We therefore focussed on a refuse compactor, a JecVac truck to unblock drains, a digger loader – tipper truck combination, smaller tipper and dropside truck for waste and wastewater teams and tractors for parks and solid waste services.

3.37.1 Operating Expenditure

Fleet Services generated an operating deficit of R34.8 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 137: Operating Revenue and Expenditure: Fleet Management

Operating Revenue and Expenditure: Fleet Management and Workshop						
Serial No.	Description	2021/22 Actual Results	2022/23			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	(12,501)	(5,240)	(5,240)	(4,194)	-20.0%
2	Total Operating Revenue	(12,501)	(5,240)	(5,240)	(4,194)	-20.0%
3	Employee related costs	7,817,451	9,985,671	8,270,551	8,114,048	1.9%
4	Interest paid	18,752,358	18,336,163	18,336,163	18,336,163	0.0%
5	Contracted services	46,407	4,069,669	123,469	89,319	27.7%
6	Depreciation and amortisation	6,564,288	6,447,462	6,725,302	6,689,314	0.5%
7	Inventory consumed	162,245	2,993,018	190,349	172,390	9.4%
8	Operational Costs and Losses	2,368,656	1,638,707	1,362,953	1,360,068	0.2%
9	Total Operating Expenditure	35,711,406	43,470,690	35,008,787	34,761,302	0.7%
10	Operating (Surplus) / Deficit	35,698,905	43,465,450	35,003,547	34,757,108	-0.7%

3.37.2 Capital Expenditure

The Fleet Division spent R15.5 million or 95.6% 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 138: Capital Expenditure 2022/23 - Fleet Management

Capital Expenditure 2022/23 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	4,200,000	15,358,045	14,645,221	4.6%
2	Fleet Fuel Management Devices	399,376	332,463	332,463	0.0%
3	Other Capital Projects	585,000	575,294	568,929	1.1%
4	Total Capital Expenditure	5,184,376	16,265,802	15,546,612	4.4%

3.38 OTHER ADMINISTRATIVE SECTIONS

Other Administrative Sections comprise all other sections providing support to various Departments across the Municipality.

3.38.1 Operating Expenditure

Other Administrative Sections generated an operating deficit of R65.1 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 139: Operating Revenue and Expenditure: Other Administrative Sections

Operating Revenue and Expenditure: Other Administration						
Serial No.	Description	2021/22 Actual Results	2022/23			
			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	(1,887,361)	(1,688,370)	(2,188,370)	(830,205)	-62.1%
2	Total Operating Revenue	(1,887,361)	(1,688,370)	(2,188,370)	(830,205)	-62.1%
3	Employee related costs	51,316,659	54,445,708	52,225,256	51,834,243	0.7%
4	Contracted services	3,562,725	5,247,443	5,636,586	5,198,389	7.8%
5	Depreciation and amortisation	1,755,776	2,160,721	1,620,061	1,756,259	-8.4%
6	Inventory consumed	1,689,703	1,204,645	1,479,803	1,302,343	12.0%
7	Operational Costs and Losses	5,018,553	6,567,567	6,578,054	5,842,546	11.2%
8	Total Operating Expenditure	63,343,415	69,626,084	67,539,760	65,933,781	2.4%
9	Operating (Surplus) / Deficit	61,456,054	67,937,714	65,351,390	65,103,576	-0.4%

3.39 INTERNAL AUDIT

3.39.1 Operating Expenditure

Internal Audit generated an operating deficit of 9.5 million for the 2022/23 financial year. The deficit is subsidised with the surpluses made by trading services.

Table 140: Operating Revenue and Expenditure: Internal Audit

Operating Revenue and Expenditure: Internal Audit						
Serial No.	Description	2021/22 Actual Results	2022/23			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	8,608,158	8,931,112	9,103,691	9,210,068	-1.2%
2	Contracted services	542,930	632,527	464,397	5,948	98.7%
3	Depreciation and amortisation	24,272	23,836	24,863	24,788	0.3%
4	Inventory consumed	-20,524	63,979	68,979	39,504	42.7%
5	Operational Costs and Losses	83,910	36,470	193,600	256,703	-32.6%
6	Total Operating Expenditure	9,238,746	9,687,924	9,855,530	9,537,011	3.2%
7	Operating (Surplus) / Deficit	9,238,746	9,687,924	9,855,530	9,537,011	3.2%

3.39.2 Capital Expenditure

The Internal Audit Division had no capital projects for the year under review.

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.

Only the following mentioned programmes could be successfully implemented in 2022/23:

- Internal and External Bursaries;
- Long Service Ceremony; and
- Employee Assistance Programme.

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 and conducting of medical check-ups by relevant service providers and medical aid schemes.

4.2 TOTAL EMPLOYMENT

The total number of employees at the end of June 2023 is 1,653 and we have filled 151 in the financial year 2022/23. Terminations were mainly due to pensioners, death and very few dismissals.

4.2.1 Employee Totals per GFS Classification

The total number of employees (1,653) at the end of the 2022/23 financial year is depicted per GFS classification or functional area in the table below. The organisational structure approved by Council on 30 June 2023 provides for 2,784 posts taking Drakenstein's future growth into consideration. The number of budgeted vacant positions is 294, the vacancy rate of 11.7% as at the end of the 2022/23 financial year, based on only budgeted positions.

Table 141: Total Employees per GFS Classification

Total Employees per GFS Classification								
Serial No.	Description of Departments/Divisions	2021/22	2022/23					Vacancy Rate
		Number of Employees	Number of Approved Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies (Funded)	
Column Ref.	A	B	C	D	E	F	G	H
1	Water and Waste Water Services	208	336	123	213	185	28	13.1%
2	Electricity Services	145	200	50	150	124	26	17.3%
4	Waste Management (Solid Waste and Landfill Management)	132	213	80	133	110	23	17.3%
5	Housing (Human Settlements and Rental Stock (Rural Development Excluded))	72	101	25	76	68	8	10.5%
6	Roads and Stormwater	161	240	80	160	146	14	8.8%
7	Planning Services	51	52	3	49	46	3	6.1%
8	Economic Development	8	10	0	10	9	1	10.0%
9	Library Services	76	107	32	75	65	10	13.3%
10	Cemeteries and Crematoria and Resorts	61	125	44	81	50	31	38.3%
11	Community Halls, Facilities & Thusong Centres	63	75	13	62	56	6	9.7%
12	Child Care, Aged Care & Social Programmes	7	10	1	9	8	1	11.1%
13	Environmental Management	6	8	3	5	5	0	0.0%
14	Biodiversity and Landscaping (Parks)	157	187	52	135	125	10	7.4%
15	Traffic, Licensing and Law Enforcement	113	191	77	114	104	10	8.8%
16	Fire and Disaster Management	86	145	59	86	74	12	14.0%
17	Sport and Recreation	121	181	61	120	63	57	47.5%
18	Executive and Council Support	11	13	0	13	13	0	0.0%
19	Financial Services	146	213	54	159	133	26	16.4%
20	Human Resources	35	51	13	38	34	4	10.5%
21	ICT Services	11	14	3	11	11	0	0.0%
22	Property Services	0	0	0	0	0	0	N/A
23	Legal and Administrative Services (Legal Services and Property Administration)	12	19	7	12	10	2	16.7%
24	Risk Management	3	6	1	5	5	0	0.0%
25	Procurement Services	47	57	10	47	42	5	10.6%
26	Other	199	230	45	185	167	18	9.7%
27	Total	1,931	2,784	836	1,948	1,653	295	15.1%

4.2.2 Employee Vacancy Rate per Occupational Level

The Municipality filled a significant number of priority vacancies across all departments in the 2022/23 financial year. The vacancy rate for funded positions is 14.0% for the financial year reflected below.

Table 142: Employee Vacancy Rate per Occupational Level

Vacancy Rate per Occupational Level 2022/23									
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	2	50%	0	4	2	2	50%
4	Senior Management: Levels 16 - 18	58	10	17%	8	50	48	2	4%
5	Senior Management: Levels 13 - 15	102	23	23%	15	87	79	8	9%
6	Highly skilled supervision: Levels 9 - 12	473	198	42%	145	328	275	53	16%
7	Total	639	233	36%	168	471	406	65	14%

4.2.3 Employee Turnover Rate

Based on the number of employees of 1,653 at year-end and the terminations of 101 for the year under review, the turnover rate is 6.1%.

Table 143: 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	2020/21	1,778	81	4.6%
2	2021/22	1,706	85	5.0%
3	2022/23	1,653	101	6.1%

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 and reports to the Local Labour Forum.

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.

EE targets are revisited every time a new structure is adopted and confirmation of budgeted posts. For the purpose of this report, the targets per gender classification will be based on the confirmed budgeted posts.

Table 144: Employment Equity Targets/Actuals by Race Classification

Employment Equity Targets/Actuals by Race Classification				
Serial No.	2022/23			
	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	634	445	70.18%
2	Coloured	1,329	1,097	82.54%
3	Indian	2	8	400.0%
4	Whites	215	103	47.90%
5	Total	2,180	1,653	75.82%

4.3.2 Employment Equity Targets/Actuals by Gender Classification

Table 145: Employment Equity Targets/Actuals by Gender Classification

Employment Equity Targets/Actuals by Gender Classification				
Serial No.	2022/23			
	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	1,304	1,035	79.37%
2	Female	876	618	70.54%
3	Total	2,180	1,653	75.82%

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 146: 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	1	4	0	0	0	0	0	4
Senior Management	0	4	0	7	11	2	4	0	0	6	17
Professionally qualified and experienced specialists and mid-management.	7	45	2	23	77	9	15	1	6	31	108
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	31	123	2	22	178	23	68	0	14	105	283
Semi-skilled and discretionary decision making	111	345	0	17	473	84	219	3	9	315	788
Unskilled and defined decision making	104	183	0	5	292	72	89	0	0	161	453
Total Employees	253	703	4	75	1035	190	395	4	29	618	1,653

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 2022/23. The total number of policies that HR are responsible for is twenty-five (25). One new policy has been developed and adopted in this financial year as well as six were reviewed and adopted at the end of 30 June 2023.

Table 147: 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	Reviewed	30 June 2023
2	Mentoring Policy	New	30 June 2023
3	Dress Code Policy	To be reviewed	30 January 2019
4	Training and Development	Reviewed	30 June 2023
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	Reviewed	30 June 2023
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	Reviewed	30 June 2023
16	Recruitment and Selection Policy	Reviewed	30 June 2023
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 2023
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	n/a	29 July 2020
24	EE Plan	To be reviewed	2017 - 2023
25	HR Plan	Reviewed	2023 -2028

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 2022/23 financial year as depicted in the table below. The Department of Engineering Services (39.33%) and Community Services (35.38%) were the main contributors to sick leave as a percentage of total sick leave days taken.

Table 148: Sick Leave per Department/Division

Sick Leave per Department/Division					
Serial No.	Department/Division	2021/22		2022/23	
		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	24	0.12%	19.0	0.13%
2	Risk Management Division	13	0.07%	46.5	0.31%
3	Communication and Marketing Division	16	0.08%	72.0	0.48%
4	Internal Audit Division	119	0.61%	86.9	0.58%
5	Integrated Development Planning and Performance Management Division	40	0.21%	30.0	0.20%
6	Department of Corporate and Planning Services	2,300	11.92%	1,764.7	11.68%
7	Department of Financial Services	2,384	12.36%	1,801.3	11.92%
8	Department of Engineering Services	7,748	40.17%	5,940.4	39.33%
9	Department of Community Services	6,645	34.45%	5,344.7	35.38%
10	Total	19,289	100%	15,105.5	100.00%

4.4.2.2 Sick Leave per Occupational Level

From the table below it is clear that the semi-skilled occupational level (47.23%) and unskilled occupational level (27.92%) were the main contributors to sick leave as a percentage of total sick leave days taken.

Table 149: Sick Leave per Occupational Level

Sick Leave per Occupational Level					
		2021/22		2022/23	
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	4	0.02%	2	0.01%
2	Senior Management	349.48	1.81%	138	0.91%
3	Professionally qualified	1,248.97	6.47%	1,112.32	7.36%
4	Skilled technical	3,210.30	16.63%	2,500.95	16.56%
5	Semi-skilled	9,012.97	46.69%	7,134.21	47.23%
6	Unskilled	5,477.79	28.38%	4,218.03	27.92%
7	Total	19,303.51	100%	15,105.51	100.00%

4.4.3 Injuries

The number of injury leave days taken during the year under review amounts to 642 working days and the 188 employees involved represents 8.03% of the total employees (2,335) (Inclusive of temporary and EPWP) in employment as at 30 June 2023.

4.4.3.1 Injuries per Department

Table 150: 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	250	126	1.98	5.39%
2	Temporary total disablement	269	56	4.81	2.39%
3	Permanent disablement	123	6	20.50	0.25%
4	Total	642	188	3.41	8.03%

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
5	* Based on total of 2,335 employees comprising of 1,653 plus 39 temporary employees plus 643 EPWP employees as at 30 June 2023.				

Table 151: Injuries per Department

Serial No.	Department	No. of injuries		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Engineering Services	91	71	63
2	Community Services	64	78	113
3	Planning and Development	1	17	12
4	Financial Services	9	5	6
5	Corporate Services	9	6	10
6	Office of the City Manager	0	0	0
7	Total	174	177	204

4.4.3.2 Injuries per Occupational Level

Table 152: Injuries per Occupational Level

Serial No.	Occupational Level	No. of injuries		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Unskilled	79	96	122
2	Semi-skilled	76	65	59
3	Skilled	14	15	20
4	Professional	2	1	1
5	Senior Management	3	0	2
6	Total	174	177	204

4.4.3.3 Cost of Injuries

The total cost due to injuries amounts to **R491,374.00** 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 153: Cost of Injuries per Department

Serial No.	Department	Cost of Injuries (R)		
		2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Engineering Services	R187,082.15	R306,923.39	R145,495.95
2	Community Services	R168,266.77	R186,829.44	R276,755.39
3	Planning and Development	R452.00	R21,736.13	R34,654.13
4	Financial Services	R13,873.65	R6,864.43	R19,445.91
5	Corporate Services	R9,842.79	R4,106.44	R15,022.62
6	Office of the City Manager	-	-	-
7	Total	R379,517.36	R526,459.83	R491,374.00

4.4.4 Suspensions

During the 2022/23 financial year a total of 5 disciplinary hearings were held for 8 employees who were placed on precautionary suspension pending disciplinary investigations into their alleged involvement in cases of serious misconduct.

Two (2) of the employees charged with misconduct, resigned before the completion of their hearings. One (1) of the disciplinary hearings completed, was a joint hearing for 3 employees, hence the difference in the number of hearings and suspended employees. One (1) hearing is still ongoing and to be finalised soon.

4.4.4.1 Suspensions per Department

The eight (8) employees placed on precautionary suspension during 2022/23, one (1) employee is from the Engineering Services Department and 7 employees from the Community Services Department.

4.4.4.2 Suspensions per Occupational Level

The eight (8) employees placed on precautionary suspension during 2022/23, one (1) employee classified as a skilled employee, 6 as semi-skilled employees and 1 as an unskilled employee.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 INTRODUCTION

Drakenstein is implementing multiple flagship programmes to advance skills capacity and employee work-performance. This is in line with the National Skills Strategy, accelerated service delivery and contributes to economic expansion and an inclusive growth path.

During the 2022/23 financial year, the bursaries, workplace skills programme plan, occupational workplacements, professional membership /candidacy programmes, artisan development were amongst various programmes rolled out and funded for employee capacity building.

4.5.1 Skills Matrix

One thousand one hundred and twenty-one (1,121) officials have been trained in various capacity building interventions from 1 July 2022 until 30 June 2023. The total excludes bursary recipients and professional bodies affiliation and memberships funded officials.

The table below indicates only the number of employees at professional and management levels that received training in the year under review.

Table 154: Skills Matrix

Skills Matrix								
Serial No.	Management Level	Gender	Number of skilled employees required and actual as at 30 June 2023					
			Learnerships		Skills programmes and other short courses		Total	
			Actual 2023	Target	Actual 2023	Target	Actual 2023	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	7	7	11	11	18	18
4		Male	3	3	16	16	19	19
5	Technicians and Associate Professionals	Female	5	5	21	21	26	26
6		Male	1	1	41	41	42	42
7	Professionals	Female	1	1	15	15	16	16
8		Male	1	1	9	9	10	10
9	Sub-Totals	Female	14	14	47	47	61	61
10		Male	5	5	66	66	71	71
11	Total		19	19	113	113	132	132

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 155: 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"> • Infrastructure Asset and Maintenance • Labour Intensive Construction • Electricity Reticulation • Water Services Roads 	<ul style="list-style-type: none"> • Truck Mounted Crane Full Course • Truck Mounted Crane Refresher Course • ARPL Carpentry Programme • ARPL Electrician • Confined Space Entry Full Course • Chainsaw Operator full course • Front - End and Backhoe Loader • Scaffolding Erection & Inspection • Weedeater Full Course • Weedeater Refresher Course • Chainsaw • Forklift Full Course • Tractor Operator • Working at Heights • ORHVS Entry to Substation Course • Fire Extinguisher Training • Cherry Picker Refresher Full Course • Cherry Picker Refresher Course • Digger Loader • Fire Extinguisher Training • Safe handling of Chlorine

Serial No.	Sector Priority	Skills Areas	Learning Programmes
			<ul style="list-style-type: none"> Overhead Crane Full Course High Tension Medium Voltage Cable Switching Refresher Course High Tension Medium Voltage Cable Switching Full Course ORHVS: Authorised Persons ORHVS: Responsible Persons High Tension Medium Voltage Cable Jointing Full Course Implement Safety Health & Environmental Requirement in a Gas Installation Course Firearm Refresher Training ARPL Carpentry Programme Front End Loader Confined Space Entry
2	Financial Viability	<ul style="list-style-type: none"> Property Valuation; Audit and Procurement; Municipal Finance; and Accounting Technicians. 	<ul style="list-style-type: none"> Municipal Finance and Administration Local Government Accounting Certificate NQF3 Local Government Advance Accounting Certificate NQF4 Chartered Certified Accountant Candidacy Programme Fraud and Fraud Risk Indicators
3	Community Based Participation and Planning	<ul style="list-style-type: none"> IDP; LED; Ward Committees; and Urban Planning. 	<ul style="list-style-type: none"> MS Office (Word/Excel/PowerPoint) Basic- Advance Advance Project Management Bursaries (Internal & LGSETA)

Serial No.	Sector Priority	Skills Areas	Learning Programmes
			<ul style="list-style-type: none"> • Internships / Graduate Placements • Induction & Orientation Workshop
4	Management and Leadership	<ul style="list-style-type: none"> • Municipal Leadership Development 	<ul style="list-style-type: none"> • NC Local Government Councillor Development Programme; • Municipal Minimum Competency Levels; • Integrated Councillor Induction Programme; and • Diversity and Change Management.
5	AET and Foundational Learning	<ul style="list-style-type: none"> • AET 	<ul style="list-style-type: none"> • Driver Training Code 8, 10 & 11.
6	Workplace Committee Training	<ul style="list-style-type: none"> • LLF Training; • ODETDP; and • OHS. 	<ul style="list-style-type: none"> • Occupational Health and Safety Act Construction Regulations • First Aid L1, L2 & L3 • Incident Investigation • HIRAC • Occupational Health and Safety Representative • Flagging • Asbestos Abatement Regulations

4.5.3 Skills Development – Budget Allocation

The table below indicates that a total amount of R1,006,903.00 was allocated to the workplace skills plan interventions excluding bursaries. An amount of R999,058.11 was spent equating to 99.9% of budgeted expenditure.

Table 156: Skills Development – Budget Allocation

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%
4	2022/2023	R1,006,903.00	R999,058.11	99.99%

Table 157: Skills Development – Expenditure

Serial No.	Item	Allocated Budget	Actual Expenditure	Balance
Column Ref.	A	B	C	D
1	Council Training Budget 2022/23	R1,006,903.00	R999,058.11	R7,844.89
2	External Bursaries 2022/23	R400,000.00	R398,225.00	R1,775.00
3	Rural Bursaries 2022/23	R400,000.00	R373,760.00	R26,240.00
4	Internal Bursaries 2022/23	R400,000.00	R392,577.38	R7,422.62
5	Provincial Bursaries (FMG)2022/23	R450,000.00	R409,398.00	R40,602.00
6	Professional Bodies Affiliation and Annual Membership 2022/23	R100,000.00	R99,089.44	R910.15

4.5.4 MFMA Minimum Competencies

The Municipal Regulations on Municipal Competency Levels, 2007 aims to ensure that all municipal officials with financial management responsibilities comply with the issued minimum competency levels for their positions. Seventeen (17) prescribed officials comply with the regulations, two are currently on training and five posts are vacant. Over and above the Regulations required target, Drakenstein Municipality has successfully trained fifty-one additional officials.

Table 158: 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	Financial Officials						
2	Accounting Officer	1	0	1	1	1	1
3	Chief Financial Officer	1	0	1	1	1	1
4	Senior Managers	3	0	3	3	3	2
5	Any other Financial Officials	10	0	10	10	10	9
6	Supply Chain Management Officials						
7	Heads of Supply Chain Management Units	1	0	1	1	1	1
8	Supply Chain Management Senior Managers	3	0	3	3	3	3
9	Total	19	0	19	19	19	17

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

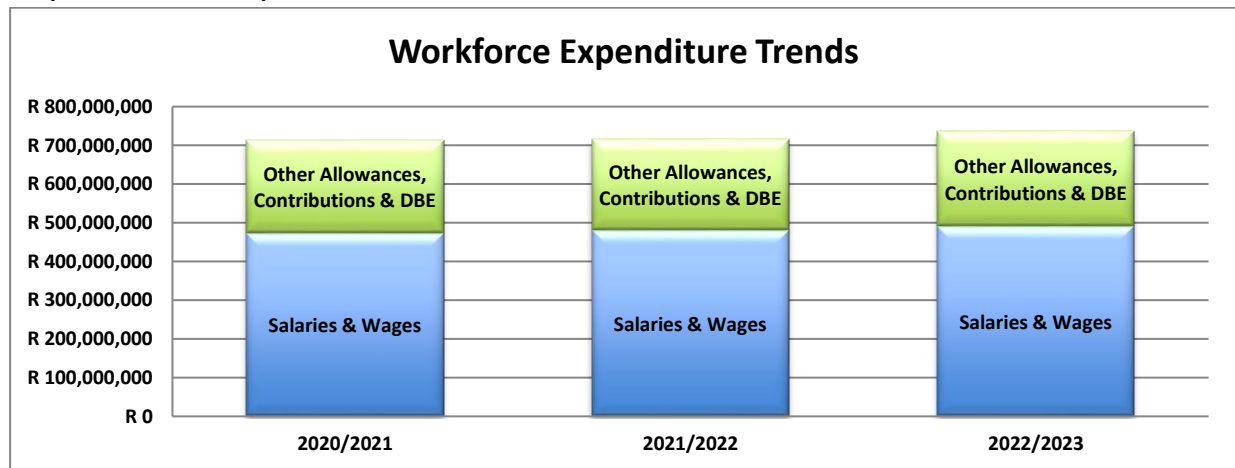
4.6 INTRODUCTION

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 R735.7 million, depicted in the table below, and together with councillors remuneration, accounted for 28.2% of the total actual operating expenditure of R2.73 billion for the 2022/23 financial year.

Graph 7: Workforce Expenditure Trends



The total workforce expenditure of R735.7 million included R23.0 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP. The 2021/22 workforce expenditure included R28.0 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.

It is clear from the above that the total workforce expenditure (incl council remuneration) as a percentage of the total actual operating expenditure has fluctuated over the last three financial years from 30.2% to 28.7 to 28.2%. 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 2021/22 and 2022/23 years is depicted in the table below. Salaries and wages have increased with R19,224,097 year-on-year.

Table 159: Personnel Expenditure per Line Item

Personnel Expenditure per Line Item					
Serial No.	Description	2021/22 Actual Expenditure	2022/23 Actual Expenditure	Variance Amount	Variance %
Column Ref.	A	B	C	D	E
1	Salaries and Wages	481,502,170	490,597,504	9,095,334	1.9%
2	Salaries	481,502,170	490,597,504	9,095,334	1.9%
3	Other Allowances and contributions	206,939,663	222,053,988	15,114,325	7.3%
4	Social contributions - UIF, pensions and medical aid etc.	112,508,161	116,650,456	4,142,295	3.7%
5	Travel, accommodation and other allowances	29,210,676	30,394,882	1,184,206	4.1%
6	Housing benefits and allowances	3,501,891	3,619,893	118,002	3.4%
7	Overtime payments	34,964,714	41,913,970	6,949,256	19.9%
8	Acting Allowance	1,710,542	920,341	(790,201)	-46.2%
9	Shift Allowance	2,290,229	2,371,877	81,648	3.6%
10	Standby Allowance	9,645,665	9,718,918	73,253	0.8%
11	Night Shift Allowance	3,001,029	3,203,880	202,851	6.8%
12	Cell Allowance	3,222,706	3,422,103	199,397	6.2%
13	Workman Compensation	4,082,765	4,468,034	385,269	9.4%
14	Contribution to leave reserve	1,759,186	4,002,737	2,243,551	127.5%
17	Provision for performance bonuses	1,042,099	1,366,897	324,798	31.2%
18	Defined Benefit Plan Expense:	27,994,821	23,009,259	(4,985,562)	-17.8%
19	Post Employment Health Care Benefits	18,490,023	18,006,444	(483,579)	-2.6%
20	Ex Gratia Pension Benefits	(145,274)	(62,343)	82,931	-57.1%
21	Long Service Awards	9,650,072	5,065,158	(4,584,914)	-47.5%
22	Expenditure Recharged	-	-	-	
23	Expenditure Recharged to Capital	-	-	-	

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 R142.7 million compared with budgeted operating surplus of R32.3 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 160: Financial Summary

Financial Summary							
Serial No.	Description	2021/22	2022/23		Positive / (Negative) % Variance		
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
1	Financial Performance						
2	Property rates	416,883,724	421,689,006	434,101,418	437,182,803	3.7%	0.7%
3	Service charges	1,826,370,540	1,966,626,230	1,824,881,853	1,873,243,605	-4.7%	2.7%
4	Investment revenue	9,673,336	6,000,000	35,000,000	36,829,830	513.8%	5.2%
5	Transfers recognised – operational	184,720,227	252,396,304	234,608,494	205,179,410	-18.7%	-12.5%
6	Other own revenue	194,501,379	189,854,262	191,618,904	198,491,844	4.5%	3.6%
7	Total Revenue (excluding capital transfers and contributions)	2,632,149,205	2,836,565,802	2,720,210,669	2,750,927,492	-3.0%	1.1%
8	Employee costs	716,436,629	797,129,150	768,646,763	735,660,761	-7.7%	-4.3%
9	Remuneration of Councillors	31,654,070	35,255,123	35,255,123	33,213,291	-5.8%	-5.8%
10	Depreciation	244,514,391	246,074,231	255,000,000	246,678,677	0.2%	-3.3%
11	Finance charges	180,161,755	176,521,240	176,521,240	176,390,519	-0.1%	-0.1%
12	Materials and bulk purchases	1,038,903,119	1,114,608,983	1,039,914,863	1,033,398,650	-7.3%	-0.6%
13	Transfers and grants	15,343,997	27,160,000	25,638,195	24,907,428	-8.3%	-2.9%
14	Other expenditure	380,511,094	481,254,502	516,956,526	477,476,961	-0.8%	-7.6%
15	Total expenditure	2,607,525,055	2,878,003,229	2,817,932,710	2,727,726,286	-5.2%	-3.2%
16	Surplus (Deficit)	24,624,151	(41,437,427)	(97,722,041)	23,201,206	-156.0%	-123.7%
17	Transfers recognised – capital	118,252,168	79,249,152	129,985,727	119,514,248	50.8%	-8.1%
18	Contributions recognised – capital and contributed assets	0	0	0	0	0.0%	0.0%
19	Surplus (Deficit) after capital transfers and contributions	142,876,319	37,811,725	32,263,686	142,715,453	277.4%	342.3%
20	Share of surplus/(deficit) of associate	0	0	0	0	0.0%	0.0%
21	Surplus (Deficit) for the year	142,876,319	37,811,725	32,263,686	142,715,453	277.4%	342.3%
22	Capital Expenditure and Fund Sources						
23	Transfers recognised – capital	112,773,339	79,249,152	119,178,391	115,698,279	46.0%	-2.9%
24	Public contributions and donations	0	0	0	0	0.0%	0.0%
25	Borrowing	0	0	0	0	0.0%	0.0%
26	Internally generated funds	42,995,638	51,360,000	76,875,531	75,206,208	46.4%	-2.2%
27	Total sources of capital funds	155,768,977	130,609,152	196,053,922	190,904,487	46.2%	-2.6%
28	Financial Position						
29	Total current assets	736,538,961	676,275,704	632,630,803	928,273,532	37.3%	46.7%
30	Total non-current assets	6,683,911,138	6,358,748,979	6,424,193,749	6,647,414,686	4.5%	3.5%
31	Total current liabilities	(503,514,152)	(611,467,394)	(611,467,394)	(553,789,111)	-9.4%	-9.4%
32	Total non-current liabilities	(1,997,771,319)	(1,968,951,716)	(1,968,951,716)	(1,960,095,150)	-0.4%	-0.4%
33	Community wealth/ Equity	(4,919,164,628)	(4,454,605,573)	(4,476,405,442)	(5,061,803,957)	13.6%	13.1%

Financial Summary							
Serial No.	Description	2021/22	2022/23		Positive / (Negative) % Variance		
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
34	Cash Flows						
35	Net cash from (used) operating	293,041,641	226,425,598	248,837,190	497,826,542	119.9%	100.1%
36	Net cash from (used) investing	(228,464,413)	(115,759,274)	(181,815,767)	(170,846,483)	47.6%	-6.0%
37	Net cash from (used) financing	(13,474,970)	(78,688,303)	(78,688,303)	(71,593,245)	-9.0%	-9.0%
38	Movement in cash/cash equivalents at the year end	51,102,258	31,978,021	(11,666,880)	255,386,814	698.6%	-2289.0%
39	Asset Management						
40	Asset register summary (WDV)	6,683,816,263	6,358,748,979	6,424,193,749	6,647,414,582	4.5%	3.5%
41	Depreciation and asset impairment	244,514,391	246,074,231	255,000,000	246,678,677	0.2%	-3.3%
42	Renewal and upgrade of existing assets	83,982,583	83,029,130	99,718,769	98,143,971	18.2%	-1.6%
43	Repairs and maintenance	263,443,796	288,351,772	288,351,772	278,624,028	-3.4%	-3.4%

5.3 FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

In the table below the operating expenditure performance by GFS Classification is depicted. Drakenstein Municipality has spent R2.728 billion of the final operating adjustments budget of R2.818 billion on operating activities and it represents 94.78% of the original approved budget and 96.80% of the final operating adjustments budget. This aligns to Appendix B1 to the Annual Financial Statements.

Table 161: Financial Performance of Operating Expenditure by GFS Classification

Financial Performance of Operational Expenditure by GFS Classification							
Serial No.	Description	2021/22	2022/23		Positive / (Negative) % Variance		
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Operating Cost						
2	Water	113,603,322	137,002,143	141,249,406	130,841,324	-4.50%	-7.37%
3	Wastewater	134,142,654	135,876,024	157,908,318	154,252,028	13.52%	-2.32%
4	Electricity	1,172,781,561	1,290,147,105	1,169,481,269	1,159,701,598	-10.11%	-0.84%
5	Waste	87,878,088	96,209,437	128,426,150	126,928,509	31.93%	-1.17%
6	Other	0	0	0	0	0.00%	0.00%
7	Component A:	1,508,405,624	1,659,234,709	1,597,065,143	1,571,723,459	-5.27%	-1.59%
8	Roads	148,548,681	164,055,820	164,210,166	163,396,242	-0.40%	-0.50%
9	Planning	56,577,482	64,667,474	67,051,911	62,259,801	-3.72%	-7.15%
10	Environmental	1,691,432	1,786,375	1,795,594	1,770,722	-0.88%	-1.39%
11	Component B:	206,817,595	230,509,669	233,057,671	227,426,765	-1.34%	-2.42%
13	Community and	36,790,632	39,249,276	38,038,029	38,507,423	-1.89%	1.23%
14	Sport and	65,670,141	68,244,262	65,819,448	64,328,685	-5.74%	-2.26%
15	Security and	208,520,791	212,093,666	201,113,467	201,017,937	-5.22%	-0.05%
16	Housing	78,296,683	110,196,001	86,762,079	77,217,495	-29.93%	-11.00%
17	Health	0	0	0	0	0.00%	0.00%
18	Component C:	389,278,248	429,783,205	391,733,023	381,071,541	-11.33%	-2.72%
19	Corporate Policy	503,023,588	558,475,646	596,076,873	547,504,522	-1.96%	-8.15%
20	Component D:	503,023,588	558,475,646	596,076,873	547,504,522	-1.96%	-8.15%
21	Total Expenditure	2,607,525,055	2,878,003,229	2,817,932,710	2,727,726,286	-5.22%	-3.20%

5.4 GRANT PERFORMANCE

5.4.1 Grants received and its performance

Drakenstein utilised R325.8 million and 5.5% less than the R344.6 million budgeted in the adjustment budget.

Table 162: Operating and Capital Transfers and Grants

Operating and Capital Transfers and Grants							
R' 000							
Serial No.	Description	2021/22		2022/23		2022/23 Variance	
		Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Column Ref.	A	B	C	D	E	F	G
1	Operating Transfers and Grants						
2	National Government:	254,832,000	262,643,130	278,033,000	278,033,000	5.9%	0.0%
3	Equitable Share	171,259,000	194,355,000	194,355,000	194,355,000	0.0%	0.0%
4	IUDG	52,326,000	53,903,478	61,989,000	61,989,000	15.0%	0.0%
5	Finance Management Grant (FMG)	1,550,000	1,550,000	1,550,000	1,550,000	0.0%	0.0%
6	Electrification Grant (INEP)	18,315,000	8,695,652	16,000,000	16,000,000	84.0%	0.0%
7	Expanded Public Works Grant (EPWP)	3,287,000	4,139,000	4,139,000	4,139,000	0.0%	0.0%
8	Electricity Demandside Grant	4,095,000	0	0	0	0.0%	0.0%
9	Water Infrastructure Grant (WSIG)	4,000,000	0	0	0	0.0%	0.0%
10	Provincial Department:	29,336,535	49,751,000	32,105,550	21,975,162	-55.8%	-31.6%
11	1068 Houses	49,919	0	0	0	0.0%	0.0%
12	Carterville Housing Project	0	0	0	0	0.0%	0.0%
13	Chester Williams, Lovers Lane	124,700	0	0	0	0.0%	0.0%
14	Community Development Workers	799,480	113,000	204,223	203,836	80.4%	-0.2%
15	Development of Sport & Recreation	899,906	0	0	0	0.0%	0.0%
16	Drom 181/1407 HSDG	0	0	0	0	0.0%	0.0%
17	Amstelhof	10,348	0	0	0	0.0%	0.0%
18	Paarl East	52,296	0	0	0	0.0%	0.0%
19	Public Employment	2,000,000	0	0	0	0.0%	0.0%
20	Electricity Planning	0	800,000	800,000	799,993	0.0%	0.0%
21	Financial Management Capacity Building Grant	242,035	0	450,000	409,398	0.0%	-9.0%
22	Financial Management Capacity Building Grant	686,664	0	0	0	0.0%	0.0%
23	Financial Management Support Grant	942,941	0	80,175	80,037	0.0%	-0.2%
24	Kingston/Lantana	151,981	0	0	0	0.0%	0.0%
25	Kingston Transfers	0	0	0	0	0.0%	0.0%
26	Mbekweni 557	0	0	0	0	0.0%	0.0%
27	Municipal Accreditation and Capacity Building	125,460	256,000	256,000	256,000	0.0%	0.0%
28	P59 Fairyland	0	12,210,000	1,550,000	1,080,868	-91.1%	-30.3%
29	Public Works and Transport (Roads)	16,811,909	780,000	780,000	780,723	0.1%	0.1%
30	Public Works and Transport (Roads)1	686,100	0	2,737,000	2,737,000	0.0%	0.0%
31	Rsep	1,300,000	600,000	600,000	600,000	0.0%	0.0%
32	Schoongezicht	4,452,796	14,800,000	11,576,152	9,027,308	-39.0%	-22.0%
33	Other Housing	0	20,192,000	7,072,000	0	-100.0%	-100.0%
34	Municipal Load Shedding Relief Grant	0	0	6,000,000	6,000,000	0.0%	0.0%
35	Other Grants	4,335,430	1,250,022	4,142,108	2,664,943	113.2%	-35.7%
36	Training Grant	864,535	0	1,957,271	1,430,707	0.0%	-26.9%
37	Neumarkt	3,470,895	1,250,022	2,184,837	1,234,236	-1.3%	-43.5%
38	District Municipality	5,545,047	650,000	1,541,000	1,254,752	93.0%	-18.6%
39	Cape Winelands (Tourism)	5,545,047	150,000	150,000	113,042	-24.6%	-24.6%
40	Cape Winelands	0	500,000	300,000	269,037	-46.2%	-10.3%
41	Cape Winelands	0	0	91,000	58,638	0.0%	-35.6%
42	Cape Winelands	0	0	1,000,000	814,035	0.0%	-18.6%
43	Donations and Other Contributions	9,127,648	0	28,818,563	21,846,659	0.0%	-24.2%
44	Santam Risk and Resilience Project	0	0	0	243,581	0.0%	0.0%
45	Berg en Dal Development	0	0	0	8,568,858	0.0%	0.0%
46	Honeydew Estate	0	0	0	3,082,155	0.0%	0.0%
47	Hugo Rust Primary	0	0	0	89,376	0.0%	0.0%
48	Mountain Dew Sevelment	0	0	0	2,155,595	0.0%	0.0%
49	Park Sinage	0	0	0	18,916	0.0%	0.0%
50	Sportsman Warehouse	0	0	0	1,541,790	0.0%	0.0%
51	The Acres	0	0	0	5,804,388	0.0%	0.0%
52	Vesting Public Places	0	0	0	326,000	0.0%	0.0%
53	Vesting Reserves	0	0	0	16,000	0.0%	0.0%
54	Other Capital in kind	9,127,648	0	28,818,563	0	0.0%	-100.0%
55	Total Operating Transfers and Grants	303,176,674	314,294,152	344,640,221	325,774,526	3.7%	-5.5%

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 R27.4 million compared with the R55.9 million of the 2021/22 financial year.

Table 163: Grants received from sources other than the Division of Revenue Act (DoRA)

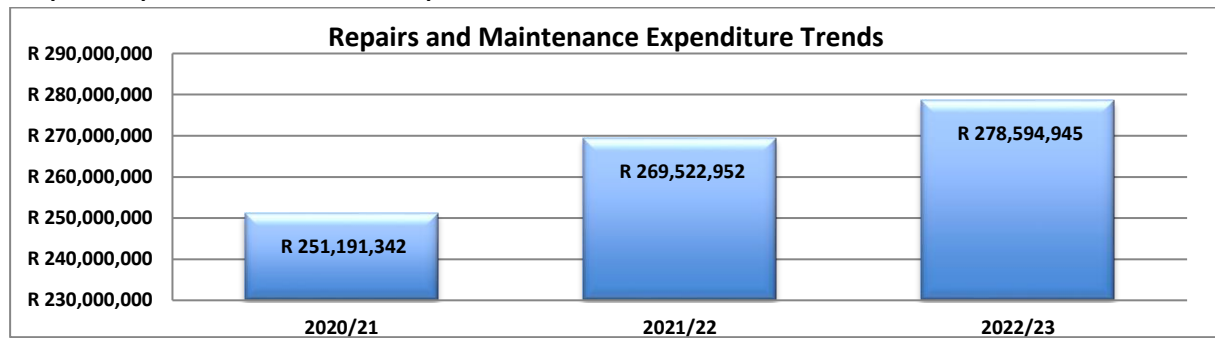
Grants received from sources other than Division of Revenue Act (DORA)			
Serial No.	Description	2021/22	2022/23
Column Ref.		Actual	Actual
	A	B	C
1	Grants other than from DORA		
2	Provincial Department	28,628,841	29,682,559
3	Community Development Workers	446,676	233,508
4	Drom 181/1407 (HSDG)	0	569,695
5	Siyahlala	0	1,569,723
6	Mbekweni 557	0	693,182
7	1068 Houses	0	152,225
8	Carterville Housing	0	956,503
9	Chester Williams, Lovers Lane	0	542,009
10	Drommedaris EHP	0	168,249
11	Financial Management Capacity Building	0	507,965
12	Financial Management Capacity Building	0	80,162
13	Kingston Town Transfers	0	53,000
14	Municipal Accreditation and capacity building	0	616,652
15	P59 Fairy Lands	0	3,594,655
16	RSEP	1,300,000	600,000
17	Kingston / Lantana	151,981	0
18	1068 Houses	49,919	0
19	Paarl East	52,296	0
20	Amstelhof	10,348	0
21	Chester Williams, Lovers Lane	124,700	0
22	Finance Management Support	931,383	0
23	Western Cape Finance and Administration	0	6,000,000
24	Electricity Planning	0	800,000
25	Proclaimed Roads	17,498,009	3,517,723
26	Mbekweni Thusong Centre	343,332	0
27	Schoongezicht	4,452,796	9,027,308
28	Employee Bursaries	242,035	0
29	Public Employment	2,000,000	0
30	Sport Development	899,906	0
31	Capacity Building	0	0
32	Accelerated Housing	125,460	0
33	Other Grants	4,335,430	5,363,167
34	Traning Grant	864,535	2,650,986
35	Neumarkt	3,470,894	2,712,181
36	District Municipality	5,545,047	1,697,203
37	Cape Winelands	5,545,047	1,697,203
38	Other Grant Providers	10,448,667	22,210,240
39	Wind Park	196,238	0
40	Cummings Street	105,790	0
41	Val de Vie Estate	4,340,906	0
42	Newton	138,087	0
43	Bainskloof Pass	464,697	0
44	Wemmershoek Road (R301) and Minor Lustigan Road	542,985	0
45	BRB//Cecilia Street Intersction	654,013	0
46	Cecilia Street	3,854,001	0
47	Cape Winelands District Municipality	151,950	0
48	Santam Risk and Resilience Project	0	243,581
49	Berg en dal Development	0	8,568,858
50	Honeydew Estate	0	3,082,155
51	Hugo Rust Primary	0	89,376
52	Mountain Dew Development	0	2,155,595
53	Park signage	0	18,916
54	Sportsmans Warehouse	0	1,541,799
55	The Acres	0	5,804,388
56	Trust Fund : Mun Widow and Pension Fund	0	363,572
57	Vesting Public Spaces	0	326,000
58	Vesting Reserves	0	16,000
59	Total Operating Transfers and Grants	48,957,985	58,953,169

*Note: It should be noted that funds received for the Library function is not treated as a grant but as funds received for goods and services and therefore will not reflect udner grants and subsidies any more.

5.5 REPAIRS AND MAINTENANCE EXPENDITURE

From the chart below, it can be seen that the investment in repairs and maintenance costs has substantially increased from R251.2 million in the 2020/21 financial year to R269.5 million in the 2021/22 year to R278.6 million. The repairs and maintenance costs represents 10.3% of the total operating expenditure of R2.7 billion for the year under review.

Graph 8: Repairs and Maintenance Expenditure Trends



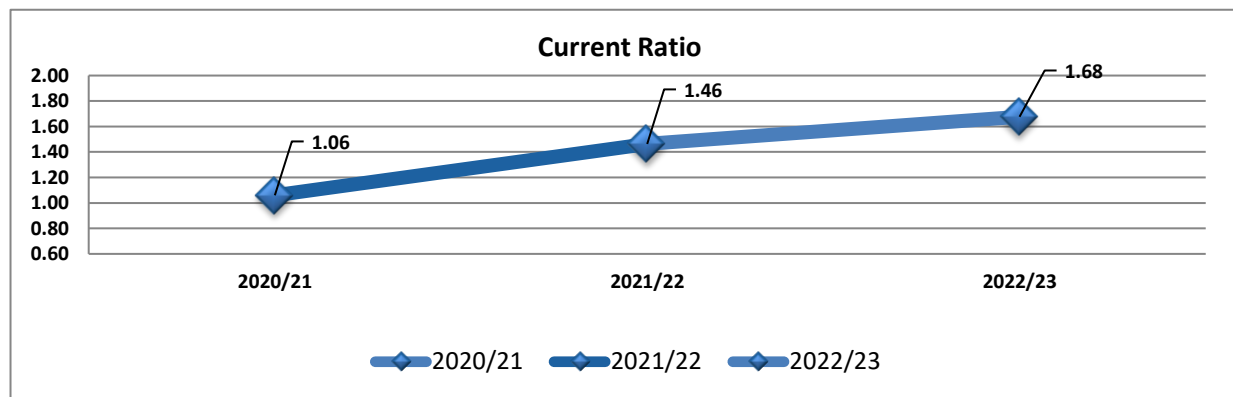
5.6 FINANCIAL RATIOS

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 1.68:1 at the end of the 2022/23 financial year.

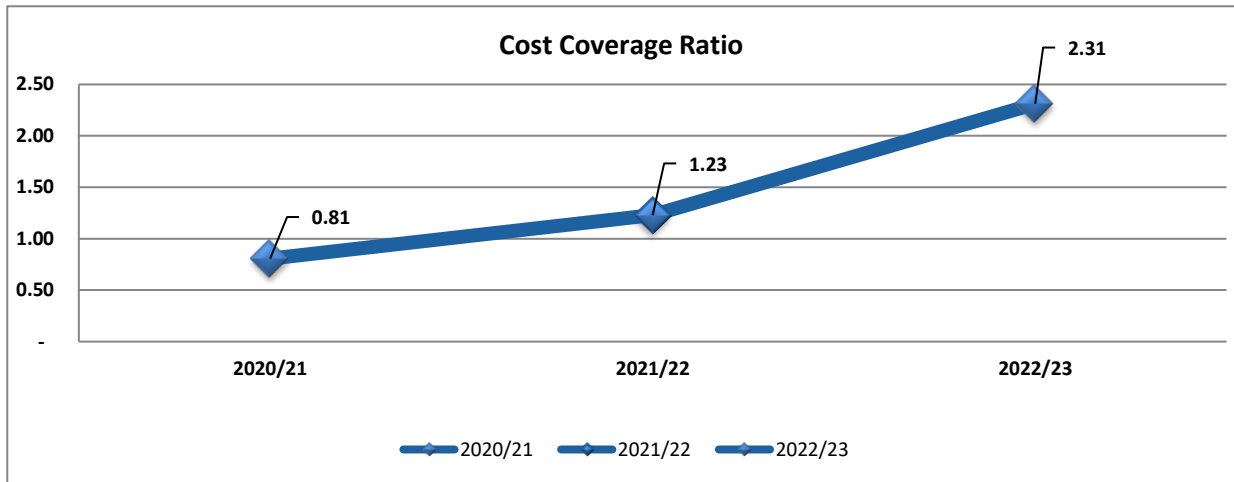
Graph 9: Current Ratio



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 2020/21 year to the current 2.31 times coverage for the 2022/23 year. This is an indicator that the cash flow of the Municipality is under strain, but recovering.

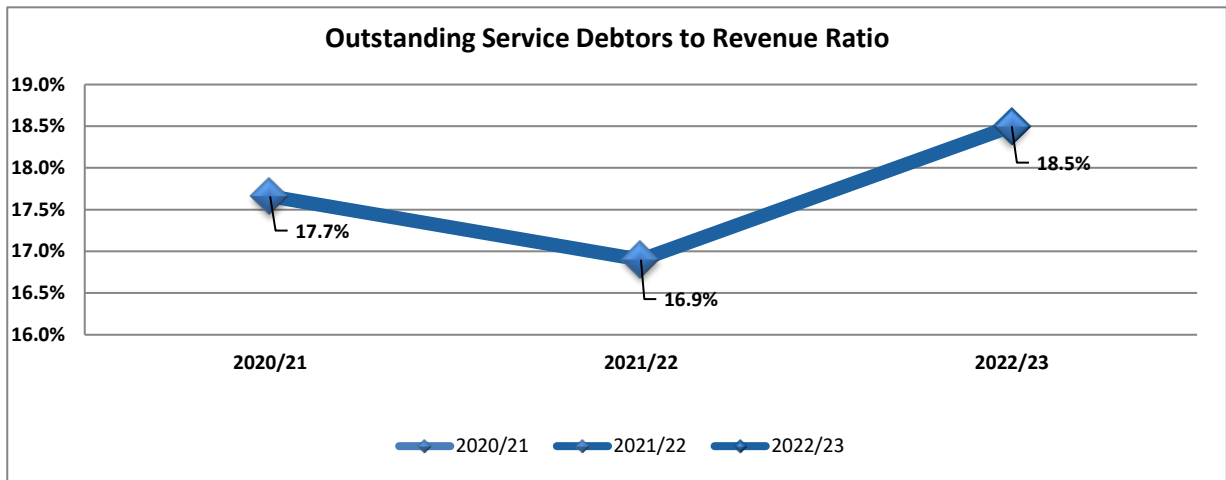
Graph 10: Cost Coverage Ratio



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 increased from 2021/22 to 2022/23.

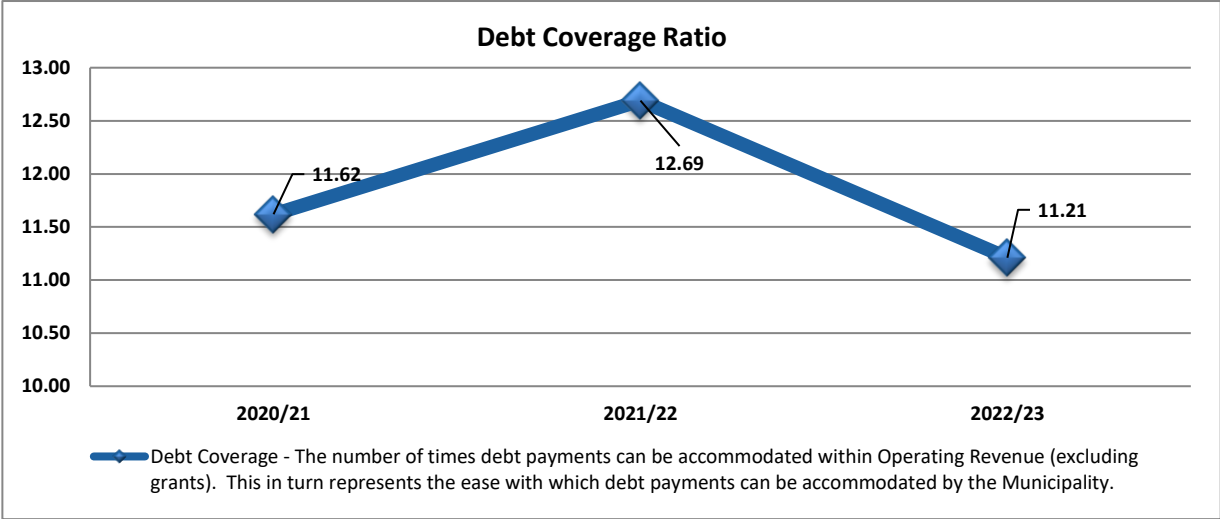
Graph 11: Outstanding Service Debtors to Revenue Ratio



5.6.4 Debt Coverage Ratio

This ratio shows an decrease from 12.69 times at the end of the 2021/22 to 11.21 at the end of the 2022/23 financial year. The decrease is due to the repayment of loans after the payment holiday received by the Municipality.

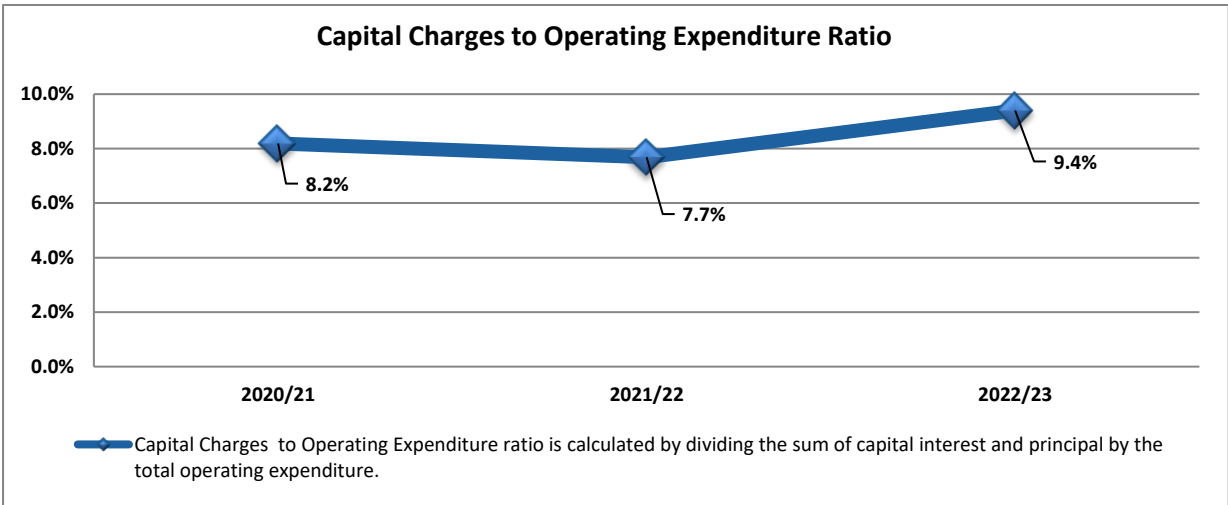
Graph 12: Debt Coverage Ratio



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 7.7% in 2021/22 to 9.4% at the end of 2022/23.

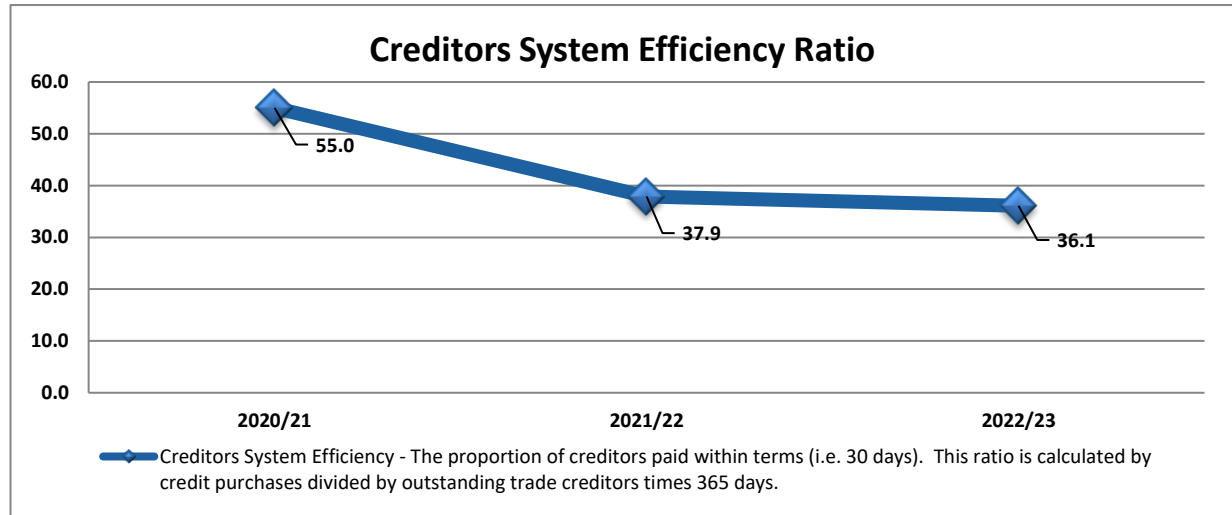
Graph 13: Capital Charges to Operating Expenditure Ratio



5.6.6 Creditors System Efficiency Ratio

The creditors' payment period has decreased from 37.9 days in 2021/22 to 36.1 days in the 2022/23 financial year, although still above the norm of 30 days, it is an improvement from the previous year.

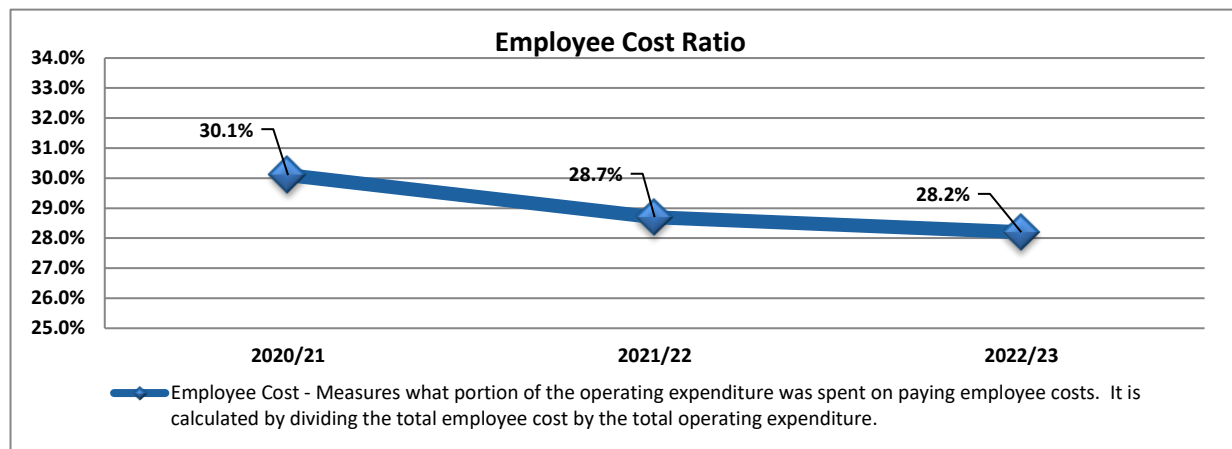
Graph 14: Creditors System Efficiency Ratio



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 2022/23 28.2% is well within the norm of 25% to 40% of the industry.

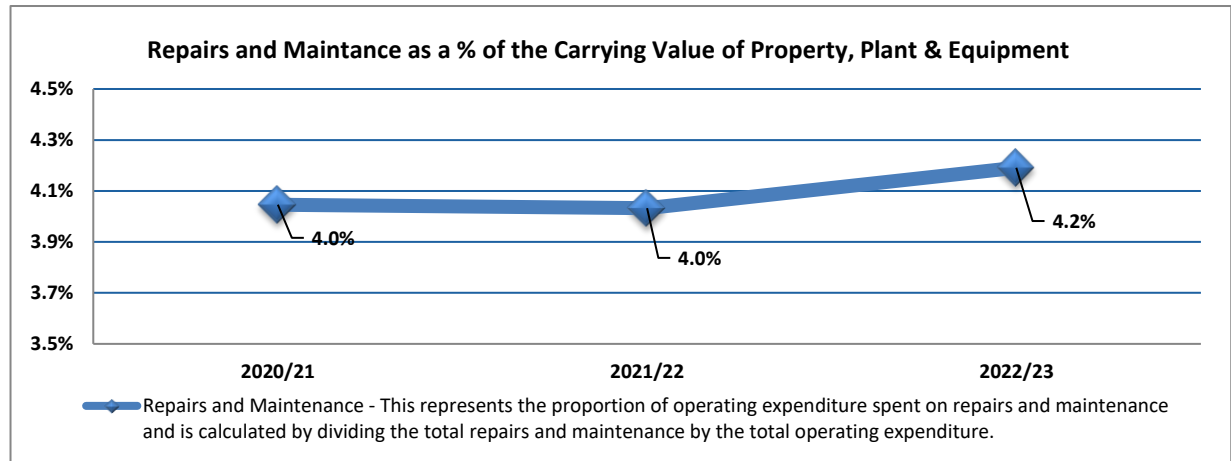
Graph 15: Employee Cost Ratio



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 increased from 4.0% for the 2021/22 financial year to 4.2% for the 2022/23 year. This is still well below the unreachable norm of 8% set by National Treasury for a municipality investing heavily in new and replacement infrastructure.

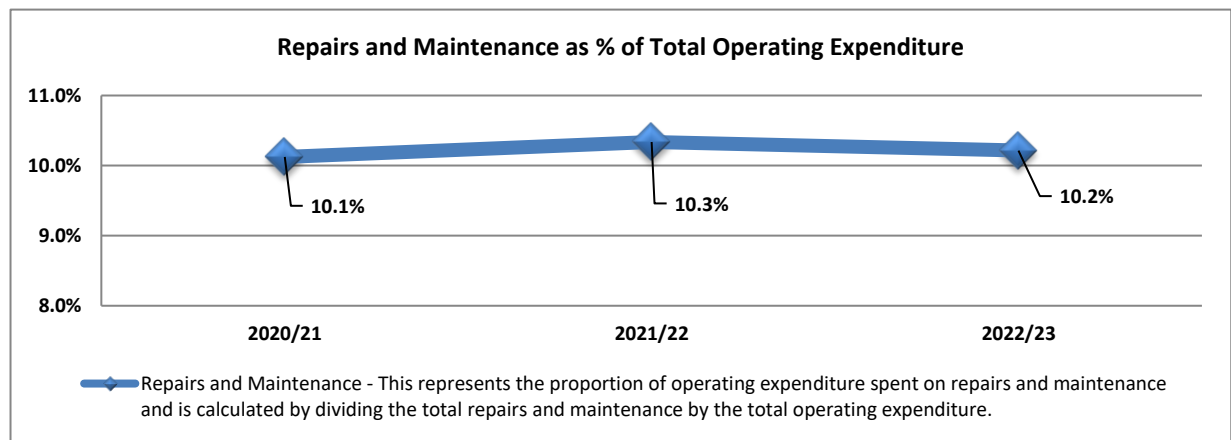
Graph 16: Repairs and Maintenance as a % of the Carrying Value of Property, Plant & Equipment



5.6.9 Repairs and Maintenance Ratio as a % of Total Operating Expenditure

The percentage amount of repairs and maintenance decreased from 10.3% in the 2020/21 financial year to 10.2% in the 2022/23. 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, R190.9 million or 97.4% of the final capital adjustments budget amount of R196.1 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 R141.1 million was invested in basic services infrastructure (electricity, water, waste water, refuse, roads and stormwater) which represents 98.2% of the R143.7 million allocated for basic services infrastructure in the final adjustments budget.

Table 164: Capital Expenditure on Basic Services Infrastructure

Capital Expenditure 2022/23: Basic Services Infrastructure							
Serial No.	Capital Project Description	Actual 2022/23	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	115,584,383	94,805,550	143,664,900	141,094,136	-48.8%	1.8%
2	Total Capital Expenditure	115,584,383	94,805,550	143,664,900	141,094,136	-48.8%	1.8%

5.8.2 Capital Expenditure on Social Infrastructure

An amount of R6.1 million was invested in social infrastructure which represents 78.7% of the R7.7 million allocated for social infrastructure in the final adjustments budget.

Table 165: Capital Expenditure on Social and Economical Infrastructure

Capital Expenditure 2022/23: Social and Economical Infrastructure							
Serial No.	Capital Project Description	Actual 2022/23	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	21,726,636	8,113,602	7,697,302	6,060,245	25.3%	21.3%
2	Total Capital Expenditure	21,726,636	8,113,602	7,697,302	6,060,245	25.3%	21.3%

5.8.3 Capital Expenditure on Operational Infrastructure

An amount of R43.8 million was invested in operational infrastructure which represents 97.9% of the R44.7 million allocated for operational infrastructure in the final adjustments budget.

Table 166: Capital Expenditure on Operational Infrastructure

Capital Expenditure 2022/23:Operational Infrastructure							
Serial No.	Capital Project Description	Actual 2022/23	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 Infrastructure	19,740,433	27,690,000	44,691,720	43,750,106	-58.0%	2.1%
2	Total Capital Expenditure	19,740,433	27,690,000	44,691,720	43,750,106	-58.0%	2.1%

5.9 CAPITAL EXPENDITURE SOURCES OF FINANCE

The funding sources of capital expenditure are depicted in the table below.

Table 167: Capital Expenditure - Funding Sources 2022/23

Capital Expenditure – Funding Sources 2022/23							
Serial No.	Details	2021/22	2022/23				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	Source of finance						
2	External loans	0	0	0	0	0.00%	0.00%
3	Public contributions and donations	0	0	0	0	0.00%	0.00%
4	Grants and subsidies	112,773,339	79,249,152	119,178,391	115,698,279	-50.38%	2.92%
5	Other	44,278,112	51,360,000	76,875,531	75,206,208	-49.68%	2.17%
6	Total	157,051,452	130,609,152	196,053,922	190,904,487	-50.11%	2.63%
7	Percentage of finance						
8	External loans	0%	0%	0%	0%	0%	0.00%
9	Public contributions and donations	0%	0%	0%	0%	0%	0.00%
10	Grants and subsidies	72%	61%	61%	61%	0%	0.30%
11	Other	28%	39%	39%	39%	0%	-0.47%
12	Capital expenditure						
13	Water and sanitation	21,724,078	26,594,032	32,568,028	32,567,779	-22.46%	0.00%
14	Electricity	45,041,508	29,945,652	68,428,685	68,427,977	-128.51%	0.00%
15	Housing	6,515,291	17,700,000	15,235,126	12,678,579	13.93%	16.78%
16	Roads and storm-water	35,888,081	18,711,490	27,621,675	27,610,484	-47.62%	0.04%
17	Other	47,882,493	37,657,978	52,200,408	49,619,668	-38.62%	4.94%
18	Total	157,051,452	130,609,152	196,053,922	190,904,487	-50.11%	2.63%
19	Percentage of expenditure						
20	Water and sanitation	14%	20%	17%	17%	18%	-3%
21	Electricity	29%	23%	35%	36%	-52%	-3%
22	Housing	4%	14%	8%	7%	43%	15%
23	Roads and storm-water	23%	14%	14%	14%	2%	-3%
24	Other	30%	29%	27%	26%	8%	2%

5.9.1 Grants

Grants, as depicted in the table above, amounted to R115.78 million or 61% of the total capital expenditure of R190.9 million for the year under review. This is more than the R112.8 million or 72% of the total capital expenditure of R157.1 million for the 2021/22 financial year.

5.9.2 Own Revenue from CRR

Own revenue, as depicted in the table above, amounted to R75.2 million or 39% of the total capital expenditure of R190.9 million for the year under review. This is more than the R44.3 million or 28% of the total capital expenditure of R157.1 million for the 2021/22 financial year.

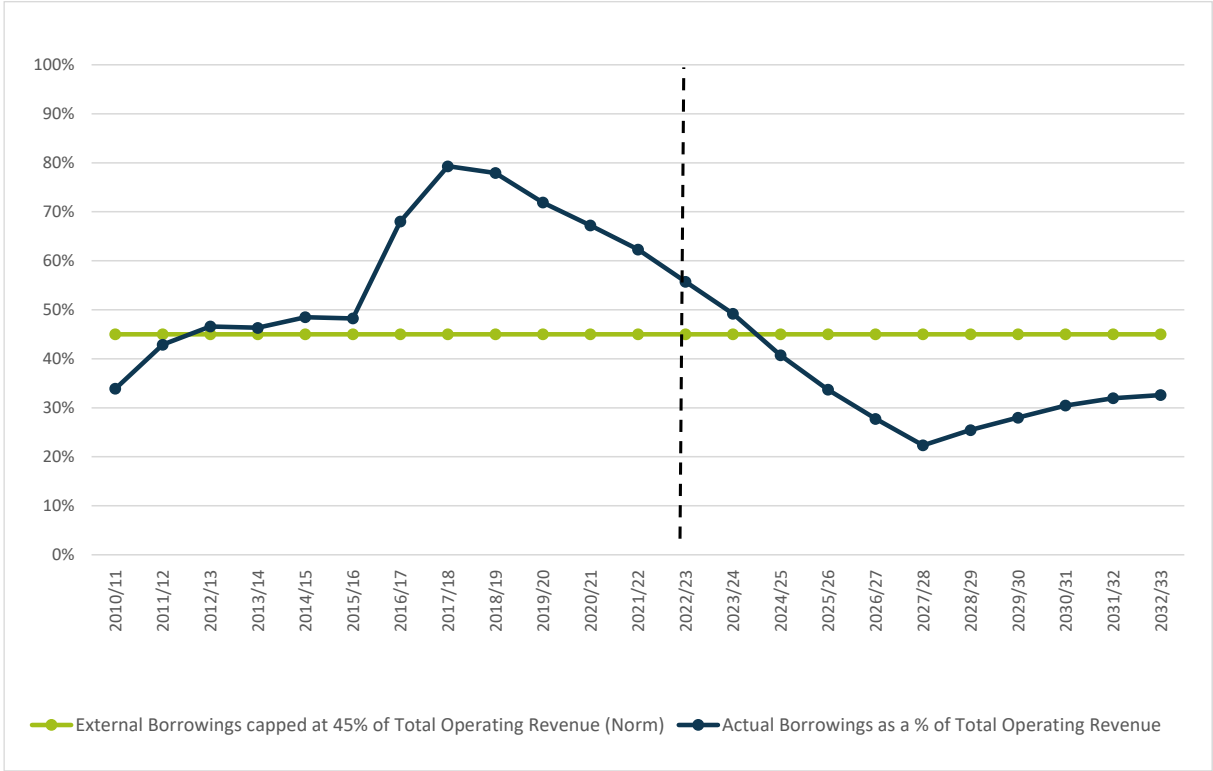
5.9.3 External Borrowings

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 56.2% 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 49.2% (2023/24) 40.7% (2024/25) 33.7% (2025/26) 27.7% (2026/27), 22.3% (2026/27) and 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 168: 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	New Connection BICL's	0	28,500,000	28,449,225	0.0%	0.2%
2	Fleet Annual Replacement Programme	4,200,000	15,358,045	14,645,221	-248.7%	4.6%
3	MV Substations	8,695,652	14,534,482	14,534,483	-67.1%	0.0%
4	ICT Equipment Computer Related	3,570,000	9,989,594	10,008,321	-180.3%	-0.2%
5	Replace/Upgrade Water Reticulation System	5,000,000	8,379,018	8,378,775	-67.6%	0.0%

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 3,638 structures in the informal settlements do not have access to electricity.

Table 169: Basic Services Backlogs

Service Backlogs as at 30 June 2023					
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	80 349	99.6%	*297	0.4%
2	Waste Water	77 152	95.7%	*3 494	4.3%
3	Electricity	43 971	91.7%	**3,638	8.3%
4	Waste Management	51,558	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 R62 million (VAT inclusive) were spent as depicted in the table below.

Table 170: Integrated Urban Development Grant (IUDG) Expenditure on 2022/23 Service Backlogs

Integrated Urban Development Grant (IUDG) * Expenditure 2022/23 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	Infrastructure – Road transport	16,510,881	0	16,510,881	100.00%	0.00%	N/A
2	Roads, pavements and bridges	16,510,881	0	16,510,881	100.00%	0.00%	N/A
3	Storm water	0	0	0	0.00%	0.00%	N/A
4	Infrastructure – Electricity	13,749,999	0	13,749,999	100.00%	0.00%	N/A
5	Generation	13,749,999	0	13,749,999	100.00%	0.00%	N/A
6	Transmission and Reticulation	0	0	0	0.00%	0.00%	N/A
7	Street lighting	0	0	0	0.00%	0.00%	N/A
8	Infrastructure – Water	7,469,728	0	7,469,728	100.00%	0.00%	N/A
9	Dams and Reservoirs	0	0	0	100.00%	0.00%	N/A
10	Water purifications	0	0	0	0.00%	0.00%	N/A
11	Reticulation	7,469,728	0	7,469,728	0.00%	0.00%	N/A
12	Infrastructure – Sanitation	13,114,393	0	13,114,393	100.00%	0.00%	N/A
13	Reticulation	13,114,393	0	13,114,393	100.00%	0.00%	N/A
14	Sewerage purification	0	0	0	0.00%	0.00%	N/A
15	Infrastructure – Other	400,000	0	400,000	100.00%	0.00%	N/A
16	Waste Management	400,000	0	400,000	100.00%	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	Other specify	2,658,477	0	2,658,477	100.00%	0.00%	N/A
20	UpgradeSwimming Pools (IUDG)	292,892.00	0	292,892.00	100.00%	0.00%	N/A
21	Elec EQP repairs Boy Louw Sports Field	278,781.00	0	278,781.00	100.00%	0.00%	N/A
22	Install elec cables Dal Josaphat Stadium	120,139.00	0	120,139.00	100.00%	0.00%	N/A
23	Upgrading of Faure Street Sports STA	1,578,849.00	0	1,578,849.00	100.00%	0.00%	N/A
24	Gouda Sports Fields (IUDG)	387,816.00	0	387,816.00	100.00%	0.00%	N/A
25	Total	53,903,478	0	53,903,478	100.00%	0.00%	N/A

*The spending above excludes VAT

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 171: Cash Flow Outcomes

Cash Flow Outcomes					
Serial No.	Description	2021/22	Current Year 2022/23		
		Audited Outcome	Original Budget	Final Budget	Actual Outcome
		R'000	R'000	R'000	R'000
Column Ref.	A	B	C	D	E
1	Cash Flow from operating activities				
2	Net cash from (used) operating activities	299,536	226,426	248,837	505,208
3	Cash flow from investing activities				
4	Net cash from (used) investing activities	-228,464	-115,759	-181,816	-170,846
5	Cash flow from financing activities				
6	Net cash from (used) financing activities	-19,969	-78,688	-78,688	-78,976
7	Net increase/(Decrease) in cash held	51,102	31,979	-11,667	255,386
8	Cash/cash equivalents at the beginning of the year	138,781	189,884	189,884	189,884
9	Cash/cash equivalents at the end of the year	189,884	221,863	178,217	445,270

5.14 BORROWINGS

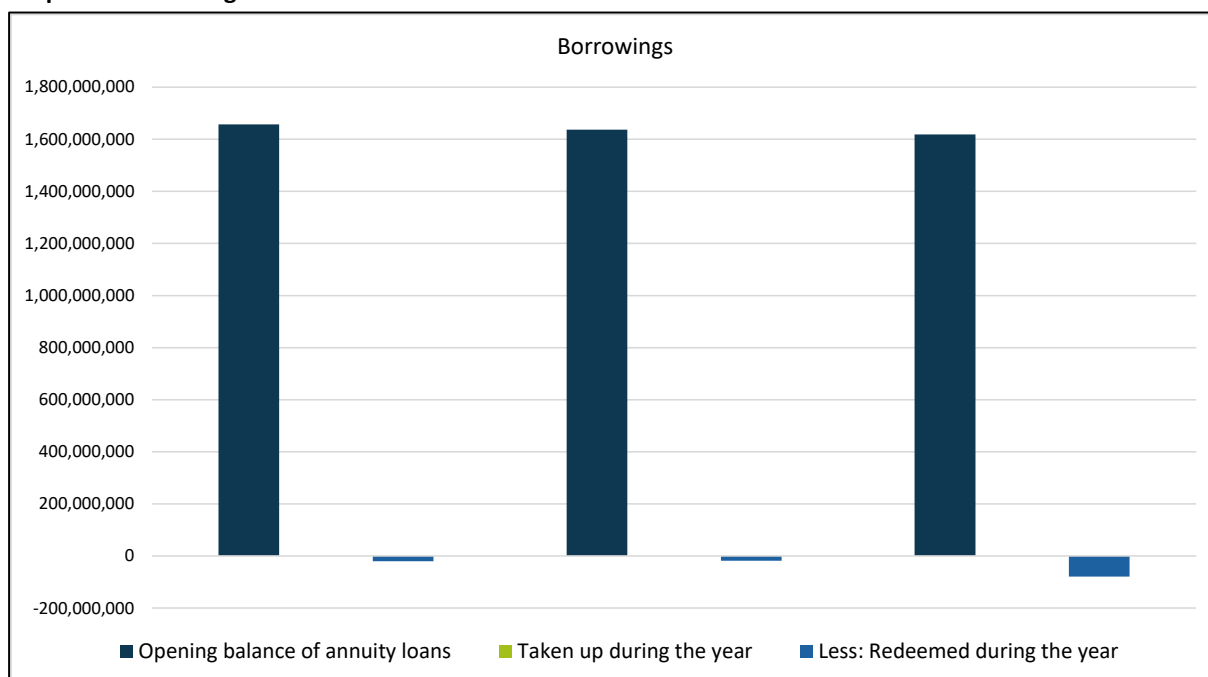
The application of the Municipality's Investment Policy aims to gain the optimal return on investments, without incurring undue risks, during those periods when cash revenue is not needed for capital or operational purposes, whereas the Borrowing Policy aims to gain the lowest interest rate on external borrowings.

During the year, R78.7 million of principle debt was repaid.

Table 172: Actual Borrowings

Actual Borrowings as at 30 June 2023				
Serial No.	Annuity Loans	2020/21	2021/22	2022/23
Column Ref.	A	B	C	D
1	Opening balance of annuity loans	1,656,638,729	1,636,956,882	1,618,401,012
2	Taken up during the year	0	0	0
3	Less: Redeemed during the year	(19,681,847)	(18,555,870)	(78,688,302)
4	Closing Balance of Annuity Loans	1,636,956,882	1,618,401,012	1,539,712,710

Graph 19: Borrowings



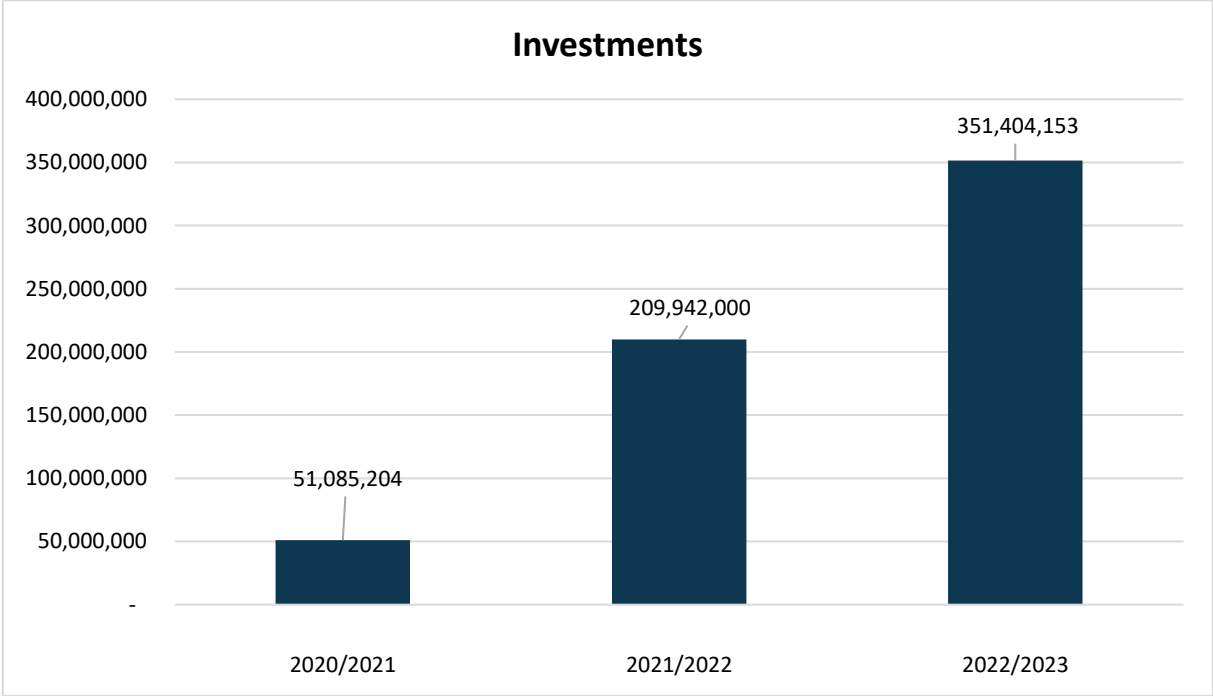
5.15 INVESTMENTS

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. The bank deposits for 2022/23 were made up of call deposits to the value of R351,404,153, whilst the bank deposits in 2021/22 were made up of call deposits to the value of R169,942,000 (classified as cash and cash equivalents) and notice deposits maturing within 5 months after year-end amounting to R40,000,000 (classified as short term investments).

Table 173: Municipal and Entity Investments

Municipal and Entity Investments				
Serial No.	Instrument	2020/21 Actual	2021/22 Actual	2022/23 Actual
Column Ref.	A	B	C	D
1	Securities – National government	-	-	-
2	Listed Corporate Bonds	39,706	0	0
3	Deposits – Bank	51,045,498	209,942,000	351,404,153
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	-	-	-
12	Municipality sub-total	51,085,204	209,942,000	351,404,153

Graph 20: Investments



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 174: GRAP Compliance List

Serial No.	Reference	Topic
Column Ref.	A	B
1	GRAP Framework	Framework for the preparation and presentation of financial statements GRAP 1
2	GRAP 1	Cash Flow Statements
3	GRAP 2	Accounting Policies, Changes in Accounting Estimates and Errors
4	GRAP 3	The Effects of Changes in Foreign Exchange Rates
5	GRAP 4	Borrowing Costs
6	GRAP 5	Consolidated and Separate Financial Statements
7	GRAP 6	Investment in Associates
8	GRAP 7	Investment in Joint Ventures
9	GRAP 8	Revenue from Exchange Transactions
10	GRAP 9	Financial Reporting in Hyperinflationary Economies
11	GRAP 10	Construction Contracts
12	GRAP 11	Inventories
13	GRAP 12	Leases
14	GRAP 13	Events After the Reporting Date
15	GRAP 14	Investment Property
16	GRAP 16	Property, Plant and Equipment
17	GRAP 17	Segment Reporting
18	GRAP 18	Provisions, Contingent Liabilities and Contingent Assets
19	GRAP 19	Related Party Disclosures (Revised)
20	GRAP 20	Impairment of Non-cash-generating Assets
21	GRAP 21	Revenue from Non-exchange Transactions (Taxes and Transfers)
22	GRAP 23	Presentation of Budget Information in Financial Statements
23	GRAP 24	Employee Benefits
24	GRAP 25	Impairment of Cash-generating Assets
25	GRAP 26	Agriculture
26	GRAP 27	Intangible Assets
27	GRAP 31	Service Concession Arrangements: Grantor
28	GRAP 32	Discontinued Operations
29	GRAP 100	Heritage Assets
30	GRAP 103	Financial Instruments
31	GRAP 104	Statutory Receivables
32	GRAP 108	Accounting by Principals and Agents
33	GRAP 109	Living and Non-living Resources
34	IFRS 4	Insurance contracts
35	IAS 12	Income taxes
36	IGRAP 1	Applying The Probability 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 Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Serial No.	Reference	Topic
Column Ref.	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	Consolidation – Special Purpose Entities
47	IGRAP 12	Jointly Controlled Entities – Non-Monetary Contributions
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 Grantor Controls Significant Residual Interest
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	SIC 25	Income Taxes – Changes in the status of an enterprise or its shareholders
58	SIC 29	Disclosure Service Concession
59	Directive 1	Deletion of Transitional Provisions in Standards of GRAP
60	Directive 3	Amended Transitional Provisions for High Capacity Municipalities
61	Directive 5	GRAP Reporting Framework
62	Directive 7	The Application of Deemed Cost
63	Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of
64	ASB Guide	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
65	ASB Guide	Accounting for Landfill Sites
66	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 2023. The Auditor-General performed their audit during the months of September 2023 to November 2023 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 2023.

COMPONENT A: AUDITOR-GENERAL OPINION ON 2022/23 FINANCIAL YEAR

6.1 AUDITOR-GENERAL REPORT FOR 2022/23

In the tables below the Auditor-General's opinion on the 2022/23 annual financial statements and other legal and regulatory matters are discussed.

6.1.1 Auditor-General report on the 2022/23 financial statements

Drakenstein Municipality for the 2022/23 annual financial statements received an unqualified audit opinion. No material non-compliance issues on the annual financial statements were received.

Table 175: Auditor-General Report on 2022/23 Financial Performance

Auditor-General Report on 2022/23 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 176: Auditor-General Report on 2022/23 Other Matters

Auditor-General Report on 2022/23 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 2021/22 FINANCIAL YEAR

6.3 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.

6.3.1 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 177: 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

6.3.2 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 178: 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

6.3.2.1 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 179: Councillors, Committees allocated and Council attendance (1 July 2022-30 June 2023)

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	69	100
2	Adriaanse, Miriam Maria		√	Planning and Development	Ward 24	92	100
3	Albertyn, Pierre-Jeanne (Replaced Cyster, Lorraine as proportional councillor in December 2022)		√	Governance and Compliance	Proportional	67	100
4	Anderson, Joan Veronica		√	Governance and Compliance	Ward 26	100	N/A
5	Andreas, Margaretha Aletta	√		Planning and Development, LLF	Proportional	92	100
6	Appollis, Avron Marchius Beres	√		Disciplinary Committee, Community Services	Ward 29	100	N/A
7	Arendse, Edgar Gerades (Until December 2022)		√	Corporate Services	Proportional	86	100
8	Arendse, Lorenzo Clive	√		Financial Services, Community Services	Ward 33	100	N/A
9	Arnolds, Ruth Belldine		√	Engineering Services	Ward 7	62	100
10	Baron, Elizabeth	√		Financial Services, Corporate Services, Planning and Development, LLF, Training and Development Committee	Ward 18	100	N/A
11	Bester, Theunis Gerhardus	√		Engineering Services	Ward 19	100	N/A
12	Bolani, Luvuyo		√	Planning and Development, Governance and Compliance	Ward 9	85	100
13	Booyesen, Vanessa Charmaine		√	Appeal Committee, Engineering Services	Ward 27	100	N/A
14	Carollissen, Doreen		√	Planning and Development	Proportional	85	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
15	Combrink, Gert Cornelius	√		Financial Services	Proportional	100	N/A
16	Cupido, Felix Patric		√	Corporate Services, Community Services	Ward 22	92	100
17	Cupido Patricia Beverly Ann		√	Planning and Development	Ward 20	92	100
18	Cyster, Lorraine	√		Engineering Services, Planning and Development, Community Services	Proportional Ward 17 (as from November 2022)	100	N/A
19	Daniels, Jennifer Vivian (Until February 2023)		√	Planning and Development	Proportional	100	N/A
20	De Kock, John		√	Financial Services	Proportional	100	N/A
21	De Villiers, Peter Thomas (Replaced Arendse, Edgar Gerades) (January 2023 until May 2023)		√	Community Services	Proportional	100	N/A
22	De Waal, Charlse (Replaced Jacobs, Michael in June 2023)		√	None.	Proportional	100	N/A
23	Du Plessis, Adriaan Johannes		√	Engineering Services	Proportional	92	100
24	Duba, Bongiwie Primrose		√	Financial Services, Corporate Services	Proportional	77	100
25	Fourie, Andrew		√	Financial Services	Proportional	77	100
26	Ganandana, Sangolomzi		√	Engineering Services, Planning and Development	Ward 32	100	N/A
27	Gertse, Keagan Je-Ron (Replaced Daniels, Jennifer Vivian in March 2023)		√	Corporate Services	Proportional	100	N/A
28	Godongwana, Ntombovuyo		√	Appeal Committee, Engineering Services, Planning and Development	Ward 8	77	100
29	Gouws, Eva	√		Community Services	Ward 21	92	100
30	Gravel, Sindile		√	Governance and Compliance	Proportional	54	83
31	Jacobs, Bazil		√	Corporate Services	Proportional	92	100
32	Jacobs, Catherine Maria		√	Corporate Services	Ward 31	92	100
33	Jacobs, Frances		√	Financial Services	Proportional	92	100
34	Jacobs, Michael (Until May 2023)		√	Planning and Development	Proportional	46	100
35	Kearns, Christephine	√		Disciplinary Committee	Ward 10	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
36	Klaaste (Davids), Claire Olivia		√	Corporate Services	Proportional	85	50
37	Koegelenberg, Renier Adriaan		√	Appeal Committee, Disciplinary Committee, LLF	Proportional	100	N/A
38	Korabie, Stephen (Replaced Smuts, Rean in August 2022)		√	Financial Services, Community Services	Proportional	100	N/A
39	Kroutz, Calvin		√	Corporate Services	Ward 1	100	N/A
40	Kulsen, G		√	Engineering Services	Proportional	77	100
41	Landsberg, Stephan		√	Governance and Compliance	Proportional	100	N/A
42	Landu, Linda		√	Engineering Services	Proportional	69	100
43	Le Roux, Jacobus Francois	√		Appeal Committee	Proportional	100	N/A
44	Liebenberg, Stephanus, Johannes		√	MPAC	Ward 15	92	100
45	Mangena, Tembekile Christopher		√	Appeal Committee, Governance and Compliance	Proportional	69	75
46	Matthee, Hendrik Johannes Nicolaas (Until August 2022)		√	Financial Services	Ward 17	33	100
47	Matthee, Leandra Chamaney		√	Community Services	Proportional	69	75
48	Miller, Johan	√		Disciplinary Committee, Engineering Services, Governance and Compliance	Ward 4	100	N/A
49	Mooi, Thobani Patrick		√	Financial Services, Community Services	Ward 5	92	100
50	Nell, Rodney Heinrich		√	MPAC	Proportional	100	N/A
51	Nongogo, Nothulu		√	Engineering Services, Community Services	Ward 6	92	100
52	Nobala, Mncedisi (Until October 2022)		√	Disciplinary Committee, Financial Services	Proportional	100	N/A
53	Poole, Conrad James	√		Executive Mayor	Proportional	100	N/A
54	Richards, Abdul Moutie		√	MPAC	Proportional	92	100
	Ross, Soudah		√	Financial Services	Ward 13	85	100
55	Sambokwe, Ludia Sindiswa		√	MPAC, Disciplinary Committee	Ward 12	92	100
56	Sauerman, Nicolaas Daniël		√	Appeal Committee, Governance and Compliance	Ward 2	100	N/A
57	September, Jerome Alex		√	MPAC	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
58	Smit, Johannes		√	Engineering Services	Ward 30	85	100
59	Smuts, Rean (Until July 2022)		√	Corporate Services	Proportional	100	N/A
60	Solomons, Elizabeth Aletta		√	MPAC	Ward 23	100	N/A
61	Stoffels, Johannes, Nicolaas Hendrick (Relaced De Villiers, Peter Thomas in June 2023)		√	None	Proportional	100	N/A
62	Stowman, Aidan Charles		√	MPAC	Ward 11	100	N/A
63	Stulweni, Ahmed Mputumi		√	Community Services	Proportional	92	100
64	Van Niekerk, Laurichia Tylial	√		Planning and Development, Governance and Compliance, Training and Development Committee	Ward 25	100	N/A
65	Van Nieuwenhuyzen, Reinhardt Heinrich	√		Governance and Compliance, LLF, Training and Development Committee	Ward 28	100	N/A
66	Van Rooyen, Annelize		√	Corporate Services, Governance and Compliance	Ward 3	100	N/A
67	Van Santen, Aletta Johanna		√	MPAC	Proportional	92	100
68	Van Willingh, Brenda		√	Community Services	Ward 14	100	N/A
69	Xhego, Zamikhaya		√	Community Services, Governance and Compliance	Ward 16	92	100
70	Zoya, Nomzamo		√	Disciplinary Committee	Proportional	69	25

ANNEXURE B: COMMITTEES AND COMMITTEE PURPOSES

Table 180: 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"> • Risk management; • Accounting policies; • The adequacy, reliability and accuracy of financial reporting and information; • Performance management; • Effective governance; • Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; • Performance evaluation; and • Any other issues referred to it by the municipality.
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 181: 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)
8	Financial Services	
9	Department: Financial Services	Chief Financial Officer (B Brown)
10	Division: Financial Planning and Accounting	Financial Planning and Accounting Analyst (I Engelmohr)
11	Division: Supply Chain Management	Manager: Supply Chain Management (H Vergotine)
12	Division: Revenue and Expenditure	Senior Manager: Revenue and Expenditure (NG Keketsi)
13	Section: Expenditure	Manager: Expenditure (DM Pikinini)
14	Section: Revenue	Manager: Revenue (AC Abrahams)
15	Division: Budget, Assets and Financial Reporting	Senior Manager: Budget, Assets and Financial Reporting (C Lategan)
16	Section: Financial Systems	Head: Financial Systems (Vacant)
17	Section: Budget Control and Cost Accounting	Manager: Budget Control and Cost Accounting (L Crotz)
18	Section: Assets and Insurance Management Services	Manager: Assets and Insurance Management (C Wessels)
19	Section: Financial Statements, Reporting & Cash Management	Manager: Financial Statements, Reporting & Cash Management (A Viola)
20	Corporate Services	
21	Department: Corporate Services	Executive Director: Corporate Services (S Johaar)
22	Division: Human Resource Management	Senior Manager: Human Resource (N Matolengwe)
23	Section: HR Administration & Recruitment & Selection	Manager: Personnel Administration and Recruitment and Selection (T van der Westhuizen)
24	Section: Training and Development	Manager: Training and Development (M Sibeko)
25	Section: Labour Relations, Employee Wellness and OHS	Manager: Labour Relations, Employee Wellness and OHS (P la Grange)
26	Section: Organisational Efficiency	Manager: Organisational Efficiency (K Begbie)
27	Division: Legal and Administrative Services	Senior Manager: Legal and Administrative Services (NC October)
28	Section: Legal Services	Manager: Legal Services (Vacant)
29	Section: Administrative Services	Manager: Administrative Services (F Goosen)
30	Section: CRM and Political Office Support	Customer Relations Officer (M Carolissen)
31	Division: Information Communication and Technology	Senior Manager: Information Communication and Technology (F Theron)
32	Section: ICT Operation and Support	Manager: Operation and Support (Vacant)

Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
33	Section: MIS/Systems	Manager: MIS/System (I Claims)
34	Section: ICT Governance and Administration	Manager: ICT Governance and Administration (Vacant)
36	Planning and Development	
37	Department: Planning and Development	Executive Director: Planning and Development (J Samson)
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)
50	Community Services	
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 (Vacant)
57	Section: Traffic, Law Enforcement and Licensing	Manager: Traffic Services (J Cornelissen)
58	Section: Fire, Rescue and Disaster Management	Manager: Fire Services (D Damons)
59	Section: Municipal Law Enforcement and Security	Manager: Municipal Law Enforcement and Security (S Jacobs)
60	Division: Community Development & Library & Information Services	Senior Manager: Development and Library Services (E Saayman)
61	Section: Community Development	Manager: Community Development (Vacant)
62	Section: Library and Information Services	Manager: Library and Information Services (L Thomas)
63	Section: Rental Stock	Manager: Rental Stock (U Johannesburg)
64	Section: Operations Support and Demand Administration	Manager: Operations Support and Demand Administration (Vacant)
65	Division: Housing Projects and Technical Support	Senior Manager: Housing Projects (F Rhoda)
66	Section: Housing Projects	Manager: Human Settlements Projects (C Jacobs)
67	Section: Housing Technical Support	Manager: Technical Support (Vacant)
68	Engineering Services	
69	Department: Engineering Services	Executive Director: Engineering Services (M Wüst/L Pienaar)

Second and Third-tier Structure

Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
70	Section: Roads, Stormwater & Traffic Eng. Services	Senior Manager: Roads, Stormwater and Traffic Engineering Services (H Liedeman)
71	Section: Infrastructure Management	Manager: Infrastructure Management (L Pienaar)
72	Division: Water and Waste Water Services	Manager: Water Services (AA Kowalewski)
73	Division: Technical Support and Project Management	Senior Manager: Technical Support & Project Management (P Pansegrouw)
74	Section: EPWP	Manager: EPWP (Vacant)
75	Section: Project Management	Manager: Project Management (R Sauls)
76	Division: Electro Technical Services	Senior Manager: Electro Technical Services (C Geldenhuys)
77	Section: Operations and Maintenance	Manager: Operations and Maintenance (M Fredericks)
78	Section: Planning and Customer Services	Manager: Planning and Customer Services (L Laing)
79	Section: Electrical Engineering Efficiency Management	Manager: Electrical Engineering Efficiency Management (K Kgowe)
80	Division: Solid Waste and Landfill Management	Senior Manager: Solid Waste and Landfill Management (MT Serfontein)
81	Section: Solid Waste and Functional Management	Manager: Solid Waste and Functional Management (S Frans)
82	Section: Solid Waste Operational Management	Manager: Solid Waste Operational Management (J Beasley)
83	Section: Waste Disposal Facilities	Senior Engineering Technician Waste, Disposal and Facilities (Vacant)
84	Division: Facilities and Mechanical Management	Senior Manager: Facilities and Mechanical Manager (Vacant)
85	Section: Fleet Management and Maintenance	Manager: Fleet Management and Maintenance (FW Nieuwoudt)
86	Section: Building Projects and Maintenance	Manager: Building Projects and Maintenance (TE Tlhapane)
87	Section: Corporate Facilities and Projects	Manager: Corporate Facilities and Projects (Vacant)
88	Department: Engineering Services	Executive Director: Engineering Services (M Wüst/L Pienaar)
89	Section: Roads, Stormwater & Traffic Eng. Services	Senior Manager: Roads, Stormwater and Traffic Engineering Services (H Liedeman)

ANNEXURE D: FUNCTIONS OF MUNICIPALITY

Table 182: Municipal Functions

Municipal Functions			
Column Ref.	Municipal Functions	Function applicable to Municipality	
		Yes	No
	Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 4, Part B functions:		
	A	B	C
1	Air pollution	✓	
2	Building regulations	✓	
3	Child care facilities	✓	
4	Electricity and gas reticulation	✓	
5	Firefighting services	✓	
6	Local tourism	✓	
7	Municipal airports		✓
8	Municipal planning	✓	
9	Municipal health services		✓
10	Municipal public transport		✓
11	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.	✓	
12	Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		✓
13	Stormwater management systems in built-up areas	✓	
14	Trading regulations	✓	
15	Water and sanitation services limited to potable water supply systems and domestic waste - water and sewerage disposal systems.	✓	
16	Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 5, Part B functions:		
17	Beaches and amusement facilities		✓
18	Billboards and the display of advertisements in public places	✓	
19	Cemeteries, funeral parlours and crematoria	✓	
20	Cleansing	✓	
21	Control of public nuisances	✓	
22	Control of undertakings that sell liquor to the public	✓	
23	Facilities for the accommodation, care and burial of animals	✓	
24	Fencing and fences		✓
25	Licensing of dogs	✓	
26	Licensing and control of undertakings that sell food to the public	✓	
27	Local amenities	✓	
28	Local sports facilities		✓
29	Markets		✓
30	Municipal abattoirs	✓	
31	Municipal parks and recreation	✓	
32	Municipal roads	✓	
33	Noise pollution	✓	
34	Pounds	✓	
35	Public spaces	✓	
36	Refuse removal, refuse dumps and solid waste disposal	✓	

Municipal Functions			
	Municipal Functions	Function applicable to Municipality	
		Yes	No
Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 4, Part B functions:			
37	Street trading	✓	
38	Street lighting	✓	
39	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 183: 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	WARD COUNCILLOR	Yes	5	5	3
	Cllr C Kroutz				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	5	5	3
	Cllr N. Sauerman				
	WARD COMMITTEE MEMBERS				
	Mrs Ronel Saayman				
	Mr Albertus Buckle				
	Mr Ockert Vermeulen				
	Mr Steven von Schlicht				
	Mrs Thandi Buckle				
	Mr Adriaan van Niekerk				
	Mrs Marlene Weyers				
	Mr Niel Schoeman				
	Mr Charles Barend				
3	WARD COUNCILLOR	Yes	4	4	3
	Cllr A. van Rooyen				
	WARD COMMITTEE MEMBERS				
	Mr Abel Mentoor				
	Mrs Eleen Hugo				
	Mrs Charmaine Lewis				
	Mrs Christolene Lewis				
	Mrs Jade Jaars				
	Mr Jakobus van der Westhuizen				
Mrs Beatrice Kachu					

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
4	WARD COUNCILLOR	Yes	4	4	2
	Cllr J Miller				
	WARD COMMITTEE MEMBERS				
	Mrs Amanda Du Toit				
	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	WARD COUNCILLOR	Yes	6	6	4
	Cllr T. Mooi				
	WARD COMMITTEE MEMBERS				
	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 Moses Pietersen				
Mr Luthando Ntese					
6	WARD COUNCILLOR	Yes	8	8	4
	Cllr N. Wana/Nongogo				
	WARD COMMITTEE MEMBERS				
	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				
Mr Hlomla Lucas Welem					
7	WARD COUNCILLOR	Yes	3	3	1
	Cllr RB Arnolds				
	WARD COMMITTEE MEMBERS				
	Mr Hendry Joseph				

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 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	WARD COUNCILLOR	Yes	3	3	3
	Cllr C. Godongwana				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	4	4	2
	Cllr L. Bolani				
	WARD COMMITTEE MEMBERS				
	Mr Ntsasa Adoro				
	Mr Mongezi Dlwathi				
	Ms Nontuthuzelo Kwini				
	Mr Sello Moahloli				
	Mr Mongezi Dlwathi				
	Mr Qondephi Yantolo				
	Mrs Agnes Boniswa Sithuba				
	Mrs Neliswa Sijaji				
Mr Andile Human					
10	WARD COUNCILLOR	Yes	5	5	4
	Cllr C Kearns				
	WARD COMMITTEE MEMBERS				
	Mr Jovan Cupido				
	Mr Marshal Hendricks				
	Mrs Audrey Mackay				
	Mrs Maureen Cameron				
Mr Henrich Appollis					

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 Sulaiman Abrahams				
	Mr Grant du Toit				
	Mrs Chine Isaacs				
	Mrs Maureen Visser				
	Mr Richard Fortuin				
11	WARD COUNCILLOR	Yes	4	4	3
	Ald AC Stowman				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	3	3	3
	Cllr L. Sambokwe				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	3	3	2
	Cllr S Ross				
	WARD COMMITTEE MEMBERS				
	Mr Nugent Davis				
	Mrs Angelique Mamani				
	Ms Veronica Koopman				
	Ms Johanna Muller				
	Mrs Muneebah Jannicke				
	Mrs Juliana Tessa Demas				
	Ms Shariefa/Katy Hendricks				
	Ms Boniwe Matiwana				
Ms Vivienne Zungula					

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 Rowina van Staden				
14	WARD COUNCILLOR	Yes	6	6	4
	Cllr B. van Willingh				
	WARD COMMITTEE MEMBERS				
	Ms Flora Kalipa				
	Mr Ayanda Ringane				
	Ms Sandiswa Tafane				
	Mr Trevor Davey				
	Ms Cleo Winter				
	Ms Christie Morris				
	Mr Simon Pietersen				
15	WARD COUNCILLOR	Yes	4	4	2
	Cllr S. Liebenberg				
	WARD COMMITTEE MEMBERS				
	Mrs Chantel Hauptfleish				
	Mr Michael Sass				
	Mr Mark Human				
	Mr Louis Herold Louw				
	Mrs Aletia Grundling				
	Mr Ludwig Thiar				
	Mr Paul Pieterse				
	Mr Johan Jordaan				
Mrs Ilse Human					
16	WARD COUNCILLOR	Yes	6	6	2
	Cllr Z. Xhego				
	WARD COMMITTEE MEMBERS				
	Mr Lungani Fihlani				
	Ms Nolubusiso Jaxa				
	Ms Olinda Njila				
	Ms Ntombikayise Menzi				
	Ms Funeka Ndarala				
	Ms Miseka Sifumba				
	Mr Sindisile Fundakubi				
	Mr Mlungiseleli Ndara				
Ms Andisiwe Ncumeza- Dumbela					
17	WARD COUNCILLOR	Yes	2	2	2
	Cllr L Cyster				
	WARD COMMITTEE MEMBERS				
	Mrs Margaret Lucille Fortuin				
	Mr TC Botha				
	Mrs Annie Marie de Villiers				
	Mr Johannes Heyns				

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 Katriena Karolus				
	Ms Mina Kock				
	Mrs Fransiska Williams				
	Mr Kobus Conradie				
	Mr CHC Sadenbergh				
	Mrs Marcelle Hanekom				
18	WARD COUNCILLOR	Yes	5	5	2
	Cllr E. Baron				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	6	6	3
	Cllr T Bester				
	WARD COMMITTEE MEMBERS				
	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				
Mr Hendrik du Toit					
20	WARD COUNCILLOR	Yes	5	5	3
	Cllr P Cupido				
	WARD COMMITTEE MEMBERS				
	Mr Brandon Jacobs				
	Mrs Mariaane McKay				
	Mrs Molly Hartzenberg				
	Mr Christopher Tromp				
	Mrs Michelle Lamont				
	Mrs Jeronay Paulse				
Mr Abraham Bekeer					

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 Ulanda Manuel				
	Nicolaas Cleophas				
	Mrs Nicolette Davids				
21	WARD COUNCILLOR	Yes	5	5	4
	Cllr E Gouws				
	WARD COMMITTEE MEMBERS				
	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				
Cllr F Cupido					
WARD COMMITTEE MEMBERS					
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		WARD COUNCILLOR	Yes	4	4
	Cllr E. Solomons				
	WARD COMMITTEE MEMBERS				
	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				

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
24	WARD COUNCILLOR	Yes	4	4	2
	Ald MM Adriaanse				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	5	5	3
	Clr L van Niekerk				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	7	7	5
	Clr J Anderson				
	WARD COMMITTEE MEMBERS				
	Ms Samantha Goosen				
	Mrs Raylene Cupido				
	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	WARD COUNCILLOR	Yes	4	4	3
	Clr V Booysen				
	WARD COMMITTEE MEMBERS				

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 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	WARD COUNCILLOR	Yes	4	4	2
	Cllr RH van Nieuwenhuyzen				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	4	4	2
	Cllr A. Appollis				
	WARD COMMITTEE MEMBERS				
	Mr Jonathan Liebenberg				
	Mr Graham Hendricks				
	Mr Erasmus Spamer				
	Mrs Chelsey le Roux				
	Mr Joseph Samuels				
	Mr Kelvin Antonie				
	Ms Stephanie Esau				
	Mr William Kearns				
	Mr Jeremy Williams				
Ms Getruida Januarie					
30	WARD COUNCILLOR	Yes	3	3	3
	Cllr J Smit				
	WARD COMMITTEE MEMBERS				
	Ms Christene Loff				
	Ms Esmeralda Fielies				
Ms Magrieta Marsh					

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 Shirley Adams				
	Ms Arthurina Siegelaar				
	Ms Anna de Vries				
	Mr Raymond Witbooi				
	Mrs Sophia Hendricks				
	Mr Gert Engelbrecht				
	Mr Christopher Joachims				
31	WARD COUNCILLOR	Yes	4	4	1
	Cllr C. Jacobs				
	WARD COMMITTEE MEMBERS				
	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	WARD COUNCILLOR	Yes	4	4	4
	Cllr S. Ganandana				
	WARD COMMITTEE MEMBERS				
	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				
	Mr Simphiwe Pantsula				
	Ms Nomthetho Nqoyo				
33	WARD COUNCILLOR	Yes	7	7	4
	Cllr L. Arendse				
	WARD COMMITTEE MEMBERS				
	Mr Shalin Williams				
	Ms Joyce Kroutz				
	Ms Batronesia Arendse				
	Mr Abri Pietersen				
	Ms Jody Jordaan				
Ms Laura-Ann Adonis					

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 Charne Solomons				
	Mr Delton de Kock				
	Ms Haycil Scheffers				
	Mr Mornay Jones				

ANNEXURE F: WARD INFORMATION

Table 184: All Wards - Capital Projects

Capital Projects: Ten largest 2022/2023 (Full list in Appendix N)				
Serial No.	Project Name and Detail	Start date	End date	Total value
Column Ref	A	B	C	D
1	New Connection BICL's	01-Jul-22	30-Jun-23	28,449,224.97
2	Fleet Annual Replacement Programme	01-Jul-22	30-Jun-23	14,645,220.81
3	MV Substations	01-Jul-22	30-Jun-23	14,534,483.15
4	ICT Equipment Computer Related	01-Jul-22	30-Jun-23	10,008,321.07
5	Replace/Upgrade Water Reticulation System	01-Jul-22	30-Jun-23	8,378,775.38
6	Basic Services : Schoongezicht Emergency Housing Project	01-Jul-22	30-Jun-23	8,072,451.26
7	Backup Power Installations	01-Jul-22	30-Jun-23	7,213,346.06
8	Rehab & Upgrade of Paarl WWTW	01-Jul-22	30-Jun-23	6,069,999.34
9	Palmiet Substation Transformer Refurbishment	01-Jul-22	30-Jun-23	6,018,866.70
10	Replace/Upgrade Sewerage System	01-Jul-22	30-Jun-23	5,488,141.40

None of the seven largest capital projects were allocated to a specific ward. Capital projects benefited more than one ward. See Appendix N.

Table 185: Basic Service Provision

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	80,349	77,152	43,971	43,321	X
Households without minimum service delivery	297	3,494	0	0	
Total households*	80,646	80,646	43,971	43,321	
Houses completed in year	X				221
Shortfall in housing units					21,207

**Indicating service points*

Table 186: Top four Service Delivery Priorities

Top four Service Delivery Priorities (Highest priority first)		
No.	Priority name and detail	Progress during 2022/23
1	Housing	221 opportunities provided.
2	Electricity	3.95% electricity losses.
3	Skills development	<ul style="list-style-type: none"> Informal Trading Sector : 34 beneficiaries trained; Phase 2 of Youth in Film Training: 6 Youth trained; Tourist Guide Training: 10 Youth Tourist Guides trained; and Wine Service Training: 22 youth trained.
4	Job creation	1,380 work opportunities on EPWP Projects were created.

ANNEXURE G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Table 187: Municipal Audit Committee Recommendations

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2022/23	Adopted by Council on
<p>25/08/2022 01/09/2022</p>	<p><u>Internal Audit</u></p> <p>The Audit Committee approves the risk based Internal Audit (IA) plan in July annually. The risk based IA Plan includes a number of audit areas with a pre-approved audit scope. Internal Audit reports to the Audit Committee quarterly on progress with the execution of the IA Plan and the results of audits completed in the quarter under review. The Audit Committee considered the fourth quarterly progress report for the 2021/2022 financial year. The CAE presented the progress report for Quarter 4 and referred to the achievements against the key performance indicators.</p> <p>The following audits were completed in Quarter 4:</p> <ul style="list-style-type: none"> • Business License Applications; • SCM Deviations (Quarter 3); • DoRA Compliance Review 2021/22; • Overtime Review (Quarter 3); • Asset Management; and • MFMA Compliance Review; • ICT – Data Governance and Records Management; • ICT – Project Governance; and • ICT – General Controls Review. <p>The AC considered the results of the ICT audits in the light of the cyber attack that the municipality experienced. ICT audits are prioritized over a 3-year planning period and the areas prioritized in the 2021/22 IA Plan did not specifically include the detailed ICT security controls in place to protect the municipality against cyber attacks. The AC noted the limited scope of the ICT audits completed for 2021/22</p> <p>The AC considered the findings reported by IA and the proposed management action plans in response to the reported findings. The AC was informed of the proposed management actions and were provided with a structured management approach and reasonable timeframe within which the action will be implemented. The AC will continue to monitor progress quarterly and report accordingly</p> <p>The AC considered the results of 14 follow-up audits reported in Quarter 4. The results of the follow-up audits indicate the overall, management has implemented the agreed audit action plans.</p>	<p>09/12/2022</p>

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2022/23	Adopted by Council on
	<p><u>Review of Draft Annual Performance Report and Quarter 4 Performance Information:</u></p> <p>The AC reviewed the IA Report on the APR and the draft APR. The AC noted that the discrepancies reported by IA, were addressed in the final draft APR submitted to the AGSA on 31 August 2022. The CAE presented the internal audit assessment of the Q4 Performance Information Report, which is a legislative audit requirement. The AC recommended improved management review processes to ensure credible reporting of performance information.</p> <p><u>Review of Annual Financial Statements and MFMA Section 21 Monitoring Report:</u></p> <p>The AC reviewed the draft AFS and provided management with inputs for consideration in the final draft AFS submitted to the AGSA on 31 August 2022.</p> <p>Finance Services presented the S71 Report for July 2022. The AC noted an improvement in cash and cash equivalents and a positive financial performance for the period.</p>	
<p>28/11/2022 06/12/2022</p>	<p><u>Internal Audit:</u></p> <p>The AC approves the risk based IA plan in July annually. The risk based IA Plan includes a number of audit areas based on the risk profile of the Municipality. IA reports to the AC quarterly on progress with the execution of the IA Plan and the results of audits completed in the quarter under review. The AC considered the IA first quarterly progress report for the 2022/2023 financial year. The CAE presented the IA progress report for Quarter 1 and referred to the achievements against the key performance indicators.</p> <p>The following audits were completed in Quarter 1:</p> <ul style="list-style-type: none"> • Financial Statements Review (High Level); • Review of Annual Performance Report 2021/22; • Quarter 1 2022/23 Performance Information; • Functionality of the Performance Management System; and • Annual Inventory Count 2021/22. <p>The AC considered the findings reported by IA and the proposed management action plans in response to the reported findings. The AC was informed of the proposed management actions and were provided with a structured management approach and reasonable timeframe within which the action will be implemented. The AC will continue to monitor progress quarterly and report accordingly.</p>	<p>29/03/2023</p>

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2022/23	Adopted by Council on
	<p>The AC considered the IA Annual Report which is a summary of the Internal Audit Unit's activities for the 2021/22 financial year, to enable the Audit Committee's annual reporting process. Internal Audit reported that they have met all key performance indicators for the 2021/22 financial year including the completion of the IA Plan approved by the AC in July 2021. Quarterly progress reports have been provided to the AC which included the detailed audit results per audit area. IA expressed an opinion on each audit completed. In summary, within the framework of the audit scope and objectives approved, IA concluded that the municipality's control environment needs improvement as control matters of concern were noted (outlined per audit area in quarterly progress reports) which, if not corrected promptly, could result in unacceptable levels of risk. In considering the results of the follow-up audits completed, IA concludes that management is responsive to addressing the reported control weaknesses within the agreed timeframes for findings reported by Internal Audit and the Auditor General.</p> <p><u>Review of 1st Quarter Performance Information:</u></p> <p>The CAE presented the internal audit assessment of the Q1 performance information report, which is a legislative audit requirement. The AC recommended improved management review processes to ensure credible reporting of performance information.</p> <p><u>Review of Auditor General Reports</u></p> <p>The AC reviewed the Auditor General's Management Report and Audit Report. While the AC expressed concern over the AG audit fees, the AC is pleased that the Auditor General expressed an unqualified audit opinion with no other matters. The Auditor General's assessment also reflected an improved financial viability assessment for 2021/22. Management will implement the necessary corrective measures to address the internal control deficiencies reported by the Auditor General. The AC will perform the necessary oversight to ensure the timely implementation of the agreed corrective action.</p>	
02/02/2023 02/03/2023	<p><u>Internal Audit</u></p> <p>The AC approves the risk based IA plan in July annually. The risk based IA Plan includes a number of audit areas based on the risk profile of the Municipality. IA reports to the Audit Committee quarterly on progress with the execution of the IA Plan and the results of audits completed in the quarter under review. The AC considered the IA second quarterly progress report for the 2022/2023 financial year. The CAE presented the IA progress</p>	30/06/2023

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2022/23	Adopted by Council on
	<p>report for Quarter 2 and referred to the achievements against the key performance indicators.</p> <p>The following audits were completed in Quarter 2:</p> <ul style="list-style-type: none"> • Key Financial Controls Review Quarter 1; • Municipal Systems Act Compliance 2022/23; • IDP Review; • Stormwater System Maintenance Review; • Declaration of Councillor Interests; • Municipal Staff Regulations Compliance Readiness Review; and • Annual Report Review. <p>The AC considered the findings reported by IA and the agreed management action plans in response to the reported findings. The AC noted that the implementation of the agreed management action plans is monitored through a structured process and the AC receives a quarterly progress report in this regard.</p> <p>The AC considered and approved the IA Charter.</p> <p>The AC expressed concern regarding the impact of loadshedding on the operations and finances of the municipality as well as the uncertainty around the City Manager's(CM) contract of appointment. Regarding the impact of loadshedding, management gave the AC assurance, that they are managing it and that they review and assess the impact on an ongoing basis. Furthermore, the AC was informed that the legal process dealing with the CM contract is currently ongoing and that the AC will be informed on a quarterly basis of the status.</p> <p><u>Review of Mid-Year Performance Assessment Report and 2nd Quarter Performance Information</u></p> <p>The AC considered the outcomes reported in the Mid-year Performance Assessment Report. On 02 March 2023 the CAE presented the IA assessment of the Q2 Performance Information Report, which is a legislative audit requirement. The AC noted that the audit included a focus on the assessment of the departmental indicators. The findings reported relate to departmental KPIs that requires some enhancement. The agreed management action plans relating to this audit is also recorded and monitored through the Departmental Audit Action Plan (DAAP) process.</p> <p><u>Combined Assurance</u></p> <p>The Chief Risk Officer(CRO) presented the progress around the implementation of the combined assurance model, and the AC looks forward to the first assessment report in May 2023.</p>	

ANNEXURE H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Table 188: Long-term Contracts (Largest contracts active in 2022/23)

Long-term Contracts (Eight largest contracts active in 2022/2023)						
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 Award amount (including contingencies and including VAT)
Column Ref	A	B	C	D	E	F
1	ENVIROSERV (PTY) LTD	SWM 01/2021 : PROVISION OF WAST DISPOSAL AND WAST DIVERSION ACTIVITIES AT THE WELLINGTON LANDFILL SITE	10-Oct-22	30-Jun-27	T SERFONTEIN	R 88 832 619
2	JVZ CONSTRUCTION (PTY) LTD	PDHS 1/2021 : SCHOONGESICHT CONSTRUCTION OF INTERNAL CIVIL ENGINEERING SERVICES, PHASE 4	02-Mar-22	31-Oct-22	R SAULS	R 12 375 206
3	JVZ CONSTRUCTION (PTY) LTD	CES 2/2023 : CONSTRUCTION OF THE SOUTHERN PAARL BULK OUTFALL SEWER, PHASE 1	09-Jun-23	27-Feb-24	A KOWALEWSKI	R 133 379 468
4	STEFANUTTI STOCKS (PTY) LTD	CES 1/2023 : PAARL WASTEWATER TREATMENT WORKS - LIQUID TREAM: CIVIL WORKS	30-Jun-23	30-Nov-24	A KOWALEWSKI	R 277 404 565

**Only the contract for Enviroserv (Pty) Ltd is a long-term contract longer than 3 years.*

Table 189: Public Private Partnerships entered into 2022/23

Public-Private Partnerships entered into 2022/23					
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 & none are in operation					

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 190: Disclosure of Financial Interests

Disclosure of Financial Interests		
Period 1 July 2022 to 30 June 2023		
No	Position	Name
Executive Mayor		
1	Executive Mayor	Ald CJ Poole
Deputy Executive Mayor		
2	Deputy Executive Mayor	Ald GC Combrink
Members of the Mayoral Committee:		
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
Speaker		
13	Speaker	JF le Roux
Chief Whip		
14	Chief Whip	C Kearns

Disclosure of Financial Interests		
Period 1 July 2022 to 30 June 2023		
No	Position	Name
Councillors:		
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 Booyesen
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
46	Councillor	HJJN Matthee
47	Councillor	L Matthee
48	Councillor	TP Mooi
49	Councillor	RH Nell

Disclosure of Financial Interests**Period 1 July 2022 to 30 June 2023**

No	Position	Name
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 191: Revenue Collection Performance by GFS Vote *

Revenue Collection Performance by Vote							
Serial No.	Vote Description	2021/22	2022/23			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	1,769,668	1,904,096	1,995,319	2,333,694	22.56%	16.96%
2	Finance and administration	492,616,419	487,926,459	541,378,828	521,101,475	6.80%	-3.75%
3	Community and social services	22,048,359	7,897,337	4,754,237	21,351,066	170.36%	349.10%
4	Sport and recreation	4,479,707	3,160,496	2,357,996	2,676,145	-15.33%	13.49%
5	Public safety	125,651,765	129,869,404	143,274,134	126,116,785	-2.89%	-11.98%
6	Housing	18,407,143	60,802,214	33,798,366	23,279,862	-61.71%	-31.12%
7	Planning and development	13,881,656	11,085,959	11,085,959	14,995,414	35.26%	35.26%
8	Road transport	18,009,519	2,868,547	3,527,480	8,208,811	186.17%	132.71%
9	Energy sources	1,455,876,555	1,567,700,634	1,453,845,450	1,521,085,543	-2.97%	4.62%
10	Water management	195,560,800	213,258,189	211,526,752	211,826,848	-0.67%	0.14%
11	Waste water management	209,703,856	223,715,747	234,072,472	228,109,905	1.96%	-2.55%
12	Waste management	192,395,927	205,625,872	208,579,403	189,356,191	-7.91%	-9.22%
13	Total revenue by vote	2,750,401,373	2,915,814,954	2,850,196,396	2,870,441,740	-1.56%	0.71%

* - Agrees to Appendix B1 to the Annual Financial Statements

ANNEXURE J (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Table 192: Revenue Performance by Source

Revenue Collection Performance by Source							
Serial No.	Description	2021/22	2022/23			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	1,385,887,089	1,491,501,702	1,343,268,265	1,368,866,562	-8.22%	1.91%
2	Services charges - Water	169,325,937	188,808,378	187,808,378	193,211,550	2.33%	2.88%
3	Services charges - Waste management	135,738,980	149,216,921	152,929,644	155,442,459	4.17%	1.64%
4	Services charges - Waste water management	125,716,050	137,099,229	140,875,566	144,103,900	5.11%	2.29%
5	Sales of goods and rendering of services	36,575,898	14,123,660	14,123,660	34,761,612	146.12%	146.12%
6	Rental from fixed assets	5,248,483	5,088,499	4,098,905	7,081,619	39.17%	72.77%
7	Interest on investments	9,673,336	6,000,000	35,000,000	36,829,830	513.83%	5.23%
8	Interest on receivables	7,271,334	7,538,501	9,296,628	12,884,063	70.91%	38.59%
9	Operational revenue	16,207,813	5,549,170	5,924,170	14,217,489	156.21%	139.99%
10	Licences or permits	20,745,433	22,519,582	22,264,582	21,094,734	-6.33%	-5.25%
11	Gain on disposal of assets	345,675	14,238,155	14,238,155	0	-100.00%	-100.00%
12	Property rates	416,883,724	421,689,006	434,101,418	437,182,803	3.67%	0.71%
13	Availability charges - Electricity	1,902,418	0	0	2,250,026	0.00%	0.00%
14	Availability charges - Water	1,841,167	0	0	2,171,116	0.00%	0.00%
15	Availability charges - Waste management	3,153,904	0	0	3,893,471	0.00%	0.00%
16	Availability charges - Waste water management	2,804,994	0	0	3,304,521	0.00%	0.00%
17	Surcharges and taxes	1,170,821	13,442,497	1,559,876	2,230,462	-83.41%	42.99%
18	Fines, penalties and forfeits	105,224,152	107,354,198	120,112,928	104,450,942	-2.70%	-13.04%
19	Transfers and subsidies	302,972,395	331,645,456	364,594,221	324,693,658	-2.10%	-10.94%
20	Operational revenue (Non-Exchange)	1,507,493	0	0	1,770,924	0.00%	0.00%
21	Construction Contract Revenue	204,277	0	0	0	0.00%	0.00%
22	Total revenue (excluding capital transfers and contributions)	2,750,401,373	2,915,814,954	2,850,196,396	2,870,441,740	-1.56%	0.71%

ANNEXURE K: CONDITIONAL GRANTS RECEIVED

Table 193: Conditional Grants excluding IUDG

Conditional Grants: excluding IUDG						
Serial No.	Details	Budget	Adjustment Budget	Actual	Positive / (Negative) % Variance	
					Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F
1	SIYASHLALA	1,153,160	1,153,160	1,153,160	0%	0%
2	P59 FAIRYLANDS	1,567,605	1,567,605	1,567,605	0%	0%
3	MBEKWENI 557	693,182	693,182	693,182	0%	0%
4	MUNICIPAL ACCREDITATION AND CAPACITY BUILDING	256,000	256,000	256,000	0%	0%
5	ACCELERATED HOUSING (SCHOONGEZICHT)	9,027,308	9,027,308	9,027,308	0%	0%
6	DROM 181/1407 (HSDG)	569,695	569,695	569,695	0%	0%
7	RSEP	600,000	600,000	600,000	0%	0%
8	COMMUNITY DEVELOPMENT WORKERS	113,000	113,000	113,000	0%	0%
9	CAPACITY BUILDING (EMPLOYEE BURSARIES)	200,000	200,000	200,000	0%	0%
10	WESTERN CAPE FINANCE AND ADMINISTRATION	6,000,000	6,000,000	6,000,000	0%	0%
11	ELECTRICITY PLANNING	800,000	800,000	800,000	0%	0%
12	PUBLIC WORKS AND TRANSPORT (ROADS) OOSBOSCH	2,737,000	2,737,000	2,737,000	0%	0%
13	PUBLIC WORKS AND TRANSPORT (ROADS) 80%	780,723	780,723	780,723	0%	0%
14	TRAINING LEVY	901,273	901,273	901,273	0%	0%
15	CAPE WINELANDS DISTRICT MUNICIPALITY	150,000	150,000	150,000	0%	0%
16	CAPE WINELANDS DISTRICT MUNICIPALITY	501,250	501,250	501,250	0%	0%
17	CAPE WINELANDS DISTRICT MUNICIPALITY	165,000	165,000	165,000	0%	0%
18	NIEUWMARKT	1,185,440	1,185,440	1,185,440	0%	0%
19	Total	R 27,400,634	R 27,400,634	R 27,400,634	0%	0%

ANNEXURE L: CAPITAL EXPENDITURE – NEW AND UPGRADE/RENEWAL PROJECTS

ANNEXURE L (I): CAPITAL EXPENDITURE – NEW ASSETS

Table 194: Capital Expenditure - New Assets

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2021/2022	2022/20223		Planned Capital Expenditure			
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref.	A	B	C	D	E	F	G	H
1	Capital Expenditure by Asset Class							
2	Infrastructure	43,253	19,550	49,961	47,404	143,778	75,345	36,050
3	Roads Infrastructure	4,305	460	400	428	3,450	480	4,900
4	Roads	2,866	–	–	–	–	–	2,000
5	Road Structures	1,439	460	400	428	3,450	480	2,900
6	Road Furniture	–	–	–	–	–	–	–
7	Capital Spares	–	–	–	–	–	–	–
8	Storm water Infrastructure	–	2,600	2,597	2,597	–	–	–
9	Drainage Collection	–	2,600	2,597	2,597	–	–	–
10	Storm water Conveyance	–	–	–	–	–	–	–
11	Attenuation	–	–	–	–	–	–	–
12	Electrical Infrastructure	28,804	1,000	33,500	33,465	11,250	24,150	21,150
13	Power Plants	–	–	–	–	–	–	–
14	HV Substations	9,535	–	522	522	–	–	–
15	HV Switching Station	–	–	–	–	–	–	–
16	HV Transmission Conductors	–	–	–	–	–	–	–
17	MV Substations	–	–	174	189	–	–	–
18	MV Switching Stations	–	–	–	–	–	–	–
19	MV Networks	895	–	–	–	–	13,500	8,500
20	LV Networks	18,374	1,000	32,804	32,753	11,250	10,650	12,650
21	Capital Spares	–	–	–	–	–	–	–
22	Water Supply Infrastructure	5,049	4,680	3,869	1,437	16,778	2,585	2,500
23	Dams and Weirs	–	–	–	–	–	–	–
24	Boreholes	–	180	180	180	–	1,000	2,500
25	Reservoirs	–	–	–	–	–	–	–
26	Pump Stations	–	–	–	–	–	–	–
27	Water Treatment Works	–	500	–	–	310	1,530	–
28	Bulk Mains	–	–	–	–	–	–	–
29	Distribution	5,049	4,000	3,689	1,257	16,468	55	–
30	Distribution Points	–	–	–	–	–	–	–
31	PRV Stations	–	–	–	–	–	–	–
32	Capital Spares	–	–	–	–	–	–	–
33	Sanitation Infrastructure	4,453	10,810	9,594	9,478	112,300	48,130	7,500
34	Pump Station	–	10	–	–	–	–	–
35	Reticulation	4,453	10,800	9,594	9,478	112,300	48,130	7,500
36	Waste Water Treatment Works	–	–	–	–	–	–	–
37	Outfall Sewers	–	–	–	–	–	–	–
38	Toilet Facilities	–	–	–	–	–	–	–
39	Capital Spares	–	–	–	–	–	–	–
40	Solid Waste Infrastructure	–	–	–	–	–	–	–
41	Landfill Sites	–	–	–	–	–	–	–
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	Rail Infrastructure	–	–	–	–	–	–	–
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	2021/2022	2022/2023		Planned Capital Expenditure			
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref.	A	B	C	D	E	F	G	H
58	Coastal Infrastructure	-	-	-	-	-	-	-
59	Sand Pumps	-	-	-	-	-	-	-
60	Piers	-	-	-	-	-	-	-
61	Revetments	-	-	-	-	-	-	-
62	Promenades	-	-	-	-	-	-	-
63	Capital Spares	-	-	-	-	-	-	-
64	Information and Communication Infrastructure	642	-	-	-	-	-	-
65	Data Centres	-	-	-	-	-	-	-
66	Core Layers	642	-	-	-	-	-	-
67	Distribution Layers	-	-	-	-	-	-	-
68	Capital Spares	-	-	-	-	-	-	-
69	Community Assets	4,374	553	1,843	1,833	400	2,500	4,000
70	Community Facilities	3,657	553	1,564	1,554	400	1,500	2,500
71	Halls	-	-	-	-	-	-	-
72	Centres	14	553	349	349	400	-	500
73	Crèches	-	-	-	-	-	-	-
74	Clinics/Care Centres	-	-	-	-	-	-	-
75	Fire/Ambulance Stations	-	-	-	-	-	-	-
76	Testing Stations	-	-	-	-	-	-	-
77	Museums	-	-	-	-	-	-	-
79	Galleries	-	-	-	-	-	-	-
80	Theatres	-	-	-	-	-	-	-
81	Libraries	222	-	-	-	-	-	-
82	Cemeteries/Crematoria	1,046	-	-	-	-	1,500	2,000
83	Police	14	-	-	-	-	-	-
84	Purls	2,360	-	1,215	1,205	-	-	-
85	Public Open Space	-	-	-	-	-	-	-
86	Nature Reserves	-	-	-	-	-	-	-
87	Public Ablution Facilities	-	-	-	-	-	-	-
88	Markets	-	-	-	-	-	-	-
89	Stalls	-	-	-	-	-	-	-
90	Abattoirs	-	-	-	-	-	-	-
91	Airports	-	-	-	-	-	-	-
92	Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-
93	Capital Spares	-	-	-	-	-	-	-
94	Sport and Recreation Facilities	717	-	279	279	-	1,000	1,500
95	Indoor Facilities	-	-	-	-	-	-	-
96	Outdoor Facilities	717	-	279	279	-	1,000	1,500
97	Capital Spares	-	-	-	-	-	-	-
99	Heritage assets	-	-	-	-	-	-	-
100	Monuments	-	-	-	-	-	-	-
101	Historic Buildings	-	-	-	-	-	-	-
102	Works of Art	-	-	-	-	-	-	-
103	Conservation Areas	-	-	-	-	-	-	-
104	Other Heritage	-	-	-	-	-	-	-
105	Investment properties	-	-	-	-	-	-	-
106	Revenue Generating	-	-	-	-	-	-	-
107	Improved Property	-	-	-	-	-	-	-
108	Unimproved Property	-	-	-	-	-	-	-
109	Non-revenue Generating	-	-	-	-	-	-	-
110	Improved Property	-	-	-	-	-	-	-
111	Unimproved Property	-	-	-	-	-	-	-
112	Other assets	9,218	6,561	10,016	10,018	10,115	3,530	650
113	Operational Buildings	9,218	6,561	10,016	10,018	10,115	3,530	650
114	Municipal Offices	9,073	6,561	10,016	10,018	10,115	3,530	650
115	Pay/Enquiry Points	-	-	-	-	-	-	-
116	Building Plan Offices	-	-	-	-	-	-	-
117	Workshops	-	-	-	-	-	-	-
118	Yards	-	-	-	-	-	-	-
119	Stores	145	-	-	-	-	-	-
120	Laboratories	-	-	-	-	-	-	-
121	Training Centres	-	-	-	-	-	-	-
122	Manufacturing Plant	-	-	-	-	-	-	-
123	Depots	-	-	-	-	-	-	-
124	Capital Spares	-	-	-	-	-	-	-

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2021/2022	2022/20223		Planned Capital Expenditure			
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref.	A	B	C	D	E	F	G	H
125	Housing	–	–	–	–	–	–	–
126	Staff Housing	–	–	–	–	–	–	–
127	Social Housing	–	–	–	–	–	–	–
128	Capital Spares	–	–	–	–	–	–	–
129	Biological or Cultivated Assets	–	–	–	–	–	–	–
130	Biological or Cultivated Assets	–	–	–	–	–	–	–
131	Intangible Assets	195	1,800	–	–	3,400	510	515
132	Servitudes	–	–	–	–	–	–	–
133	Licences and Rights	195	1,800	–	–	3,400	510	515
134	Water Rights	–	–	–	–	–	–	–
135	Effluent Licenses	–	–	–	–	–	–	–
136	Solid Waste Licenses	–	–	–	–	–	–	–
137	Computer Software and Applications	195	1,800	–	–	3,400	510	515
138	Load Settlement Software Applications	–	–	–	–	–	–	–
139	Unspecified	–	–	–	–	–	–	–
140	Computer Equipment	2,756	3,670	10,267	10,286	2,600	2,745	2,800
141	Computer Equipment	2,756	3,670	10,267	10,286	2,600	2,745	2,800
142	Furniture and Office Equipment	410	720	846	826	404	370	209
143	Furniture and Office Equipment	410	720	846	826	404	370	209
144	Machinery and Equipment	6,108	10,226	7,230	7,132	8,280	7,112	6,182
145	Machinery and Equipment	6,108	10,226	7,230	7,132	8,280	7,112	6,182
146	Transport Assets	6,754	4,200	15,872	14,962	5,985	12,460	10,000
147	Transport Assets	6,754	4,200	15,872	14,962	5,985	12,460	10,000
148	Land	–	300	300	300	–	–	–
149	Land	–	300	300	300	–	–	–
150	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
151	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
152	Total Capital Expenditure on New Assets	73,069	47,580	96,335	92,761	174,963	104,571	60,406

ANNEXURE L (II): CAPITAL EXPENDITURE – UPGRADE PROJECTS

Table 195: Capital Expenditure – Upgrade / Renewal Programme

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2021/2022	2022/2023		Planned Capital Expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref	A	B	C	D	E	F	G	H
1	Capital Expenditure by Asset Class	-	-	-	-	-	-	-
2	Infrastructure	7,286	22,500	22,512	22,531	21,559	11,121	6,768
3	Roads Infrastructure	4,000	10,000	14,614	14,614	15,169	10,696	6,348
4	Roads	4,000	10,000	14,614	14,614	15,169	10,696	6,348
5	Road Structures	-	-	-	-	-	-	-
6	Road Furniture	-	-	-	-	-	-	-
7	Capital Spares	-	-	-	-	-	-	-
8	Storm water Infrastructure	-	-	-	-	-	-	-
9	Drainage Collection	-	-	-	-	-	-	-
10	Storm water Conveyance	-	-	-	-	-	-	-
11	Attenuation	-	-	-	-	-	-	-
12	Electrical Infrastructure	2,222	6,000	6,668	6,686	600	400	420
13	Power Plants	-	-	-	-	-	-	-
14	HV Substations	-	-	-	-	-	-	-
15	HV Switching Station	-	-	-	-	-	-	-
16	HV Transmission Conductors	-	-	-	-	-	-	-
17	MV Substations	1,055	6,000	6,621	6,640	600	400	420
18	MV Switching Stations	-	-	-	-	-	-	-
19	MV Networks	1,167	-	-	-	-	-	-
20	LV Networks	-	-	46	46	-	-	-
21	Capital Spares	-	-	-	-	-	-	-
22	Water Supply Infrastructure	-	-	-	-	240	-	-
23	Dams and Weirs	-	-	-	-	-	-	-
24	Boreholes	-	-	-	-	-	-	-
25	Reservoirs	-	-	-	-	-	-	-
26	Pump Stations	-	-	-	-	-	-	-
27	Water Treatment Works	-	-	-	-	-	-	-
28	Bulk Mains	-	-	-	-	-	-	-
29	Distribution	-	-	-	-	240	-	-
30	Distribution Points	-	-	-	-	-	-	-
31	PRV Stations	-	-	-	-	-	-	-
32	Capital Spares	-	-	-	-	-	-	-
33	Sanitation Infrastructure	-	1,350	-	-	450	25	-
34	Pump Station	-	1,350	-	-	450	25	-
35	Reticulation	-	-	-	-	-	-	-
36	Waste Water Treatment Works	-	-	-	-	-	-	-
37	Outfall Sewers	-	-	-	-	-	-	-
38	Toilet Facilities	-	-	-	-	-	-	-
39	Capital Spares	-	-	-	-	-	-	-
40	Solid Waste Infrastructure	1,065	5,150	1,230	1,230	5,100	-	-
41	Landfill Sites	389	-	-	-	-	-	-
42	Waste Transfer Stations	-	-	-	-	-	-	-
43	Waste Processing Facilities	-	-	-	-	-	-	-
44	Waste Drop-off Points	676	5,150	1,230	1,230	5,100	-	-
45	Waste Separation Facilities	-	-	-	-	-	-	-
46	Electricity Generation Facilities	-	-	-	-	-	-	-
47	Capital Spares	-	-	-	-	-	-	-
48	Rail Infrastructure	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
58	Coastal Infrastructure	-	-	-	-	-	-	-
59	Sand Pumps	-	-	-	-	-	-	-
60	Piers	-	-	-	-	-	-	-
61	Revetments	-	-	-	-	-	-	-
62	Promenades	-	-	-	-	-	-	-
63	Capital Spares	-	-	-	-	-	-	-

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2021/2022	2022/2023		Planned Capital Expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref	A	B	C	D	E	F	G	H
64	Information and Communication Infrastructure	-	-	-	-	-	-	-
65	Data Centres	-	-	-	-	-	-	-
66	Core Layers	-	-	-	-	-	-	-
67	Distribution Layers	-	-	-	-	-	-	-
68	Capital Spares	-	-	-	-	-	-	-
69	Community Assets	-	-	-	-	-	-	-
70	Community Facilities	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
93	Sport and Recreation Facilities	-	-	-	-	-	-	-
94	Indoor Facilities	-	-	-	-	-	-	-
95	Outdoor Facilities	-	-	-	-	-	-	-
96	Capital Spares	-	-	-	-	-	-	-
97	Heritage assets	-	-	-	-	-	-	-
98	Monuments	-	-	-	-	-	-	-
99	Historic Buildings	-	-	-	-	-	-	-
100	Works of Art	-	-	-	-	-	-	-
101	Conservation Areas	-	-	-	-	-	-	-
102	Other Heritage	-	-	-	-	-	-	-
103	Investment properties	-	-	-	-	-	-	-
104	Revenue Generating	-	-	-	-	-	-	-
105	Improved Property	-	-	-	-	-	-	-
106	Unimproved Property	-	-	-	-	-	-	-
107	Non-revenue Generating	-	-	-	-	-	-	-
108	Improved Property	-	-	-	-	-	-	-
109	Unimproved Property	-	-	-	-	-	-	-
110	Other assets	666	195	95	92	1,575	1,308	1,308
111	Operational Buildings	586	195	95	92	1,575	308	308
112	Municipal Offices	586	195	95	92	1,575	308	308
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	Housing	81	-	-	-	-	1,000	1,000
124	Staff Housing	-	-	-	-	-	-	-
125	Social Housing	81	-	-	-	-	1,000	1,000
126	Capital Spares	-	-	-	-	-	-	-
127	Biological or Cultivated Assets	-	-	-	-	-	-	-
128	Biological or Cultivated Assets	-	-	-	-	-	-	-
129	Intangible Assets	-	-	-	-	-	-	-
130	Servitudes	-	-	-	-	-	-	-

Capital Expenditure – Upgrade/Renewal Programme*								
R'000								
Serial No.	Description	2021/2022	2022/2023		Planned Capital Expenditure			
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref	A	B	C	D	E	F	G	H
131	Licences and Rights	–	–	–	–	–	–	–
132	Water Rights	–	–	–	–	–	–	–
133	Effluent Licenses	–	–	–	–	–	–	–
134	Solid Waste Licenses	–	–	–	–	–	–	–
135	Computer Software and Applications	–	–	–	–	–	–	–
136	Load Settlement Software Applications	–	–	–	–	–	–	–
137	Unspecified	–	–	–	–	–	–	–
138	Computer Equipment	–	–	–	–	–	–	–
139	Computer Equipment	–	–	–	–	–	–	–
140	Furniture and Office Equipment	–	–	–	–	–	–	–
141	Furniture and Office Equipment	–	–	–	–	–	–	–
142	Machinery and Equipment	–	–	–	–	–	–	–
143	Machinery and Equipment	–	–	–	–	–	–	–
144	Transport Assets	–	18	45	45	–	–	–
145	Transport Assets	–	18	45	45	–	–	–
146	Land	–	–	–	–	–	–	–
147	Land	–	–	–	–	–	–	–
148	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
149	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
150	Total Capital Expenditure on renewed assets	7,953	22,713	22,652	22,667	23,134	12,429	8,076

ANNEXURE L (III): CAPITAL EXPENDITURE – RENEWAL PROJECTS

Table 196: Capital Expenditure – Upgrade Renewal Programme

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2021/2022	2022/2023			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref.	A	B	C	D	E	F	G	H
1	Capital Expenditure by Asset Class	-	-	-	-	-	-	-
2	Infrastructure	61,081	52,456	70,892	70,928	251,468	553,286	494,438
3	Roads Infrastructure	29,264	3,150	7,448	7,485	13,150	16,141	13,435
4	Roads	26,768	1,650	5,951	5,988	8,600	12,791	10,435
5	Road Structures	2,496	1,500	1,497	1,497	4,550	3,350	3,000
6	Road Furniture	-	-	-	-	-	-	-
7	Capital Spares	-	-	-	-	-	-	-
8	Storm water Infrastructure	-	5,000	4,995	4,995	5,850	3,500	3,500
9	Drainage Collection	-	-	-	-	-	-	-
10	Storm water Conveyance	-	5,000	4,995	4,995	5,850	3,500	3,500
11	Attenuation	-	-	-	-	-	-	-
12	Electrical Infrastructure	14,268	21,946	27,466	27,466	27,511	29,193	32,574
13	Power Plants	-	-	-	-	-	-	-
14	HV Substations	-	-	-	-	-	-	-
15	HV Switching Station	-	-	-	-	-	-	-
16	HV Transmission Conductors	-	2,000	2,000	2,000	5,965	3,010	5,010
17	MV Substations	9,819	8,696	13,913	13,913	8,696	13,896	17,391
18	MV Switching Stations	1,500	-	-	-	-	-	-
19	MV Networks	-	1,800	1,800	1,800	4,000	2,240	2,240
20	LV Networks	2,949	9,450	9,753	9,753	8,850	10,047	7,933
21	Capital Spares	-	-	-	-	-	-	-
22	Water Supply Infrastructure	11,249	6,000	10,042	10,042	13,470	15,783	14,342
23	Dams and Weirs	-	-	-	-	-	-	-
24	Boreholes	-	-	-	-	-	-	-
25	Reservoirs	-	-	59	59	-	890	-
26	Pump Stations	8	-	-	-	-	-	-
27	Water Treatment Works	-	-	23	23	-	-	-
28	Bulk Mains	1,252	-	319	319	10,270	11,663	13,342
29	Distribution	9,990	6,000	9,379	9,379	2,200	1,230	1,000
30	Distribution Points	-	-	262	262	1,000	2,000	-
31	PRV Stations	-	-	-	-	-	-	-
32	Capital Spares	-	-	-	-	-	-	-
33	Sanitation Infrastructure	6,300	16,360	20,942	20,942	191,487	488,669	430,587
34	Pump Station	-	1,760	751	751	-	-	-
35	Reticulation	6,097	6,000	6,488	6,488	4,995	4,500	4,500
36	Waste Water Treatment Works	203	8,600	13,702	13,702	186,492	484,169	426,087
37	Outfall Sewers	-	-	-	-	-	-	-
38	Toilet Facilities	-	-	-	-	-	-	-
39	Capital Spares	-	-	-	-	-	-	-
40	Solid Waste Infrastructure	-	-	-	-	-	-	-
41	Landfill Sites	-	-	-	-	-	-	-
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	Rail Infrastructure	-	-	-	-	-	-	-
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 – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2021/2022	2022/2023			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref.	A	B	C	D	E	F	G	H
58	Coastal Infrastructure	-	-	-	-	-	-	-
59	Sand Pumps	-	-	-	-	-	-	-
60	Piers	-	-	-	-	-	-	-
61	Revetments	-	-	-	-	-	-	-
62	Promenades	-	-	-	-	-	-	-
63	Capital Spares	-	-	-	-	-	-	-
64	Information and Communication Infrastructure	-	-	-	-	-	-	-
65	Data Centres	-	-	-	-	-	-	-
66	Core Layers	-	-	-	-	-	-	-
67	Distribution Layers	-	-	-	-	-	-	-
68	Capital Spares	-	-	-	-	-	-	-
69	Community Assets	14,388	7,561	5,854	4,228	3,800	1,000	600
70	Community Facilities	3,224	-	210	210	-	100	100
71	Halls	-	-	-	-	-	-	-
72	Centres	-	-	-	-	-	-	-
73	Crèches	-	-	-	-	-	-	-
74	Clinics/Care Centres	-	-	-	-	-	-	-
75	Fire/Ambulance Stations	100	-	19	19	-	100	100
76	Testing Stations	-	-	-	-	-	-	-
77	Museums	-	-	-	-	-	-	-
78	Galleries	-	-	-	-	-	-	-
79	Theatres	-	-	-	-	-	-	-
80	Libraries	-	-	-	-	-	-	-
81	Cemeteries/Crematoria	2,014	-	-	-	-	-	-
82	Police	-	-	-	-	-	-	-
83	Purls	971	-	-	-	-	-	-
84	Public Open Space	139	-	-	-	-	-	-
85	Nature Reserves	-	-	-	-	-	-	-
86	Public Ablution Facilities	-	-	-	-	-	-	-
87	Markets	-	-	-	-	-	-	-
88	Stalls	-	-	191	191	-	-	-
89	Abattoirs	-	-	-	-	-	-	-
90	Airports	-	-	-	-	-	-	-
91	Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-
92	Capital Spares	-	-	-	-	-	-	-
93	Sport and Recreation Facilities	11,164	7,561	5,644	4,017	3,800	900	500
94	Indoor Facilities	-	-	-	-	-	-	-
95	Outdoor Facilities	11,164	7,561	5,644	4,017	3,800	900	500
96	Capital Spares	-	-	-	-	-	-	-
97	Heritage assets	-	-	-	-	-	-	-
98	Monuments	-	-	-	-	-	-	-
99	Historic Buildings	-	-	-	-	-	-	-
100	Works of Art	-	-	-	-	-	-	-
101	Conservation Areas	-	-	-	-	-	-	-
102	Other Heritage	-	-	-	-	-	-	-
103	Investment properties	-	-	-	-	-	-	-
104	Revenue Generating	-	-	-	-	-	-	-
105	Improved Property	-	-	-	-	-	-	-
106	Unimproved Property	-	-	-	-	-	-	-
107	Non-revenue Generating	-	-	-	-	-	-	-
108	Improved Property	-	-	-	-	-	-	-
109	Unimproved Property	-	-	-	-	-	-	-
110	Other assets	561	200	265	265	3,395	2,400	6,450
111	Operational Buildings	561	200	265	265	3,395	2,400	6,450
112	Municipal Offices	561	200	265	265	3,395	2,400	6,450
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 – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2021/2022	2022/2023			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2023/2024	2024/2025	2025/2026
Column Ref.	A	B	C	D	E	F	G	H
123	Housing	-	-	-	-	-	-	-
124	Staff Housing	-	-	-	-	-	-	-
125	Social Housing	-	-	-	-	-	-	-
126	Capital Spares	-	-	-	-	-	-	-
127	Biological or Cultivated Assets	-	-	-	-	-	-	-
128	Biological or Cultivated Assets	-	-	-	-	-	-	-
129	Intangible Assets	-	-	-	-	-	-	-
130	Servitudes	-	-	-	-	-	-	-
131	Licences and Rights	-	-	-	-	-	-	-
132	Water Rights	-	-	-	-	-	-	-
133	Effluent Licenses	-	-	-	-	-	-	-
134	Solid Waste Licenses	-	-	-	-	-	-	-
135	Computer Software and Applications	-	-	-	-	-	-	-
136	Load Settlement Software Applications	-	-	-	-	-	-	-
137	Unspecified	-	-	-	-	-	-	-
138	Computer Equipment	-	-	-	-	-	-	-
139	Computer Equipment	-	-	-	-	-	-	-
140	Furniture and Office Equipment	-	-	-	-	-	-	-
141	Furniture and Office Equipment	-	-	-	-	-	-	-
142	Machinery and Equipment	-	100	55	55	-	-	-
143	Machinery and Equipment	-	100	55	55	-	-	-
144	Transport Assets	-	-	-	-	-	-	-
145	Transport Assets	-	-	-	-	-	-	-
146	Land	-	-	-	-	-	-	-
147	Land	-	-	-	-	-	-	-
148	Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
149	Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
150	Total Capital Expenditure on renewed assets	76,030	60,316	77,067	75,477	258,663	556,686	501,488

ANNEXURE M: CAPITAL PROGRAMME BY PROJECT

Table 197: Capital Programme by Main Project 2022/23

Capital Programme by Main Project 2022/2023						
Serial No.	Capital Project	Original Budget	Adjustments Budget	Actual	Variance (Act – Adj) %	Variance (Act – OB) %
Column Ref.	A	B	C	D	E	F
1	Water					
2	Replace/Upgrade Water Reticulation System	5,000,000	8,379,018	8,378,775	0.00%	67.58%
3	Water Distribution	1,000,000	1,000,000	1,000,000	0.00%	0.00%
4	Other Capital Projects	803,000	664,861	664,860	0.00%	100.00%
5	Sanitation/Sewerage					
6	Rehab & Upgrade of Paarl WWTW	0	6,070,000	6,069,999	0.00%	#DIV/0!
7	Replace/Upgrade Sewerage System	5,000,000	5,488,142	5,488,141	0.00%	9.76%
8	Replace Pump at Newton Pumpstation	4,963,763	4,377,383	4,377,383	0.00%	100.00%
9	Electricity					
10	New Connection BICL's	0	28,500,000	28,449,225	-0.18%	100.00%
11	MV Substations	8,695,652	14,534,482	14,534,483	0.00%	67.15%
12	Palmiet Substation Transformer Refurbishment	6,000,000	6,000,000	6,018,867	0.31%	100.00%
13	Road Transport					
14	Drommedaris Road Rebuild	5,000,000	7,959,235	7,959,234	0.00%	59.18%
15	Reseal of Streets in Terms of the RAMS	5,000,000	5,019,396	5,019,396	0.00%	0.39%
16	Refurbish Storm Water Systems	5,000,000	4,994,509	4,994,508	0.00%	-0.11%
17	Housing					
18	Basic Services : Schoongezicht Emergency Housing Project	10,800,000	8,188,883	8,072,451	-1.42%	-25%
19	Lantana Sub-Surface Drainage	2,600,000	2,597,256	2,597,256	0.00%	100%
20	Schoongezicht Civil Services Water	4,000,000	3,387,269	954,856	-71.81%	100.00%
21	Refuse Removal					
22	Wheellie Bins	0	1,046,460	1,046,460	0.00%	#DIV/0!
23	Other Capital Projects	2,000,000	1,037,410	1,005,711	-3.06%	-49.71%
24	Organic Waste Diversion Infrastructure	4,500,000	818,135	818,135	0.00%	-81.82%
25	Economic Development					
26	Other Capital Projects	330,000	300,381	300,381	0.00%	-8.98%
27	Sports, Art and Culture					
28	Upgrading of Faure Street Sports Stadium	1,000,000	1,578,849	1,578,849	0.00%	57.88%
29	Arboretum Climate Park	0	1,194,415	1,184,284	-0.85%	#DIV/0!
30	Tools of Trade	3,000,000	957,069	957,068	0.00%	100.00%
31	Executive and Council					
32	Other Capital Projects	220,000	345,319	309,017	-10.51%	100.00%
33	Corporate Services					
34	Fleet Annual Replacement Programme	4,200,000	15,358,045	14,645,221	-4.64%	248.70%
35	ICT Equipment Computer Related	3,570,000	9,989,594	10,008,321	0.19%	180.35%
36	Backup Power Installations	0	7,213,347	7,213,346	0.00%	#DIV/0!
37	Budget and Treasury Office					
38	Other Capital Projects	1,520,000	279,304	279,165	-0.05%	100.00%
41	Community and Social Services					
42	Tools of Trade	0	366,312	366,311	0.00%	100.00%
43	Safety and Security					
44	Fencing Daljosaphat Traffic	480,000	1,258,343	1,258,343	0.00%	162.15%
45	Other Capital Projects	4,050,000	871,983	789,499	-9.46%	-80.51%
46	CCTV Camers	0	289,942	289,941	0.00%	#DIV/0!

ANNEXURE N: CAPITAL PROGRAMME BY PROJECT BY WARD

Table 198: Capital Programme by Project by Ward 2022/23

Capital Programme by Project by Ward 2022/2023			
Serial No.	Capital Programme	Wards affected	Works completed (Yes/No)
Column Ref.	A	B	C
1	Water		
2	Replace/Upgrade Water Reticulation System	All	Yes
3	Water Distribution	All	Yes
4	Other Capital Projects	All	Yes
5	Sanitation/Sewerage		
6	Rehab & Upgrade of Paarl WWTW	All	Yes
7	Replace/Upgrade Sewerage System	All	Yes
8	Replace Pump at Newton Pumpstation	All	Yes
9	Electricity		
10	New Connection BICL's	All	Yes
11	MV Substations	All	Yes
12	Palmiet Substation Transformer Refurbishment	All	Yes
13	Housing		
14	Basic Services : Schoongezicht Emergency Housing Project	All	Yes
15	Lantana Sub-Surface Drainage	All	Yes
16	Schoongezicht Civil Services Water	All	Yes
17	Refuse Removal		
18	Wheelie Bins	All	Yes
19	Other Capital Projects	All	Yes
20	Organic Waste Diversion Infrastructure	All	Yes
21	Economic Development		
22	Other Capital Projects	All	Yes
23	Sports, Art And Culture		
24	Upgrading of Faure Street Sports Stadium	All	Yes
25	Arboretum Climate Park	All	Yes
26	Tools of Trade	All	Yes
27	Road And Transport		
28	Drommedaris Road Rebuild	All	Yes
29	Reseal of Streets in Terms of the RAMS	All	Yes
30	Refurbish Storm Water Systems	All	Yes
31	Executive and Council		
32	Other Capital Projects	All	Yes
33	Corporate Services		
34	Fleet Annual Replacement Programme	All	Yes
35	Backup Power Installations	All	Yes
36	ICT Equipment Computer Related	All	Yes
37	Budget and Treasury Office		
38	Other Capital Projects	All	Yes
41	Community and Social Services		
42	Tools of Trade	All	Yes
43	Safety and Security		
44	Fencing Daljosaphat Traffic	All	Yes
45	Other Capital Projects	All	Yes
46	CCTV Camers	All	Yes

ANNEXURE O: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Table 199: Service Backlogs - Schools and Clinics

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Waste
Schools				
None	None	None	None	None
Clinics				
None	None	None	None	None

ANNEXURE P: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Table 200: 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
Clinics		
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 utilise the facility as a Women’s Empowerment Facility.
Housing		
Informal Settlements Drakenstein Municipality	Estimated informal households (8,430) encompassing approximately 16,450 persons in 43 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	21,071 active applications.	15,988 cancelled applications that need to be updated.
Electrification	There are 43 registered informal settlements of which 27 has been completed (27/43 *100 = 63%).	Limited funding, resources and existing infrastructure that require upgrading to facilitate future growth and development.
Driving Licensing and Testing Centre		
None	None	None
Reservoirs		

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
None	None	None
Schools (Primary and High)		
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.
Carterville (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.
Silvertown, 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.
Mbekweni, Drommedaris (Ward 16)	Drommedaris needs a primary school	To improve education standards for the residents of Ward 16
Newton, Van Wyksvlei, Safmarine (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 201: Declaration of loans and grants made by the Municipality 2022/23

Declaration of loans and grants made by the Municipality 2022/23				
Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
1	<i>*No loans were granted to any organisation</i>			
2	<i>Grants made by the Municipality</i>			
3	Bursaries (Employees And Non-Employees)	Study Bursaries	None	771,985
4	Ac Development Npo	Ward Project Donations	MFMA Sec 67 reporting	15,520
5	Ace Fitness Gym	Ward Project Donations	MFMA Sec 67 reporting	10,000
6	Acvv Wellington	Ward Project Donations	MFMA Sec 67 reporting	40,000
7	Adama Foundation Trust	Ward Project Donations	MFMA Sec 67 reporting	2,500
8	African Youth Boxing Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
9	Alfons Primary School	Ward Project Donations	MFMA Sec 67 reporting	10,000
10	Amstelhof Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
11	Andrew Murray Kinderhuis	Ward Project Donations	MFMA Sec 67 reporting	10,000
12	Athlone House Of Strength	Ward Project Donations	MFMA Sec 67 reporting	5,000
13	B Rocks Cricket	Ward Project Donations	MFMA Sec 67 reporting	5,000
14	Bakerville Primereskool	Ward Project Donations	MFMA Sec 67 reporting	5,000
15	Barbarians Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	4,000
16	Battalions Academy Npc	Ward Project Donations	MFMA Sec 67 reporting	10,000
17	Believers Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
18	Bergrivier High School	Ward Project Donations	MFMA Sec 67 reporting	5,000
19	Bergrivier Ng Primary School	Ward Project Donations	MFMA Sec 67 reporting	10,000
20	Beverley Hills Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	2,300

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
21	Blackburn Rovers Football Club	Ward Project Donations	MFMA Sec 67 reporting	5,200
22	Bloomsbury Buurtwag	Ward Project Donations	MFMA Sec 67 reporting	10,000
23	Boland Action Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	2,000
24	Boland Rugby Veteran Association	Ward Project Donations	MFMA Sec 67 reporting	10,000
25	Boland School of Autism	Ward Project Donations	MFMA Sec 67 reporting	10,000
26	Bow Wows	Ward Project Donations	MFMA Sec 67 reporting	4,000
27	Breakthru Restoration Community Church	Ward Project Donations	MFMA Sec 67 reporting	40,000
28	Bright And Beautiful Educare	Ward Project Donations	MFMA Sec 67 reporting	2,500
29	Calvyn Protestantse Kerk Sa Newton	Ward Project Donations	MFMA Sec 67 reporting	5,000
30	Charleston Hill Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
31	Charleston Hill Secondary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
32	Church Of The Nazarene	Ward Project Donations	MFMA Sec 67 reporting	5,000
33	City Killers FC	Ward Project Donations	MFMA Sec 67 reporting	5,000
34	Crystal Gates Outreach Ministries	Ward Project Donations	MFMA Sec 67 reporting	5,000
35	Dal Josaphat Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
36	De Carlette Kleuterskool	Ward Project Donations	MFMA Sec 67 reporting	3,000
37	Drakenstein Majorettes	Ward Project Donations	MFMA Sec 67 reporting	7,500
38	Drakenstein Palliative Hospice	Ward Project Donations	MFMA Sec 67 reporting	4,500
39	Ebenezer Primary School	Ward Project Donations	MFMA Sec 67 reporting	2,500
40	Evergreen Educare Centre	Ward Project Donations	MFMA Sec 67 reporting	10,000
41	First Step ECD	Ward Project Donations	MFMA Sec 67 reporting	7,500
42	Fmg Vikings Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
43	Good Sheperd International Ministries	Ward Project Donations	MFMA Sec 67 reporting	14,600

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
44	Gouda Dienssentrum	Ward Project Donations	MFMA Sec 67 reporting	5,000
45	Gratefulness Community Soup Kutchen	Ward Project Donations	MFMA Sec 67 reporting	15,000
46	Groenberg Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
47	Groenheuwel Primary School	Ward Project Donations	MFMA Sec 67 reporting	3,000
48	Gunners Fc	Ward Project Donations	MFMA Sec 67 reporting	5,000
49	Help And Health Feeding Project	Ward Project Donations	MFMA Sec 67 reporting	5,000
50	Heritage House Independent School	Ward Project Donations	MFMA Sec 67 reporting	10,000
51	Hermon Skoolfonds	Ward Project Donations	MFMA Sec 67 reporting	5,000
52	High School Noorder Paarl	Ward Project Donations	MFMA Sec 67 reporting	9,000
53	Hillcrest Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
54	Hillcrest United Rugbyklub	Ward Project Donations	MFMA Sec 67 reporting	13,770
55	Hillside Stars	Ward Project Donations	MFMA Sec 67 reporting	2,300
56	HJS Oudstudente Unie	Ward Project Donations	MFMA Sec 67 reporting	7,000
57	House To House Movement NPC	Ward Project Donations	MFMA Sec 67 reporting	5,000
58	Hugenate Laerskool	Ward Project Donations	MFMA Sec 67 reporting	10,000
59	Ihlumelo Secondary School	Ward Project Donations	MFMA Sec 67 reporting	10,000
60	Ikamva Foundation In Paarl NPO	Ward Project Donations	MFMA Sec 67 reporting	5,000
61	Journey Kids	Ward Project Donations	MFMA Sec 67 reporting	2,750
62	Kiddies Garden Creche	Ward Project Donations	MFMA Sec 67 reporting	3,000
63	Kings Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	4,000
64	Klakousies Early Childhood Development Forum	Ward Project Donations	MFMA Sec 67 reporting	1,000
65	L.K Zeeman Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
66	Laerskool Courtrai	Ward Project Donations	MFMA Sec 67 reporting	10,000

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
67	Laerskool Hugo Rust	Ward Project Donations	MFMA Sec 67 reporting	2,500
68	Laerskool Noordeind	Ward Project Donations	MFMA Sec 67 reporting	10,000
69	Laerskool Sonop	Ward Project Donations	MFMA Sec 67 reporting	10,000
70	Legioene Senior Club	Ward Project Donations	MFMA Sec 67 reporting	10,000
71	Lions Club Of Paarl	Ward Project Donations	MFMA Sec 67 reporting	10,000
72	Little Flowers Educare Centre	Ward Project Donations	MFMA Sec 67 reporting	2,500
73	Little Jewels Daycare Partners	Ward Project Donations	MFMA Sec 67 reporting	7,500
74	Little Mermaid Day Care Centre	Ward Project Donations	MFMA Sec 67 reporting	2,000
75	Little Rascals Day Care NPO	Ward Project Donations	MFMA Sec 67 reporting	7,500
76	Little Steps Daycare	Ward Project Donations	MFMA Sec 67 reporting	2,750
77	Lollypop Educare Centre	Ward Project Donations	MFMA Sec 67 reporting	7,500
78	Lukhanyo Youth Development Organisation	Ward Project Donations	MFMA Sec 67 reporting	4,000
79	Luksethu Development And Entertainment	Ward Project Donations	MFMA Sec 67 reporting	4,000
80	Magnolia Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
81	Mamzana After School Care Project	Ward Project Donations	MFMA Sec 67 reporting	4,000
82	Mary Help of Christians Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
83	Masikhanye Educare Centre	Ward Project Donations	MFMA Sec 67 reporting	2,500
84	Mbekweni Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	10,000
85	Mbekweni Kuyasa Elderly Centre	Ward Project Donations	MFMA Sec 67 reporting	10,000
86	Mbekweni Sundowns Football Club	Ward Project Donations	MFMA Sec 67 reporting	10,000
87	Mbekweni United Rugby Football Club	Ward Project Donations	MFMA Sec 67 reporting	10,000
88	Meghal Hendricks Foundation NPC	Ward Project Donations	MFMA Sec 67 reporting	21,000
89	Mickey Mouse Playgroup	Ward Project Donations	MFMA Sec 67 reporting	3,000

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
90	Miqlat NPC	Ward Project Donations	MFMA Sec 67 reporting	616,822
91	Mothers in Vision Soup Kitchen and Community Dev	Ward Project Donations	MFMA Sec 67 reporting	10,000
92	Nederburg Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
93	Networking For Christ SA	Ward Project Donations	MFMA Sec 67 reporting	77,430
94	New Orleans Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
95	New Orleans Secondary School	Ward Project Donations	MFMA Sec 67 reporting	10,000
96	Newton Primary School	Ward Project Donations	MFMA Sec 67 reporting	7,500
97	Newtons Rugby Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
98	Ng Gemeente Toringkerk	Ward Project Donations	MFMA Sec 67 reporting	6,000
99	Nieuwe Drift Primary	Ward Project Donations	MFMA Sec 67 reporting	10,000
100	Nkuthazo Children Centre	Ward Project Donations	MFMA Sec 67 reporting	3,000
101	Ntsebenziswano Community Nutrition Project	Ward Project Donations	MFMA Sec 67 reporting	10,000
102	Oase Dienssentrum	Ward Project Donations	MFMA Sec 67 reporting	9,000
103	Ocean United Rugby Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
104	Orleansvale Primary School	Ward Project Donations	MFMA Sec 67 reporting	10,000
105	Our Little Peoples Pre-Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000
106	Paarl Doenit	Ward Project Donations	MFMA Sec 67 reporting	306,052
107	Paarl Steak Ranch CC H/A Pasadena	Ward Project Donations	MFMA Sec 67 reporting	36,192
108	Paarl Steak Ranch CC T/A Pasadena Spur	Ward Project Donations	MFMA Sec 67 reporting	7,560
109	Paarl Steak Ranch T/A Pasadena Spur	Ward Project Donations	MFMA Sec 67 reporting	8,730
110	Paarl Voortrekkers	Ward Project Donations	MFMA Sec 67 reporting	5,000
111	Paarl Youth Initiative	Ward Project Donations	MFMA Sec 67 reporting	20,000
112	Paarlzicht Primary School	Ward Project Donations	MFMA Sec 67 reporting	5,000

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
113	Pauw-Gedenk Primer	Ward Project Donations	MFMA Sec 67 reporting	2,500
114	Percy Bilton Dienssentrum	Ward Project Donations	MFMA Sec 67 reporting	20,000
115	Porseleinberg United Rugby Voetbalklub Assosiasie	Ward Project Donations	MFMA Sec 67 reporting	5,000
116	Puma Day Care Centre	Ward Project Donations	MFMA Sec 67 reporting	5,000
117	Rainbow Educare Centre	Ward Project Donations	MFMA Sec 67 reporting	10,000
118	Rise And Shine After School Project	Ward Project Donations	MFMA Sec 67 reporting	36,880
119	Ronwe Primary School	Ward Project Donations	MFMA Sec 67 reporting	35,000
120	Rusoord Tehuis vir Oues van Dae Paarl	Ward Project Donations	MFMA Sec 67 reporting	30,000
121	Rusthof Ouetehuis	Ward Project Donations	MFMA Sec 67 reporting	47,000
122	Saron Primary School	Ward Project Donations	MFMA Sec 67 reporting	20,000
123	Shariefa Soup Kitchen	Ward Project Donations	MFMA Sec 67 reporting	10,000
124	Silvertown F.C	Ward Project Donations	MFMA Sec 67 reporting	5,000
125	Simondium RFC Club	Ward Project Donations	MFMA Sec 67 reporting	10,000
126	Siyakhula Educare Centre NPO	Ward Project Donations	MFMA Sec 67 reporting	6,500
127	Siyolise Daycare Centre	Ward Project Donations	MFMA Sec 67 reporting	2,500
128	Soetendal Primary School	Ward Project Donations	MFMA Sec 67 reporting	7,500
129	Soetendal Sundowns FC	Ward Project Donations	MFMA Sec 67 reporting	2,500
130	Sophie King Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	2,300
131	St Stephen's Parish Church Paarl	Ward Project Donations	MFMA Sec 67 reporting	10,000
132	St. Albans Primary School	Ward Project Donations	MFMA Sec 67 reporting	3,000
133	Temperance Rugby Voetbalklub Association	Ward Project Donations	MFMA Sec 67 reporting	5,000
134	The Compassionate Friends of SA Wellington/Paarl	Ward Project Donations	MFMA Sec 67 reporting	8,000
135	Thembinkosi Daycare Centre	Ward Project Donations	MFMA Sec 67 reporting	10,000

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
136	Thuthuzela Educare Centre	Ward Project Donations	MFMA Sec 67 reporting	10,000
137	Tiny Bubbles Daycare	Ward Project Donations	MFMA Sec 67 reporting	2,000
138	True Visionaries Youth Development Association	Ward Project Donations	MFMA Sec 67 reporting	5,000
139	Tweenies Daycare	Ward Project Donations	MFMA Sec 67 reporting	2,000
140	Twinkle Star Creche	Ward Project Donations	MFMA Sec 67 reporting	3,000
141	Uprising Arts Projects	Ward Project Donations	MFMA Sec 67 reporting	4,000
142	Vgk Wellington - Bergrivier	Ward Project Donations	MFMA Sec 67 reporting	10,000
143	Villagers Newton Rugby Football Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
144	Voorwaarts Aftercare	Ward Project Donations	MFMA Sec 67 reporting	7,500
145	Vrykyk Buurtwag	Ward Project Donations	MFMA Sec 67 reporting	10,000
146	W A Joubert Skoolfonds	Ward Project Donations	MFMA Sec 67 reporting	12,500
147	Wamakersvallei Training Centre	Ward Project Donations	MFMA Sec 67 reporting	145,000
148	Wellington Cricket Club	Ward Project Donations	MFMA Sec 67 reporting	5,000
149	Wellington Primary School	Ward Project Donations	MFMA Sec 67 reporting	3,000
150	Western Cape Cultural Commission	Ward Project Donations	MFMA Sec 67 reporting	21,190
151	William Lloyd Primary School	Ward Project Donations	MFMA Sec 67 reporting	7,500
152	Windmeul United Rugbyklub	Ward Project Donations	MFMA Sec 67 reporting	5,000
153	Wynland Driving School CC	Ward Project Donations	MFMA Sec 67 reporting	55,407
154	Yms Medical Supplies (Pty) Ltd	Ward Project Donations	MFMA Sec 67 reporting	1,907
155	Young Superstars	Ward Project Donations	MFMA Sec 67 reporting	15,000
156	Zama Home Base	Ward Project Donations	MFMA Sec 67 reporting	4,000
157	Zenzi's Sewing And Projects NPC	Ward Project Donations	MFMA Sec 67 reporting	10,000
158	Zoe Community	Ward Project Donations	MFMA Sec 67 reporting	10,000

Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2022/23
Column Ref.	A	B	C	D
159	William Lloyd Primary School	Ward Project Donations	MFMA Sec 67 reporting	7,500
160	Windmeul United Rugbyklub	Ward Project Donations	MFMA Sec 67 reporting	5,000
161	Young Superstars	Ward Project Donations	MFMA Sec 67 reporting	15,000
162	Zama Home Base	Ward Project Donations	MFMA Sec 67 reporting	4,000
163	Zenzi's Sewing and Projects NPC	Ward Project Donations	MFMA Sec 67 reporting	10,000
164	Zoe Community	Ward Project Donations	MFMA Sec 67 reporting	10,000
165	Wc Department of Transport & Public Works	Upgrading of the R301	None	20,000,000

ANNEXURE R: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

Table 202: MFMA S71 returns not made during 2022/23 according to reporting requirements

MFMA Section 71 returns not made during 2022/23 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 203: 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
1	Output: Improving access to basic services		
2	Provision of Basic Services	Formal households having access to all basic services.	Water 99.59% Sanitation 98.40%
3		Informal households having access to water, sanitation and refuse removal services at the minimum level.	Water 90.54% Sanitation 71.30% Refuse 100%
4		Informal households having access to electricity services.	49.51%
5	Output: Implementation of the Community Work Programme		
6	The Community Works Programme functions in the Municipality, but is managed on behalf of national government by an external service provider.	The number of work opportunities could not be provided for the 2022/23 year. <u>Note</u> Disclaimer: Work opportunities can be allocated to the same beneficiary more than once during the employer cycle of 12 months.	The number of work opportunities could not be provided for the 2022/23 year.
7	Output: Deepen democracy through a refined Ward Committee Model		
8	All Ward Committees are 100% functional.	New ward committees were established.	All Ward Committees are 100% functional.
9	Output: Administrative and financial capability		
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.	98% debt collection rate for 2022/23

Report of the auditor-general to the 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 7 to 139, which comprise the statement of financial position as at 30 June 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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 responsibilities of the auditor-general 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 49 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairments – trade debtors

8. As disclosed in note 9.1 and 9.2 to the financial statements, the municipality provided for an impairment of receivables from exchange transactions of R176 million (2021-22: R106 million).
9. As disclosed in note 10.1 to the financial statements, the municipality provided for an impairment of receivables from exchange transactions of R180 million (2021-22: R176 million).
10. As disclosed in note 41 to the financial statements, the municipality has written off bad debts of R104 million (2021-22: R137 million).

Other matters

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed 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.

Unaudited supplementary schedules

13. The supplementary information set out on pages 140 to 148 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. 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.

Responsibilities of the auditor-general for the audit of the financial statements

16. 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.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

19. I selected the following KPA presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

KPA	Page numbers	[Purpose][Objective]
KPA 4: physical infrastructure and services	20 - 24	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services

20. I evaluated the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

22. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the selected KPA4: physical infrastructure and services.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

26. The municipality plays a key role in delivering services to South Africans. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 20 to 24.

KPA 4: physical infrastructure and services

<i>Targets achieved: 85%</i>		
<i>Budget spent: 99%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
TL 27: Number of new electricity connections installed in the registered informal settlements	35	4
TL 29: Number of new/upgraded water service points (taps) provided to registered informal settlements	20	13

Report on compliance with legislation

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa

(AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

30. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

31. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected KPA presented in the annual performance report that has been specifically reported on in this auditor's report.

32. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

35. I have nothing to report in this regard.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

37. I did not identify any significant deficiencies in internal control.

Other reports

38. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

39. An independent consultant investigated an allegation of fraud and corruption at the request of the municipality. The investigation was concluded in August 2022. Criminal charges were formally filed against the employees implicated in the report with the South African Police Service (SAPS). The case was subsequently transferred to the Directorate for Priority Crime Investigation (Hawks) and this investigation was still in progress at the date of this auditor's report.

Auditor - General

Cape Town

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:
 - The auditor-general's responsibility for the audit
 - The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. 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 KPAs and on the municipality's compliance with selected requirements in key legislation.

Financial statements

3. 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
 - conclude on the appropriateness of the 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 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

4. 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.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and 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.

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 – paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 – definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1) Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b) Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i) Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b) Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e) Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1) Sections 126(1)(a), 127(2), 127(5)(a)(i), 127(5)(a)(ii) Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170 Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a) Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b), 22(2), 27(2)(a) Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b) Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c) Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43 Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b) Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a) Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a) Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act 5 of 2022	Section 11(6)(b), 12(5), 16(1), 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

VOLUME II: AUDIT OUTCOME IMPROVEMENT PLAN

Table 204: Audit Outcome Improvement Plan

AUDITOR-GENERAL REPORT 2022/23	
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
Issues Raised	Corrective Measures Required
Emphasis of Matters	
Restatement of corresponding figures	
As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2023.	None. Simply an information statement by the Auditor-General.
Material Losses/Impairments – Trade Debtors	
As disclosed in notes 9.1, 9.2 and 10.1 to the financial statements, the municipality has provided for the impairment of receivables amounting to R264 million (2021/22: R201 million), based on the recoverability of gross receivables.	None. Simply an information statement by the Auditor-General.
As disclosed in note 41 to the financial statements, the municipality has written off bad debts of R104 million (2021-22: R137 million).	None. Simply an information statement by the Auditor-General.

AUDIT COMMITTEE RESPONSIBILITY

The achievement of good governance within the Drakenstein Municipality requires effective oversight and monitoring by governance structures. Critical to the achievement of this is an independent Audit Committee that is supported by the leadership structures within the Municipality. 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.

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 openly and honestly reported the committee's activities to Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of its Charter, the Audit Committee listed below, is required to meet at least 4 times per annum, although additional meetings may be scheduled as the need arises. Seven meetings were held during the 2022/23 financial year.

Table 205: Audit Committee Members and Attendance

Audit Committee Member	Qualifications	Date appointed/ reappointed as Committee Member	Meetings Attended
Mr. R. Najjaar (Chairperson)	(Hons B Compt. /CTA – CPA (USA) & CIA & CRMA	1 August 2021	7
Mr. P. Strauss	CA(SA)	1 August 2020	6
Mr. R.G. Nicholls	CA (SA) (CIA)	1 August 2021	6
Mr. C. Whittle	CA (SA)	1 August 2021	6

The Deputy Mayor, the Mayoral Committee Member for Governance and Compliance, City Manager, members of the Executive Management Team attend all meetings. Where required, relevant officials will be invited. The Office of the Auditor-General South Africa (AGSA) has a standing invitation to all committee meetings and attended the meetings. The meeting agendas are substantial and Committee members all participate in meetings with the highest levels of commitment and objectivity.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements prior to submission to the AGSA and discussed them with management. These financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, (Act No 5 of 2022). 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 2023. Management has expressed commitment to implementing the necessary controls to prevent and reduce the re-occurrence of audit findings.

The Committee is of the opinion that the audited financial statements should be accepted and read together with the Report of the Auditor-General.

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 enhancements of the information management system that supports the results of performance information. This is reflected in the positive outcome of the AGSA's review of the Municipality's pre-determined objectives. The accuracy and verification process of the performance information is crucial and has to be maintained in order to ensure that the performance management information is credible.

INTERNAL CONTROL AND RISK MANAGEMENT

The Municipality is required to develop and maintain systems of internal control that would improve the likelihood of achieving its objectives, to adapt to changes in the environment it operates in and to promote efficiency and effectiveness of operations, supports reliable reporting and compliance with laws and regulations.

The Drakenstein Municipality adopted a Combined Assurance Framework which identifies and integrates assurance providers. The first level of assurance is management assurance, requiring of line management to maintain effective internal controls and execute those procedures on a day-to-day basis by means of supervisory controls and taking remedial action where required. The second level of assurance is internal assurance provided by functions separate from direct line management, entrusted with assessing adherence to policies, procedures, norms, standards and frameworks. The third level of assurance is independent assurance providers that are guided by professional standards requiring the highest levels of independence.

Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The Committee considered the work performed by Internal Audit on a quarterly basis and reviewed the Internal Audit Annual Statement on the Internal Control environment within the Municipality for the year ended 30 June 2023.

The Internal Audit Annual Statement concluded that improvement is needed in some of the Municipality's system of internal control, however the Committee is satisfied, that in general, the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met. Management has accepted the recommendations and agreed to implement the necessary corrective actions to address the weaknesses.

The Committee reviewed the risk profile of the Municipality when the Internal Audit Plan priorities were determined. The Municipality has a Risk Management Function as one of its assurance levels and a Fraud and Risk Committee (FARMCO), as its advisory oversight structure. The overall Municipal Enterprise Risk Management Framework is aimed at delivering an effective and efficient Municipal-wide Risk Management, Risk controls, Risk Finance and business continuity management function for the Municipality's departments. A member of the Audit Committee has been co-opted on FARMCO.

This Committee will always place emphasis of the risk of financial sustainability of the Municipality and has expressed concern regarding some areas like the business continuity plan that needs further attention together with the embedded risks culture within the organisation that needs ongoing awareness. Management has expressed their commitment to attend to all these matters.

The Committee noted the AGSA's report that no significant deficiencies or material irregularities were identified in internal control, governance and compliance.

CONCLUSION

The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its charter and that it has complied with its legal, regulatory and other responsibilities. The Committee wants to take this opportunity to congratulate the Municipality on the audit outcome achieved and the commitment by management to enhance the control effectiveness going forward.



R. Najjaar
Audit Committee Chairperson
Date: 18 December 2023

VOLUME IV: 2022/2023 ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited 2022/2023 Annual Financial Statements will now follow for the next 149 pages. Drakenstein Municipality received an unqualified audit opinion from the Auditor-General for the 2022/23 financial year.



DRAKENSTEIN

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AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2023

A city of excellence

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Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

General Information

Executive mayor and chairperson of mayoral committee

Portfolio	Councillor
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)	LC ARENDSE
MAYORAL COMMITTEE MEMBER OF CORPORATE SERVICES	E BARON
MAYORAL COMMITTEE MEMBER OF PUBLIC SAFETY	AMB APPOLLIS
MAYORAL COMMITTEE MEMBER OF COMMUNICATION AND INTERGOVERNMENTAL RELATIONS (IGR)	RH VAN NIEUWENHUYZEN
MAYORAL COMMITTEE MEMBER OF ENGINEERING SERVICES	TG BESTER
MAYORAL COMMITTEE MEMBER OF PARKS, WASTE AND CEMETERIES	L CYSTER
MAYORAL COMMITTEE MEMBER OF GOVERNANCE AND COMPLIANCE	J MILLER

Executive management

Position	Name
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 (FROM JULY 2022 UP UNTIL MARCH 2023) MR D DELANEY (ACTING FOR APRIL 2023) MR S JOHAAR (ACTING FROM MAY 2023 UP UNTIL JUNE 2023)
EXECUTIVE DIRECTOR: ENGINEERING SERVICES	MR M WÜST (FROM JULY 2022 UP UNTIL JANUARY 2023) MR L PIENAAR (ACTING FROM FEBRUARY 2023 UP UNTIL JUNE 2023)
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 2023

General Information

Council members as at 30 June 2023

Nr	Surname	Initials	Nr	Surname	Initials
1	ADAMS	JH	34	KORABIE	S
2	ADRIAANSE *	MM	35	KROUTZ	C
3	ALBERTYN	P	36	KULSEN	G
4	ANDERSON	JV	37	LANDSBERG	S
5	ANDREAS	MA	38	LANDU	L
6	APPOLLIS	AMB	39	LE ROUX *	JF
7	ARENDSE	LC	40	LIEBENBERG	SJ
8	ARNOLDS	RB	41	MANGENA	TC
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	POOLE *	CJ
15	CUPIDO	FP	48	RICHARDS	AM
16	CUPIDO	PBA	49	ROSS	S
17	CYSTER	L	50	SAMBOKWE	LS
18	DE KOCK	J	51	SAUERMAN	ND
19	DU PLESSIS	AJ	52	SEPTEMBER	JA
20	DUBA	BP	53	SMIT	J
21	DE WAAL	C	54	SOLOMONS	EA
22	FOURIE	A	55	STOFFELS	JNH
23	GANANDANA	S	56	STOWMAN *	A
24	GERTSE	KJ	57	STULWENI	AM
25	GODONGWANA	N	58	VAN NIEKERK	LT
26	GOUWS *	E	59	VAN NIEUWENHUYZEN	RH
27	GRAVEL	S	60	VAN ROOYEN	A
28	JACOBS	B	61	VAN SANTEN	AJ
29	JACOBS	CM	62	VAN WILLINGH	B
30	JACOBS	F	63	XHEGO	Z
31	KEARNS *	C	64	ZOYA	N
32	KLAASTE	CO	65	ZWINYE	M
33	KOEGELEBERG *	RA			

* The "Alderman / Alderlady" status were bestowed onto these councillors.

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	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)
Nature of business and principal activities	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
Legislation governing the municipality's operations	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)
Other information	
Executive Mayor	ALDERMAN CJ POOLE
Executive Deputy Mayor	ALDERMAN GC COMBRINK
Speaker	ALDERMAN JF LE ROUX
Registered head office	DRAKENSTEIN MUNICIPALITY CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
Physical address	CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
Postal address	P O BOX 1 PAARL 7622
Telephone	(021) 807 - 4500
Fax	(021) 872 - 8054
Bankers	NEDBANK
Auditors	AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)
Demarcation code	WC023
VAT registration number	4500109717

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Statement

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.

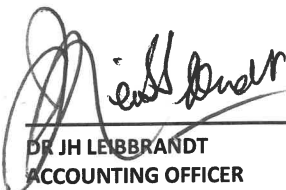
The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 39 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 7 to 139, 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 2023:



DR JH LEIBBRANDT
ACCOUNTING OFFICER

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Abbreviations

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 Financial 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 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Non-Current Assets			
Property, plant and equipment	3	6,514,191,479	6,572,470,755
Heritage assets	4	47,633,645	47,633,645
Intangible assets	5	3,689,458	4,614,906
Investment property	6	81,900,000	59,096,957
Non-current receivables from exchange transactions	7	104	94,875
		6,647,414,686	6,683,911,138
Current Assets			
Inventories	8	41,178,585	36,141,887
Trade and other receivables from exchange transactions	9	320,263,751	353,402,801
Receivables from non-exchange transactions	10	107,144,596	102,085,654
Cash and cash equivalents	11	445,270,431	189,883,617
Short term investments	12	-	40,000,000
Current portion of non-current receivables	13	18,121	26,762
VAT control receivable	14	14,398,047	14,998,240
		928,273,531	736,538,961
Total Assets		7,575,688,217	7,420,450,099
Liabilities			
Non-Current Liabilities			
Borrowings	15	1,455,252,441	1,539,712,710
Finance lease liabilities	16	472,639	-
Employee benefits	17	245,809,000	240,145,000
Provisions	18	258,561,070	217,913,609
		1,960,095,150	1,997,771,319
Current Liabilities			
Consumer deposits	19	72,713,346	65,330,962
Payables from exchange transactions	20	299,223,623	267,421,494
Unspent conditional grants and receipts	21	11,211,654	9,705,960
Borrowings	15	84,460,268	78,688,302
Finance lease liabilities	16	345,347	26,762
Provisions	18	462,350	570,790
Employee benefits	17	85,372,523	81,769,882
		553,789,111	503,514,152
Total Liabilities		2,513,884,261	2,501,285,471
Net Assets		5,061,803,956	4,919,164,628
Net assets presented by:			
Housing Development Fund	22	30,625,309	28,144,553
Reserves and Funds	23	1,713,539,005	1,787,635,465
Accumulated surplus	24	3,317,639,642	3,103,384,610
Total Net Assets		5,061,803,956	4,919,164,628

* See Note 49



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Exchange Revenue			
Services charges - Electricity	25	1,368,866,561	1,385,887,089
Services charges - Water	25	193,211,551	169,325,936
Services charges - Waste management	25	155,442,459	135,738,979
Services charges - Waste water management	25	144,103,900	125,716,049
Sales of goods and rendering of services	27	34,761,614	36,575,897
Rental from fixed assets	28	7,081,620	5,248,483
Interests on investments	29	36,829,830	9,673,336
Interest on receivables	30	12,884,062	7,271,333
Operational revenue	31	14,217,491	16,207,814
Licences or permits	32	21,094,733	20,745,433
Gain on disposal of assets	33	-	345,676
Total Exchange Revenue		1,988,493,821	1,912,736,025
Non-Exchange Revenue			
Property rates	34	437,182,802	416,883,723
Availability charges - Electricity	26	2,250,026	1,902,418
Availability charges - Water	26	2,171,116	1,841,167
Availability charges - Waste management	26	3,893,471	3,153,904
Availability charges - Waste water management	26	3,304,521	2,804,994
Surcharges and taxes		2,230,462	1,170,821
Fines, penalties and forfeits	35	104,450,941	105,224,151
Transfers and subsidies	36	324,693,658	302,972,397
Operational revenue	31	1,770,924	1,507,493
Construction contract revenue	37	-	204,277
Total Non-Exchange Revenue		881,947,921	837,665,345
Total Revenue		2,870,441,742	2,750,401,370
Expenditure			
Employee related cost	38	735,660,751	716,436,654
Remuneration of councillors	39	33,213,291	31,654,071
Depreciation and amortisation	40	246,464,166	242,046,334
Impairment losses on financial assets	41	169,280,705	117,214,549
Impairment losses on PPE, IA and HA	42	214,518	2,468,069
Finance costs	43	176,390,519	180,161,754
Bulk purchases	44	959,067,970	977,740,575
Inventory consumed		74,330,682	61,162,547
Contracted services	45	173,600,618	148,352,036
Transfers and subsidies		24,907,429	15,343,996
Operational cost	46	104,757,524	92,354,301
Operating leases	47	17,838,685	22,590,214
Fair value and loss on disposal adjustment of assets	33	11,999,426	-
Total Expenditure		2,727,726,284	2,607,525,100
Surplus for the year		142,715,458	142,876,270

* See Note 49



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates		431,732,760	407,320,443
Service charges		2,073,057,834	1,985,265,637
Transfers, subsidies and construction contracts revenue received		304,647,013	308,629,107
Interest		37,941,766	10,643,651
Other receipts and fines received		212,948,519	234,692,112
Payments			
Employees cost		(761,227,712)	(748,339,189)
Suppliers		(1,550,780,588)	(1,648,776,370)
Interest charges		(176,390,519)	(180,161,754)
Net VAT paid		(66,720,146)	(69,737,664)
Net cash from(used) operating activities	48	505,208,927	299,535,973
Cash flows from investing activities			
Receipts			
Proceeds on disposal of fixed and intangible assets		5,961,122	8,606,209
Decrease in investments		-	(2,373)
Decrease in short term investments		40,000,000	-
Payments			
Capital assets		(216,807,606)	(197,068,249)
Increase in short term investments		-	(40,000,000)
Net cash flows from investing activities		(170,846,484)	(228,464,413)
Cash flows from financing activities			
Payments			
Decrease in finance leases		(287,326)	(1,413,432)
Decrease in borrowing long-term		(78,688,303)	(18,555,870)
Net cash flows from financing activities		(78,975,629)	(19,969,302)
Net increase/(decrease) in cash		255,386,814	51,102,258
Cash and cash equivalents at year begin		189,883,617	138,781,359
Cash and cash equivalents at year end		445,270,431	189,883,617

* See Note 49



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Statement of changes in net assets

	Housing development fund	Revaluation reserve	Accumulated surplus	Total net assets
Figures in Rand				
Opening balance as previously reported	25,851,737	1,407,367,304	2,897,891,411	4,331,110,452
Adjustments				
Correction of errors	-	(116,935)	2,790,730	2,673,795
Balance at 01 July 2021 as restated*	25,851,737	1,407,250,369	2,900,682,141	4,333,784,247
Surplus for the year	-	-	142,876,270	142,876,270
Transfers to Housing Development Fund	2,292,816	-	(2,523,692)	(230,876)
Offsetting of depreciation	-	(54,526,050)	54,526,050	-
Revaluation of PPE	-	435,862,989	-	435,862,989
Revaluation of HA	-	6,872,000	-	6,872,000
Offsetting of land inventory	-	(7,823,842)	7,823,842	-
Total changes	2,292,816	380,385,097	202,702,470	585,380,383
Restated* Balance at 01 July 2022	28,144,553	1,787,635,466	3,103,384,610	4,919,164,629
Surplus for the year	-	-	142,715,458	142,715,458
Transfers to Housing Development Fund	2,480,756	-	(2,595,678)	(114,922)
Increase in revaluation reserve	-	38,800	74,135,254	74,174,054
Offsetting depreciation	-	(54,244,587)	-	(54,244,587)
Offsetting of land inventory	-	(19,890,673)	-	(19,890,673)
Total changes	2,480,756	(74,096,460)	214,255,034	142,639,330
Balance at 30 June 2023	30,625,309	1,713,539,005	3,317,639,642	5,061,803,956
Note(s)	22	23	24	

* See Note 49



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Comparison of Budget and Actual Amounts for the year ended 30 June 2023

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								
2023								
Statement of financial performance								
Revenue								
Property rates	421,689,006	12,412,412	434,101,418	434,101,418	437,182,802	3,081,384	100.71 %	103.67 %
Services charges	1,966,626,230	(141,744,377)	1,824,881,853	1,824,881,853	1,873,243,605	48,361,752	102.65 %	95.25 %
Investment revenue	6,000,000	29,000,000	35,000,000	35,000,000	36,829,830	1,829,830	105.23 %	613.83 %
Transfer recognised - operational	252,396,304	(17,787,810)	234,608,494	234,608,494	206,950,334	(27,658,160)	88.21 %	81.99 %
Other own revenue	189,854,262	1,764,642	191,618,904	191,618,904	226,557,014	34,938,110	118.23 %	119.33 %
Total Revenue (excl. capital transfers and contributions)	2,836,565,802	(116,355,133)	2,720,210,669	2,720,210,669	2,780,763,585	60,552,916	102.23 %	98.03 %
Expenditure								
Employee costs	(793,645,814)	28,482,387	(765,163,427)	(765,163,427)	(749,944,399)	15,219,028	98.01 %	94.49 %
Remuneration of councillors	(35,255,123)	-	(35,255,123)	(35,255,123)	(33,213,291)	2,041,832	94.21 %	94.21 %
Depreciation and asset impairment	(246,074,231)	(8,925,769)	(255,000,000)	(255,000,000)	(246,464,159)	8,535,841	96.65 %	100.16 %
Finance charges	(176,521,240)	-	(176,521,240)	(176,521,240)	(176,390,519)	130,721	99.93 %	99.93 %
Inventory consumed and bulk purchases	(1,114,608,983)	57,385,859	(1,057,223,124)	(1,057,223,124)	(1,033,398,650)	23,824,474	97.75 %	92.71 %
Transfers and subsidies	(27,160,000)	1,935,322	(25,224,678)	(25,224,678)	(24,907,428)	317,250	98.74 %	91.71 %
Other expenditure	(484,737,838)	(18,807,280)	(503,545,118)	(503,545,118)	(493,243,931)	10,301,187	97.95 %	101.75 %
Total Expenditure	(2,878,003,229)	60,070,519	(2,817,932,710)	(2,817,932,710)	(2,757,562,377)	60,370,333	97.86 %	95.82 %
Surplus	(41,437,427)	(56,284,614)	(97,722,041)	(97,722,041)	23,201,208	120,923,249	(23.74)%	(55.99)%
Transfers and subsidies - capital	79,249,152	50,736,575	129,985,727	129,985,727	119,514,249	(10,471,478)	91.94 %	150.81 %
Surplus for the year	37,811,725	(5,548,039)	32,263,686	32,263,686	142,715,457	110,451,771	442.34 %	377.44 %



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Comparison of Budget and Actual Amounts for the year ended 30 June 2023

	Original budget	*Budget adjustments	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand								
Capital expenditure and funds sources								
Capital expenditure	130,609,152	65,444,770	196,053,922	196,053,922	190,904,487	(5,149,435)	97.37 %	146.16 %
Transfers recognised – capital	79,249,152	39,929,239	119,178,391	119,178,391	115,698,279	(3,480,112)	97.08 %	145.99 %
Borrowings	-	-	-	-	-	-	- %	- %
Internally generated funds	51,360,000	25,515,531	76,875,531	76,875,531	75,206,208	(1,669,323)	97.83 %	146.43 %
	130,609,152	65,444,770	196,053,922	196,053,922	190,904,487	(5,149,435)	97.37 %	146.16 %
Financial position								
Total non-current assets	6,358,748,979	65,444,770	6,424,193,749	6,424,193,749	6,647,414,686	223,220,937	103.47 %	104.54 %
Total current assets	676,275,704	(43,644,901)	632,630,803	632,630,803	928,273,531	295,642,728	146.73 %	137.26 %
Total non-current liabilities	(1,968,951,716)	-	(1,968,951,716)	(1,968,951,716)	(1,960,095,150)	8,856,566	99.55 %	99.55 %
Total current liabilities	(611,467,394)	-	(611,467,394)	(611,467,394)	(553,789,111)	57,678,283	90.57 %	90.57 %
Community wealth/equity	(4,454,605,573)	(21,799,869)	(4,476,405,442)	(4,476,405,442)	(5,061,803,956)	(585,398,514)	113.08 %	113.63 %
	-	-	-	-	-	-	- %	- %
Cash flow								
Net cash from (used) operating	226,425,598	22,411,592	248,837,190	248,837,190	497,826,542	248,989,352	200.06 %	219.86 %
Net cash from (used) investing	(115,759,274)	(66,056,493)	(181,815,767)	(181,815,767)	(170,846,484)	10,969,283	93.97 %	147.59 %
Net cash from (used) financing	(78,688,303)	-	(78,688,303)	(78,688,303)	(71,593,245)	7,095,058	90.98 %	90.98 %
	31,978,021	(43,644,901)	(11,666,880)	(11,666,880)	255,386,813	267,053,693	(2,188.99)%	798.63 %



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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 (Revised)
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 2023

Accounting Policies

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 2023

Accounting Policies

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 been set to 1 April 2023. 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. The transitional provisions require the adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted. iGRAP7 becomes effective with GRAP 25

GRAP 104 on Financial Instruments and effective date for the reporting periods has been set as 1 April 2025. 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 changes mostly relate to financial instrument categories and the calculation of impairment losses. This is expected to have a significant impact on all municipalities. The policy currently recommendation states that the changes are not expected to have a significant impact.

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.

GRAP 1: Materiality the Standard has an effective date of 1 April 2023. The transitional provisions require the adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.

GRAP 1: Going concern the amendments are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The transitional provisions are specified in the revised Standard. The Standard may be used by entities in developing an accounting policy.

GRAP 103 The amendments are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The transitional provisions are specified in the revised Standard. The Standard may be used by entities in developing an accounting policy. Improvement to GRAP standards The improvements have an effective date of 1 April 2023. The improvements may be early adopted per Standard.

iGRAP 21 The Interpretation has an effective date of 1 April 2023. The guideline should be applied from the effective date of the Improvements to the Standards of GRAP (2020), particularly the improvement to GRAP 17 on Property, Plant and Equipment.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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.

1.5 Comparative 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 on 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 2022 to 30 June 2023.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Housing development reserve (continued)

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.

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.

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

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 and financial position.

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 and financial position.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Property, plant and equipment (continued)

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.

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:

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 assets	
• 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
Moveable assets	
• Transport assets	5 - 20
• Computer and other office equipment	3 - 10
• Furniture and fittings	3 - 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 2023

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
• Resorts	1 - 100
• Housing assets	1 - 60
Other assets	
• 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
Moveable assets	
• Transport assets	5 - 35
• Computer and other office equipment	1 - 45
• Furniture and fittings	1 - 45
• Machinery and equipment	1 - 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 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 and financial position 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 2023

Accounting Policies

1.10 Intangible assets (continued)

Initial recognition and measurement

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and if the cost or fair value of the asset can be measured reliably.

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.

Subsequent measurement

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

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 acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

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 and financial position.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Investment property (continued)

Initial recognition

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

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.

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 and financial position.

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.



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1.12 Heritage assets (continued)

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.

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.

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

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

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.



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Accounting Policies

1.13 Inventory (continued)

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.

Inventories shall be 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 entity; and the cost of the inventories can be measured reliably. Inventories that qualify for recognition as assets shall initially be measured at cost. Where inventories are acquired through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.

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 and financial position 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.

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.



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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.

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.

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.



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Accounting Policies

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.

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.

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 and financial position 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 and financial position in the period in which the service is rendered by the relevant employees.



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Accounting Policies

1.16 Employee benefits (continued)

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 and financial position.

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.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element.

Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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.

The Municipality's obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised.

Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries

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Accounting Policies

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 and financial position.

Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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 every 3 years 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, SALA pension fund, Consolidated retirement fund, Municipal Councillors' pension fund, National fund for municipal workers.

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. Rand value is used to determine the leave pay, such as the remuneration package of the employee. Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

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.

The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

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.



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Accounting Policies

1.17 Leases (continued)

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.

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 and financial position 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



Drakenstein Municipality

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Accounting Policies

1.19 Financial instruments (continued)

- 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	Classification in terms of GRAP 104
Finance lease receivables	Financial assets at amortised cost
Non-current receivables from exchange transactions	Financial assets at amortised cost
Current portion of non-current receivables	Financial assets at amortised cost
Receivables from exchange transactions	Financial assets at amortised cost
Receivables from non-exchange transactions	Financial assets at amortised cost
Short-term investments	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost
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 Cash flow or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Long-term borrowings	Financial liability at amortised cost
Current portion of long-term borrowings	Financial liability at amortised cost
Payables from Exchange Transactions	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Consumer Deposits	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.



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Accounting Policies

1.19 Financial instruments (continued)

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.

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 and financial position.

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 and financial position 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.



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1.19 Financial instruments (continued)

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 and financial position.

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 and financial position 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:



Drakenstein Municipality

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Accounting Policies

1.20 Statutory receivables (continued)

- 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.

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 and financial position.

Drakenstein Municipality

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Accounting Policies

1.20 Statutory receivables (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 and financial position 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.

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



Drakenstein Municipality

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Accounting Policies

1.21 Revenue (continued)

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.

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 licenses 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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.21 Revenue (continued)

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.

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.

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.21 Revenue (continued)

Government grants and receipts

- Unconditional grants

Equitable share allocations are recognised in revenue upon receipt of funds during 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 and financial position 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.

Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

Availability fees

Revenue arising from legislation is recognised in accordance with the approved tariffs.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Accounting by principal and agents (continued)

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 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.



Drakenstein Municipality

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Accounting Policies

1.23 Housing arrangements (continued)

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 and financial position 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 and financial position.

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.

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:



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.26 Unauthorised expenditure (continued)

- 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 and financial position 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 and financial position. 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 and financial position 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 and financial position. 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.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.30 Change in accounting policies, estimates and errors (continued)

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.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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.

1.35 Capital commitments

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

1.36 Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with the council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.37 Unspent conditional grants and receipts

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies, and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue is driven by legislation.

Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered a financial instrument

The liability must always be cash-backed.

Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met is transferred to revenue in the Statement of Financial Performance.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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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	2023	
	Base Rand	Level of materiality Rand
Revenue	2,923,812,901	14,619,065
Capital and Operational Expenditure	3,082,183,528	15,410,918
Total Assets	7,418,939,239	37,094,696
Equity (Net Assets)	4,915,175,184	24,575,876

Based on professional judgement the quantitative value of materiality for the 2023 financial year is set at R 14.6 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 2023

Notes to the Audited Annual Financial Statements

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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 2023

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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 2023

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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 non-cash generating Assets and GRAP 26: Impairment of 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 and financial position.

Revenue recognition

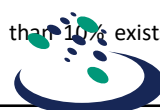
The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition 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 97.3% of the value of the fines issued, whereas it was estimated that 83.8% 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 2023

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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 2023

Notes to the Audited Annual Financial Statements

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3. Property, plant and equipment

3.1 Reconciliation of carrying value

2023

	Land	Infrastructure assets	Buildings	Other assets	Capital spares	Movable assets	Total
Opening carrying value at 01 July 2022							
Cost	1,112,704,630	7,617,870,563	1,109,718,941	42,256,734	14,747,358	357,460,840	10,254,759,066
Construction work-in-progress	-	144,785,003	33,074,063	6,264,221	-	-	184,123,287
Accumulated depreciation	(73,689)	(3,577,213,015)	(70,021,931)	(10,417,559)	-	(208,685,403)	(3,866,411,597)
	1,112,630,941	4,185,442,551	1,072,771,073	38,103,396	14,747,358	148,775,437	6,572,470,756
Additions from acquisitions	792,000	95,774,572	5,290,832	78,721	-	34,886,800	136,822,925
WIP additions	-	71,236,193	4,095,505	1,599,181	-	75,900	77,006,779
Additions - Transfers from WIP	-	14,855,026	5,049,989	245,080	-	-	20,150,095
Revaluation adjustments	38,800	-	-	-	-	-	38,800
Depreciation	40	(164,026,244)	(69,512,804)	(2,493,474)	-	(18,340,434)	(254,372,956)
	830,800	17,839,547	(55,076,478)	(570,492)	-	16,622,266	(20,354,357)
Carrying value of disposals / transfers							
Cost - disposals	(13,320,833)	(7,189,806)	(254,000)	(328,715)	-	(577,143)	(21,670,497)
Cost - WIP Transfer to complete	-	(14,855,026)	(5,049,989)	(245,080)	-	-	(20,150,095)
Cost - Transfer	(16,703,706)	21,786,423	(3,984,308)	-	-	-	1,098,409
Accumulated depreciation - disposals	-	4,229,567	30,427	38,350	-	552,445	4,850,789
Accumulated depreciation - Transfers	-	-	498,039	-	-	-	498,039
	(30,024,539)	3,971,158	(8,759,831)	(535,445)	-	(24,698)	(35,373,355)
Impairment loss / reversal of impairment loss	-	-	-	-	-	(214,518)	(214,518)
Other changes	-	-	-	-	(2,337,047)	-	(2,337,047)
	-	-	-	-	(2,337,047)	(214,518)	(2,551,565)
Closing carrying value as at 30 June 2023	1,083,437,202	4,207,253,256	1,008,934,764	36,997,459	12,410,311	165,158,483	6,514,191,479

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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3. Property, plant and equipment (continued)

Cost	1,083,510,891	7,743,096,777	1,115,821,454	42,251,820	12,410,311	391,770,499	10,388,861,752
Construction work-in-progress	-	201,166,171	32,119,579	7,618,322	-	75,900	240,979,972
Accumulated depreciation	(73,689)	(3,737,009,692)	(139,006,269)	(12,872,683)	-	(226,687,912)	(4,115,650,245)
	1,083,437,202	4,207,253,256	1,008,934,764	36,997,459	12,410,311	165,158,487	6,514,191,479

The remaining useful lives of assets were reviewed and adjusted where necessary during 2023. This was treated as a change in accounting estimate. All changes in accounting estimates are applied prospectively and accordingly no prior year adjustments were made due to the review of remaining useful lives of assets.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand

3. Property, plant and equipment (continued)

2022

	Land	Infrastructure assets	Buildings	Other assets	Capital spares	Movable assets	Total
Opening carrying value at 01 July 2021							
Cost	947,451,220	7,271,187,678	1,026,777,580	38,716,330	11,528,909	359,589,559	9,655,251,276
Construction work-in-progress	-	376,507,948	25,401,957	3,512,416	-	-	405,422,321
Accumulated depreciation	-	(3,423,918,173)	(195,826,849)	(8,907,462)	-	(209,763,145)	(3,838,415,629)
	947,451,220	4,223,777,453	856,352,688	33,321,284	11,528,909	149,826,414	6,222,257,968
Additions from acquisitions	1,603,700	86,010,055	13,956,305	3,632,189	-	15,256,810	120,459,059
WIP additions	-	34,783,728	8,306,106	2,751,805	-	-	45,841,639
Additions - transfers from WIP	-	266,506,673	634,000	-	-	-	267,140,673
Revaluation adjustments	171,404,310	-	264,458,679	-	-	-	435,862,989
Reversal of Depreciation against asset cost	-	-	(195,811,822)	-	-	-	(195,811,822)
Reversal of Depreciation against asset Acc depreciation	-	-	195,811,822	-	-	-	195,811,822
Depreciation	40	(163,669,960)	(69,241,133)	(1,601,882)	-	(14,392,933)	(248,905,908)
	173,008,010	223,630,496	218,113,957	4,782,112	-	863,877	620,398,452
Carrying value of disposals / transfers							
Cost - disposals	(2,240,810)	(13,864,870)	(295,800)	(91,785)	-	(17,385,530)	(33,878,795)
Cost - WIP Transfer to complete	-	(266,506,673)	(634,000)	-	-	-	(267,140,673)
Accumulated depreciation - disposals	-	10,375,119	19,822	91,785	-	17,079,462	27,566,188
Cost - Transfers	(5,513,791)	8,031,027	-	-	-	-	2,517,236
	(7,754,601)	(261,965,397)	(909,978)	-	-	(306,068)	(270,936,044)
Impairment loss / reversal of impairment loss	(73,689)	-	(785,593)	-	-	(1,608,788)	(2,468,070)
Other changes	-	-	-	-	3,218,449	-	3,218,449
	(73,689)	-	(785,593)	-	3,218,449	(1,608,788)	750,379
Closing carrying value as at 30 June 2022	1,112,630,940	4,185,442,552	1,072,771,074	38,103,396	14,747,358	148,775,435	6,572,470,755

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand

3. Property, plant and equipment (continued)

Cost	1,112,704,629	7,617,870,564	1,109,718,942	42,256,734	14,747,358	357,460,838	10,254,759,065
Construction work-in-progress	-	144,785,003	33,074,063	6,264,221	-	-	184,123,287
Accumulated depreciation	(73,689)	(3,577,213,015)	(70,021,931)	(10,417,559)	-	(208,685,403)	(3,866,411,597)
	1,112,630,940	4,185,442,552	1,072,771,074	38,103,396	14,747,358	148,775,435	6,572,470,755

The remaining useful lives of assets were reviewed and adjusted where necessary during 2022. This was treated as a change in accounting estimate. All changes in accounting estimates are applied prospectively and accordingly no prior year adjustments were made due to the review of remaining useful lives of assets.

The prior year comparatives have been restated, please refer to note 49 for more detailed information.

Included in the carrying value for land is an amount of R2,945,685 (2022: R2,945,685) 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 2023

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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 2021/22 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 impairment losses were recognised during the year:

Land	-	73,689
Buildings	-	785,592
Other assets	214,518	1,608,788
Total	214,518	2,468,069

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 remaining useful lives and residual values of items of property, plant and equipment has been performed. The change in the estimated remaining useful lives and residual values of various assets of the municipality has resulted in a decrease in depreciation of R 4,295,858 (2022: R 7,098,696). It is impracticable to estimate the effect of these changes on future periods.

3.6 Property, plant and equipment under construction

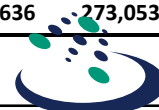
No projects were identified where construction or development has been halted, or that is taking a significantly longer period of time to complete than expected.

3.7 Maintenance of property, plant and equipment

3.7.1 Maintenance of property, plant and equipment by nature and type of expenditure

2023

	Buildings, structures and other assets	Infrastructure assets	Moveable assets	Total
Expenditure				
Contracted Services	12,136,118	34,819,399	30,543,341	77,498,858
Employee Related Cost	59,180,643	112,653,866	5,828,507	177,663,016
Inventory	3,115,571	9,405,820	5,053,788	17,575,179
Operation Cost	3,010	313,204	-	316,214
	74,435,342	157,192,289	41,425,636	273,053,267



Drakenstein Municipality

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Figures in Rand 2023 2022

3. Property, plant and equipment (continued)

2022

	Buildings, structures and other assets	Infrastructure assets	Movable assets	Total
Expenditure				
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
	77,335,598	152,688,001	33,980,968	264,004,567

4. Heritage assets

4.1 Reconciliation of carrying value

2023

	Land and buildings	Monuments and parks	Other assets	Total
Opening carrying value as at 01 July 2022				
Cost	24,295,000	22,250,000	1,088,645	47,633,645
Accumulated impairment losses	-	-	-	-
	24,295,000	22,250,000	1,088,645	47,633,645
 Closing carrying value as at 30 June 2023	 24,295,000	 22,250,000	 1,088,645	 47,633,645

2022

	Land and buildings	Monuments and parks	Other assets	Total
Opening carrying value as at 01 July 2021				
Cost	20,848,000	18,825,000	1,088,645	40,761,645
Accumulated impairment losses	-	-	-	-
	20,848,000	18,825,000	1,088,645	40,761,645
Revaluation	3,447,000	3,425,000	-	6,872,000
Closing carrying value as at 30 June 2022	24,295,000	22,250,000	1,088,645	47,633,645
 Cost	 24,295,000	 22,250,000	 1,088,645	 47,633,645



Drakenstein Municipality

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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.

4.2 Maintenance of heritage assets

2023

The following maintenance costs were incurred:

	Land and buildings	Monuments and parks	Other assets	Total
Contracted Services	-	57,024	-	57,024
Employee Related Cost	-	5,252,303	-	5,252,303
Inventory	-	232,351	-	232,351
Operational Cost	-	-	-	-
Total	-	5,541,678	-	5,541,678



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4. Heritage assets (continued)

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	-	-	-	-
Total	-	5,518,385	-	5,518,385

5. Intangible assets

5.1 Reconciliation of carrying value

2023

	Computer software	Plan and designs	Licence and rights	Total
Opening carrying value as at 01 July 2022				
Cost	10,734,352	-	965,715	11,700,067
Accumulated amortisation and impairment	(6,203,851)	-	(881,310)	(7,085,161)
	4,530,501	-	84,405	4,614,906
Amortisation	40 (695,278)	-	(16,134)	(711,412)
Carrying value of disposals / transfers				
Cost	(1,066,622)	-	(77,883)	(1,144,505)
Accumulated amortisation and impairment	888,126	-	42,343	930,469
	(178,496)	-	(35,540)	(214,036)
Closing carrying value as at 30 June 2023	3,656,727	-	32,731	3,689,458
Cost	9,667,730	-	887,833	10,555,563
Accumulated amortisation and impairment	(6,011,003)	-	(855,102)	(6,866,105)
	3,656,727	-	32,731	3,689,458



Drakenstein Municipality

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Figures in Rand		2023	2022		
5. Intangible assets (continued)					
2022					
		Computer software	Plan and designs	Licence and rights	Total
Opening carrying value as at 01 July 2021					
Cost		10,591,041	89,659	965,715	11,646,415
Accumulated amortisation and impairment		(5,587,596)	(60,968)	(742,852)	(6,391,416)
		5,003,445	28,691	222,863	5,254,999
Additions from acquisitions					
Amortisation	40	348,031	-	-	348,031
		(820,975)	(28,691)	(138,458)	(988,124)
		(472,944)	(28,691)	(138,458)	(640,093)
Carrying value of disposals / transfers					
Cost		(204,720)	(89,659)	-	(294,379)
Accumulated amortisation and impairment		204,720	89,659	-	294,379
		-	-	-	-
Closing carrying value as at 30 June 2022					
		4,530,501	-	84,405	4,614,906
2023					
Cost		10,734,353	-	965,715	11,700,068
Accumulated amortisation and impairment		(6,203,852)	-	(881,310)	(7,085,162)
		4,530,501	-	84,405	4,614,906

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of financial performance and financial position (see Note 40).

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.

5.2 Change in estimate

A review of the remaining useful lives for intangible assets has been performed. The change in the estimated remaining useful lives of various intangible assets of the municipality has resulted in a decrease in amortisation of R 57,183 (2022: R 1,954). It is impracticable to estimate the effect of these changes on future periods.



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
6. Investment property		
6.1 Reconciliation of carrying value		
Opening carrying value		
Cost	59,096,957	55,452,957
Accumulated depreciation and impairment losses	-	-
	59,096,957	55,452,957
Fair Value Adjustments	4,877,766	3,644,000
Other movements (transfers to IP)	18,810,277	-
	23,688,043	3,644,000
Carrying value of disposals / transfers		
Cost	(885,000)	-
Closing carrying value	81,900,000	59,096,957
Cost	81,900,000	59,096,957
Accumulated depreciation and impairment losses	-	-
	81,900,000	59,096,957

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 2022/2023

The date of fair value assessment was on 30 June 2023.

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 and financial position include rental revenue earned from investment property to the amount of R 121,891 (2022: R 193,303).

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 49 for more detailed information.



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
7. Non-current receivables from exchange transactions			
Other receivables			
Housing selling schemes		18,225	121,637
Transferred to current receivables	13	(18,121)	(26,762)
Total non-current other receivables	7.1	104	94,875



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

7. Non-current receivables from exchange transactions (continued)

7.1 Other non-current receivables

	2023			2022		
	Gross	Impairment	Total	Gross	Impairment	Total
Housing selling schemes	38,388	(20,163)	18,225	220,080	(98,443)	121,637
Public organisations	77,834	(77,834)	-	77,834	(77,834)	-
Total	116,222	(97,997)	18,225	297,914	(176,277)	121,637

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

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Notes to the Audited Annual Financial Statements

Figures in Rand

7. Non-current receivables from exchange transactions (continued)

7.1.1 Impairment reconciliation of other non-current receivables

	2023			2022		
	Opening balance	Impairment raised	Closing balance	Opening balance	Impairment reversed / debt written off	Closing balance
Housing selling schemes	98,443	(78,280)	20,163	203,340	(104,897)	98,443
Public organisation	77,834	-	77,834	-	77,834	77,834
Total	176,277	(78,280)	97,997	203,340	(27,063)	176,277

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

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Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
8. Inventories		
Consumables	4,280,313	3,900,542
Materials and supplies	38,322,856	37,694,388
Water	558,677	535,720
Spare parts for Plant & Equipment	460,028	176,810
Plants held for resale	129,317	123,762
Land for BNG housing	9,837,705	8,458,006
Less: Inventory held as spare parts for infrastructure assets	(12,410,311)	(14,747,341)
Total Inventories	41,178,585	36,141,887

No inventories were pledged as security for liabilities.

During the year inventory to the amount of R 83,684 (2022: R 59,321) was written off due to discrepancies identified during the annual stock count. An amount of R 85,089 (2022: R 0) was written off due to valuation of inventory at the lower of cost and NRV in accordance with GRAP 12. A gain of R0 (2022: R139,953) due to the reversal of prior year NRV adjustments was recognised.

Inventories of R 12,410,311 (2022: R 14,474,341) are held as major spare parts for infrastructure assets and has been transferred to property, plant and equipment.

9. Trade and other receivables from exchange transactions

Consumer receivables from exchange transactions	9.1		
Electricity		208,155,887	212,396,000
Water		43,697,263	44,815,858
Waste management		26,453,913	45,897,535
Waste water management		21,921,259	33,188,202
Housing rental scheme		1,488,383	925,001
Housing selling scheme		97,852	58,125
		301,814,557	337,280,721
Other receivables from exchange transactions	9.2		
Sundry debtors		22,809,917	20,568,938
Other receivables from exchange transactions		8,737,388	7,583,964
Less: Provision for impairment		(13,098,111)	(12,030,822)
		18,449,194	16,122,080
Total receivables from exchange transactions		320,263,751	353,402,801

9.1 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

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Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022

9. Trade and other receivables from exchange transactions (continued)

	2023			2022		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables						
Electricity	231,747,715	(23,591,828)	208,155,887	237,865,760	(25,469,760)	212,396,000
Water	104,008,795	(60,311,532)	43,697,263	89,862,858	(45,047,000)	44,815,858
Waste management	71,530,842	(45,076,929)	26,453,913	56,209,809	(10,312,274)	45,897,535
Waste water management	48,841,147	(26,919,888)	21,921,259	40,239,101	(7,050,899)	33,188,202
Housing rental scheme	7,081,338	(5,592,955)	1,488,383	6,225,471	(5,300,470)	925,001
Housing selling scheme	1,051,875	(954,023)	97,852	862,547	(804,422)	58,125
Total	464,261,712	(162,447,155)	301,814,557	431,265,546	(93,984,825)	337,280,721

9.1.1 Ageing of consumer receivables

2023

	Not due			Past due		
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
Consumer receivables						
Ageing by debt type						
Electricity	168,726,304	1,585,161	8,033,760	1,500,548	3,470,906	1,541,458
Water	25,836,885	1,442,332	6,451,764	1,774,696	3,905,416	2,211,361
Waste management	12,511,300	561,065	3,703,556	583,757	2,990,559	1,376,034
Waste water management	12,869,205	399,958	2,584,739	412,253	1,938,292	891,698
Housing rental schemes	489,859	22,996	301,847	28,012	221,312	28,858
Housing selling scheme	29,175	2,305	23,206	2,297	21,808	2,346
Total	220,462,728	4,013,817	21,098,872	4,301,563	12,548,293	6,051,755

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
Consumer receivables					
Ageing by debt type					
Electricity	51,516,746	18,964,661	231,747,716	23,591,828	41,014,745
Water	67,814,730	54,883,143	104,008,795	60,311,532	19,302,710
Waste management	52,325,427	42,556,073	71,530,842	45,076,929	14,503,678
Waste water management	31,448,911	25,215,979	48,841,147	26,919,888	9,452,012
Housing rental scheme	6,068,320	5,513,089	7,081,338	5,592,955	1,021,520
Housing selling scheme	977,686	947,075	1,051,875	954,023	70,982
Total	210,151,820	148,080,020	464,261,713	162,447,155	85,365,647



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022

9. Trade and other receivables from exchange transactions (continued)

2022

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
Consumer receivables						
Ageing by debt type						
Electricity	186,455,173	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 schemes	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
Total	232,587,122	3,913,494	20,892,920	4,393,247	12,669,058	4,235,711

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
Consumer receivables					
Ageing by debt type					
Electricity	36,968,763	20,028,121	237,865,760	25,469,760	27,717,573
Water	56,674,409	40,145,662	89,862,858	45,047,000	22,827,876
Waste management	40,342,004	9,129,965	56,209,809	10,312,274	35,712,523
Waste water management	24,794,263	6,112,938	40,239,101	7,050,899	21,743,548
Housing rental scheme	5,531,223	5,246,802	6,225,471	5,300,470	563,509
Housing selling scheme	805,784	778,885	862,547	804,422	42,064
Total	165,116,446	81,442,373	431,265,546	93,984,825	108,607,093

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.

In 2023 the model for the impairment of debtors was further refined and the credit control measures available per ward was considered. Drakenstein normally restricts electricity on outstanding accounts as per its Credit Control and Debt Collection Policy, by means of a block on prepaid electricity meters (see par 8.9 of the Credit Control and Debt Collection Policy) or disconnection of credit meters. However, the municipality does not have any credit control mechanisms to restrict electricity (via prepaid meter blocking) in the areas of Saron, Gouda & Hermon (Wards 30 & 31), where a consumer account falls in arrears, as these areas are serviced by Eskom directly, prohibiting credit control measures. All debt older than 60 days is regarded as fully impaired for these areas.

Included in the Allowance for Doubtful Debts are individually impaired Consumer receivables with a balance of R1,862,221 (2022: R2,421,935) 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.



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9. Trade and other receivables from exchange transactions (continued)

9.2 Other receivables from exchange transactions

	2023			2022		
	Gross	Impairment	Total	Gross	Impairment	Total
Sundry debtors	22,809,917	-	22,809,917	20,568,938	-	20,568,938
Other receivables from exchange transactions	8,737,388	-	8,737,388	7,583,964	-	7,583,964
Less: Provision for impairment	-	(13,098,111)	(13,098,111)	-	(12,030,822)	(12,030,822)
Total	31,547,305	(13,098,111)	18,449,194	28,152,902	(12,030,822)	16,122,080

9.2.1 Impairment reconciliation of consumer and other receivables from exchange transactions

	2023			2022				
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance
Consumer receivables	93,984,824	83,019,511	(14,557,181)	162,447,154	108,980,741	26,453,720	(41,449,637)	93,984,824
Other receivables	12,030,822	1,749,882	(682,593)	13,098,111	11,303,911	1,839,114	(1,112,203)	12,030,822
Total	106,015,646	84,769,393	(15,239,774)	175,545,265	120,284,652	28,292,834	(42,561,840)	106,015,646



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
10. Receivables from non-exchange transactions			
Consumer receivables	10.1		
Property rates		41,470,262	47,169,876
Electricity		628,595	836,131
Water		578,468	1,028,144
Waste management		1,286,451	2,773,083
Waste water management		761,348	2,668,515
Fines		34,218,439	15,918,401
		78,943,563	70,394,150
Other receivables			
Grants and subsidies		14,617,459	15,992,655
Prepayments		8,640,357	8,405,196
Other receivables		4,934,872	7,279,718
Rental leases: straight line		8,345	13,935
		28,201,033	31,691,504
Total receivables		107,144,596	102,085,654

10.1 Receivables from non-exchange transactions

	2023			2022		
	Gross	Impairment	Total	Gross	Impairment	Total
Consumer receivables						
Property rates	62,558,049	(21,087,787)	41,470,262	55,478,606	(8,308,730)	47,169,876
Electricity	1,267,692	(639,097)	628,595	1,015,247	(179,116)	836,131
Water	2,355,498	(1,777,030)	578,468	2,061,718	(1,033,574)	1,028,144
Waste management	3,751,253	(2,464,802)	1,286,451	3,045,275	(272,192)	2,773,083
Waste water management	3,299,853	(2,538,505)	761,348	2,774,499	(105,984)	2,668,515
Fines	186,089,864	(151,871,425)	34,218,439	182,239,880	(166,321,479)	15,918,401
	259,322,209	(180,378,646)	78,943,563	246,615,225	(176,221,075)	70,394,150
Other receivables						
Grants and subsidies	14,617,459	-	14,617,459	15,992,655	-	15,992,655
Prepayments	8,640,357	-	8,640,357	8,405,196	-	8,405,196
Other receivables	4,934,872	-	4,934,872	7,279,718	-	7,279,718
Rental leases: straight line	8,345	-	8,345	13,935	-	13,935
	28,201,033	-	28,201,033	31,691,504	-	31,691,504
Total	287,523,242	(180,378,646)	107,144,596	278,306,729	(176,221,075)	102,085,654



Drakenstein Municipality

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10. Receivables from non-exchange transactions (continued)

10.1.1 Impairment reconciliation of receivables from non-exchange transactions

	2023				2022			
	Opening balance	Contributions	Impairment reversed / debt written off	Closing balance	Opening balance	Contributions	Impairment reversed / debt written off	Closing balance
Reconciliation of impairment provision								
Property rates	8,308,729	13,380,119	(601,061)	21,087,787	10,555,208	(801,017)	(1,445,461)	8,308,730
Availability charges receivables	1,590,866	5,993,229	(164,661)	7,419,434	2,597,223	(668,921)	(337,436)	1,590,866
Fines	166,321,479	73,192,195	(87,642,249)	151,871,425	170,894,084	88,557,866	(93,130,471)	166,321,479
Total	176,221,074	92,565,543	(88,407,971)	180,378,646	184,046,515	87,087,928	(94,913,368)	176,221,075



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10. Receivables from non-exchange transactions (continued)

10.1.2 Additional information regarding receivables from non-exchange transactions

2023

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
Consumer receivables						
Aging by debt type						
Property rates	27,475,615	788,759	3,836,205	789,100	2,619,323	855,119
Electricity	274,287	10,204	69,467	10,204	52,273	10,204
Water	172,813	7,587	78,820	7,587	66,085	33,343
Waste management	668,296	19,186	156,751	19,186	132,793	71,356
Waste water management	260,281	12,276	119,195	12,276	103,020	55,469
Fines	6,196,493	5,269,162	9,346,312	7,866,504	10,468,528	8,504,298
Total	35,047,785	6,107,174	13,606,750	8,704,857	13,442,022	9,529,789

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
Consumer receivables					
Aging by debt type					
Property rates	28,626,906	18,654,809	62,558,049	21,087,787	14,783,406
Electricity	871,665	608,485	1,267,692	639,097	364,512
Water	2,037,780	1,728,513	2,355,498	1,777,030	413,242
Waste management	2,793,413	2,355,074	3,751,253	2,464,802	637,341
Waste water management	2,817,357	2,458,484	3,299,853	2,538,505	513,343
Fines	160,078,531	130,231,461	186,089,864	151,871,425	33,291,108
Total	197,225,652	156,036,826	259,322,209	180,378,646	50,002,952



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10. Receivables from non-exchange transactions (continued)

2022

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
Consumer receivables						
Aging by debt type						
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
Total	35,175,816	6,751,445	12,450,747	7,520,797	11,951,311	8,966,762

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
Consumer receivables					
Aging by debt type					
Property rates	22,931,348	6,931,446	55,478,606	8,308,730	20,907,953
Electricity	726,501	173,476	1,015,247	179,116	664,051
Water	1,796,870	1,028,758	2,061,718	1,033,574	882,505
Waste management	2,231,573	220,888	3,045,275	272,192	2,218,920
Waste water management	2,369,248	94,380	2,774,499	105,984	2,447,411
Fines	156,981,811	144,533,123	182,239,880	166,321,479	14,848,939
Total	187,037,351	152,982,071	246,615,225	176,221,075	41,969,779

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.

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.



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10. Receivables from non-exchange transactions (continued)

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.

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.



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10. Receivables from non-exchange transactions (continued)

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.

11. Cash and cash equivalents

11.1 Bank accounts

The municipality has the following bank accounts:

FNB Primary Bank Account	627-023-103-85	-	19,916,665
FNB Secondary Account	627-023-123-49	-	-
FNB Traffic Fines Bank Account	620-715-265-14	-	-
FNB Motor Vehicle Licensing Bank Account	628-046-375-70	-	-
Nedbank Primary Bank Account	122-750-451-9	89,615,886	-
Nedbank Secondary Bank Account	122-906-183-5	4,064,561	-
Nedbank Traffic Fines Bank Account	122-906-180-0	5,718	-
Nedbank Motor Vehicle Licensing Bank Account	122-906-181-9	16,459	-
Nedbank Sundry Receipts Bank Account	122-906-184-3	138,702	-
Total		93,841,326	19,916,665
Bank statement balance at beginning of year		19,487,755	86,252,360
Bank statement balance at end of year		97,765,214	19,487,755
Cash book balance at beginning of year		19,916,665	87,671,202
Bank statement balance at end of year		97,765,214	19,487,755
Net movement / reconciling items		(3,923,888)	428,910
Cash book balance at end of year		93,841,326	19,916,665

Comparative figures have been restated, refer to note 49 for more detail information.



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Figures in Rand	2023	2022
11. Cash and cash equivalents (continued)		
11.2 Cash and cash equivalents		
Cash and cash equivalents consist of the following:		
Call deposits and investments		
Short term investment deposits	351,404,153	169,942,000
Cash at bank		
Bank account	93,841,326	19,916,665
Cash on hand	24,952	24,952
Total cash and cash equivalents	445,270,431	189,883,617

All account balances are cleared on a daily basis to the main account. The municipality does not have an overdraft facility with Nedbank.

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	93-5338-8392	CALL DEPOSIT	48,777,383	17,309,378
ABSA BANK	93-5591-4684	CALL DEPOSIT	61,854,655	38,984,463
ABSA BANK	93-5612-6210	CALL DEPOSIT	62,694,374	58,394,773
ABSA BANK	90-5907-5162	CALL DEPOSIT	71	71
			173,326,483	114,688,685
NEDBANK	03/7881536373/000052	CALL DEPOSIT	5,153,403	-
NEDBANK	03/7881536373/000211	NOTICE DEPOSIT ACCOUNT	-	10,000,000
			5,153,403	10,000,000
GRINDROD BANK	611166	CALL DEPOSIT	17,000,000	-
			17,000,000	-
STANDARD BANK	07-875-830-0-056	CALL DEPOSIT	-	20,253,315
STANDARD BANK	07-875-830-0-057	CALL DEPOSIT	26,741,692	25,000,000
STANDARD BANK	07-875-830-0-060	CALL DEPOSIT	104,007,404	-
STANDARD BANK	07-875-830-0-063	CALL DEPOSIT	25,175,171	-
			155,924,267	45,253,315
Total investments			351,404,153	169,942,000

12. Short term investments

Grindrod Bank	-	40,000,000
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Short term investments consisted of two notice deposits accounts in 2022 with account numbers respectively 196420 and 198235 of R20,000,000 each which matures within 5 months after year end. All investments are call deposits at year end 2023.



Drakenstein Municipality

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13. Current portion of non-current receivables			
Current portion of non-current receivables	7	18,121	26,762
14. VAT control receivable			
Accrual VAT transactions		4,970,636	4,147,971
VAT return balance		9,427,411	10,850,269
Total		14,398,047	14,998,240

VAT receivable, interest and other charges arises from Value Added Tax Act 89 of 1991.

Comparative figures have been restated, refer to note 49 for more detail information.

15. Borrowings

Total borrowings			
Annuity Loans		1,539,712,709	1,618,401,012
Less: Current portion transferred to current liabilities			
Annuity Loans		(84,460,268)	(78,688,302)
Non-current borrowings		1,455,252,441	1,539,712,710

15.1 Summary of arrangements

Annuity loans are repaid over periods varying from 1 to 14 (2022: 1 to 15) years and at interest rates varying from 9.87% to 11.48% (2022: 9.68% to 11.48%) per annum.

Annuity loans are not secured.

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

2023

	Amortised cost	Total
Carrying value as at 30 June 2023		
Finance lease liability	817,986	817,986
Transferred to current liabilities	(345,347)	(345,347)
Total non-current liabilities	472,639	472,639

2022

	Amortised cost	Total
Carrying value as at 30 June 2022		
Finance lease liability	26,762	26,762
Transferred to current liabilities	(26,762)	(26,762)
Total non-current liabilities	-	-

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16. Finance lease liabilities (continued)		
16.2 Obligation under finance leases		
The municipality as lessee		
The obligations under finance leases are as follow:		
Total future minimum lease payments		
Payable within one year	564,408	27,036
Payable within two to five years	564,408	-
Total minimum lease payments	1,128,816	27,036
Less: Future finance charges	(310,830)	(274)
	817,986	26,762
Present value of minimum lease payments		
Payable within one year	345,347	26,762
Payable within two to five years	472,639	-
	817,986	26,762

Finance leases were entered into for certain photocopier machines for a lease period of 36 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	201,416,000	195,128,000
Ex-Gratia pension benefits	17.2	688,000	807,000
Provision for long-service awards	17.3	43,705,000	44,210,000
		245,809,000	240,145,000

Current employee benefits

Post-employment health care benefits	17.1	11,856,000	10,966,001
Ex-Gratia pension benefits	17.2	108,000	108,000
Provision for long-service awards	17.3	5,109,000	3,716,000
Provision for bonuses	17.4	20,568,587	19,901,977
Performance bonuses	17.5	2,762,856	2,400,802
Provision for staff leave	17.6	44,968,080	44,677,102
		85,372,523	81,769,882
Total employee benefits		331,181,523	321,914,882

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 municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr Julian van der Spuy and Ms Gabriella Knipe 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.



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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)	713	731
Continuation members (Retirees)	215	213
Total members	928	944

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	105,127,000	106,249,000
Continuation members (Retirees)	108,145,000	99,845,001
Total liability	213,272,000	206,094,001
Non-current	201,416,000	195,128,000
Current	11,856,000	10,966,001
Total liability	213,272,000	206,094,001

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 5,961,000 whereas the Interest Cost is estimated to be R 27,170,000.

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.'



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17. Employee benefits (continued)

The Actuaries used the nominal and real zero curves as at 30 June 2023 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	213,272,000	206,094,001
Total benefit liability	213,272,000	206,094,001

Amounts recognised in the statement of financial performance are as follow:

Current service cost		7,525,000	6,380,000
Interest cost		24,178,000	20,954,000
Actuarial loss/ (gain) recognised in the year		(13,696,556)	(8,843,977)
Total post-retirement benefit included in employee related costs	38	18,006,444	18,490,023

Movements in the present value of the defined benefit obligation were as follow:

Balance at the beginning of the year		206,094,001	198,323,001
Current service cost		7,525,000	6,380,000
Interest cost		24,178,000	20,954,000
Actual employer benefit payments		(10,828,445)	(10,719,023)
Actuarial loss/ (gain) recognised in the year		(13,696,556)	(8,843,977)
Present value of fund obligation at the end of the year		213,272,000	206,094,001



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17. Employee benefits (continued)		
Movements in the present value of the defined benefit assets were as follow:		
Balance at the beginning of the year	-	-
Contributions from the employer	10,828,444	10,719,023
Benefits paid	(10,828,444)	(10,719,023)
Balance at the end of the year	-	-

History of experienced adjustments are as follow:

	2019	2020	2021	2022	2023
Present value of defined benefit obligation	210,897,000	177,959,000	198,323,000	206,094,000	213,272,000
Fair value of plan assets	-	-	-	-	-
Deficit	210,897,000	177,959,000	198,323,000	206,094,000	213,272,000

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	190,083,000	241,001,000
Effect on the aggregate of the interest cost	24,113,000	30,830,000
Effect on the aggregate of the current service cost	4,967,000	7,205,000

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	231,627,000	198,281,000
Effect on the aggregate of the interest cost	29,575,000	25,206,000
Effect on the aggregate of the current service cost	6,500,000	5,510,000

The municipality expects to make a contribution of R 11,856,000 to the Defined Benefit Plan during the next financial year.

Refer to note 58 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.



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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 Gouda) 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 2023 by Mr Julian van der Spuy and Ms Gabriella Knipe 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)	105	114
Continuation members (Retirees)	4	4
Total members	109	118

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	552,000	640,000
Continuation members (Retirees)	244,000	275,000
Total liability	796,000	915,000

Non-current	688,000	807,000
Current	108,000	108,000
Total liability	796,000	915,000

Lump sum benefit	552,000	640,000
Pension benefit	244,000	275,000
	796,000	915,000

The interest-cost for the next year is estimated to be R 67,000. 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	9.76 %	9.06 %
Consumer Price Inflation (CPI)	5.66 %	6.61 %
Pension increase rate (Pensioners)	6.66 %	7.61 %
Net effective discount rate	2.91 %	1.35 %

Pensioner valuation

Discount rate	9.23 %	8.13 %
Consumer Price Inflation (CPI)	5.23 %	5.83 %
Pension increase rate (Pensioners)	6.23 %	6.83 %
Net effective discount rate	2.82 %	1.22 %



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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 2023 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	796,000	915,000
Total benefit liability	796,000	915,000

The amounts recognised in the statement of financial performance are as follow:

Service cost	-	-
Interest cost	74,000	82,000
Actuarial (Gains) / Losses recognised	(136,343)	(227,274)
Total post-retirement benefit included in employee related costs	(62,343)	(145,274)

(Note 38)

Movements in the present value of the defined benefit obligation were as follow:

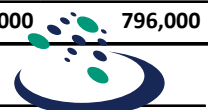
Balance at the beginning of the year	915,000	1,123,000
Service cost	-	-
Interest cost	74,000	82,000
Benefits paid	(56,657)	(62,726)
Actuarial (Gains) / Losses recognised	(136,343)	(227,274)
Present value of the fund obligation at the end of the year	796,000	915,000

Movements in the present value of the defined benefit assets were as follow:

Balance at the beginning of the year	-	-
Contributions from employer	(56,657)	(62,726)
Benefits paid	56,657	62,726
Balance at the end of the year	-	-

The history of experienced adjustments are as follow:

	2019	2020	2021	2022	2023
Present value of defined benefit obligation	1,771,000	1,141,000	1,123,000	915,000	796,000
Fair value of plan assets	-	-	-	-	-
Deficit	1,771,000	1,141,000	1,123,000	915,000	796,000



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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	767,000	825,000
Effect on the defined benefit obligation	64,000	69,000

The municipality expects to make a contribution of R 108,000 to the Defined Benefit Plan during the next financial year.

Refer to note 58 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	48,814,000	47,926,000
Less: Transfer to current provisions	(5,109,000)	(3,716,000)
Total non-current provisions	43,705,000	44,210,000
Non-current	43,705,000	44,210,000
Current	5,109,000	3,716,000
Total provisions at the end of the year	48,814,000	47,926,000

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 2023 by Mr Julian van der Spuy and Ms Gabriella Knipe 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 1646 (2022: 1701) employees were eligible for Long Service 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.



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17. Employee benefits (continued)

The Actuaries used the nominal and real zero curves as at 30 June 2023 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	48,814,000	47,926,000
Total benefit liability	48,814,000	47,926,000

The amounts recognised in the statement of financial performance are as follow:

Current service cost	3,313,000	3,037,000
Interest cost	5,625,000	4,560,000
Actuarial losses / (gains) recognised	(3,872,842)	2,053,072
Total expense included in employee related costs	38 5,065,158	9,650,072

Movements in the present value of the defined benefit obligation

Balance at the beginning of the year	47,926,000	43,253,000
Service cost	3,313,000	3,037,000
Interest cost	5,625,000	4,560,000
Benefits paid	(4,177,158)	(4,977,072)
Actuarial losses / (gains) recognised	(3,872,842)	2,053,072
Balance at the end of the year	48,814,000	47,926,000

Movements in the present value of the defined benefit assets

Balance at the beginning of the year	-	-
Contributions from the employer	4,177,158	4,977,072
Benefits paid	(4,177,158)	(4,977,072)
Balance at the end of the year	-	-

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	45,943,000	51,965,000
Effect on the aggregate of the current service cost	3,021,000	3,492,000
Effect on the aggregate of the interest cost	5,903,000	6,710,000

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	50,743,000	47,053,000
Effect on the aggregate of the current service cost	3,440,000	3,070,000
Effect on the aggregate of the interest cost	6,549,000	5,040,000

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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17. Employee benefits (continued)

The municipality expects to make a contribution of R 5,109,000 to the Defined Benefit Plan during the next financial year.

The Future-service Cost for the ensuing year is estimated to be R 3,244,000 whereas the Interest Cost is estimated to be R 6,287,000.

17.4 Provision for bonuses

The movement in provisions for bonuses are reconciled as follow:

Balance at the beginning of the year	19,901,977	19,276,622
Net movement	666,610	625,355
Balance at the end of the year	20,568,587	19,901,977
Non-current	-	-
Current	20,568,587	19,901,977
Total provision at the end of the year	20,568,587	19,901,977

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.

17.5 Performance bonuses

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:

Strategic management team

Leibbrandt, JH (City Manager)	290,882	278,236
Brown, B (Chief Financial Officer)	233,705	223,545
Johaar, S (Executive Director: Corporate Services)	233,705	223,545
Wüst, M (Executive Director: Engineering Services)	233,705	223,545
Esau, G (Executive Director: Community Services)	233,705	223,545
Samson-Swartz, JJ (Executive Director: Planning and Economic Development)	233,705	223,545
	1,459,407	1,395,961

Provision for performance bonuses

Balance at beginning of the year	2,400,800	2,311,734
Bonus paid	(1,004,841)	(953,033)
Reversal of prior provision	(92,510)	(353,860)
Increase in provision	1,459,407	1,395,961
Closing balance	2,762,856	2,400,802
Non-current	-	-
Current	2,762,856	2,400,802
Closing balance	2,762,856	2,400,802



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
17. Employee benefits (continued)			
17.6 Provision for staff leave			
Staff leave provision		44,968,080	44,677,102
Non-current		-	-
Current		44,968,080	44,677,102
Total provisions at the end of the year		44,968,080	44,677,102
18. Provisions			
Provision for rehabilitation of landfill sites	18.1	259,023,420	218,484,399
Transferred to current provisions		(462,350)	(570,790)
Total non-current provisions		258,561,070	217,913,609
Balance of non-current provision for rehabilitation at end of year		258,561,070	217,913,609
Balance of current provision for rehabilitation at end of year		462,350	570,790
Total		259,023,420	218,484,399
18.1 Provision for rehabilitation of landfill sites			
Opening Balance		218,484,399	195,378,926
Change in estimate: asset increase ito iGRAP2		23,154,176	8,807,999
Change in estimate: asset decrease ito iGRAP2		(1,367,754)	(776,972)
Change in estimate: Provision liability increase/(decrease) ito iGRAP2		-	-
Unwinding of discount & other changes		18,752,599	15,074,446
Closing balance		259,023,420	218,484,399
Transferred to current provisions		(462,350)	(570,790)
Total non-current provision		258,561,070	217,913,609

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 2023.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand			2023	2022
18. Provisions (continued)				
Location	Proposed rehabilitation date	Post closure monitoring date		
Wellington existing	2031/2032	2061/2062	79,981,486	60,581,357
Wellington old	2031/2032	2059/2060	43,378,853	34,066,629
Gouda	Rehabilitation complete	2052/2053	1,051,091	721,662
Saron	Rehabilitation complete	2052/2053	1,445,007	610,010
Hermon	Rehabilitation complete	2052/2053	1,003,751	704,452
Dal Josafat	2024/2025	2054/2055	21,656,168	19,504,514
Orleans	2024/2025	2054/2055	40,103,667	36,297,061
Boy Louw	2024/2025	2054/2055	68,359,988	62,680,227
Klapmuts Landfill	Rehabilitation complete	2029/2030	1,388,159	1,164,745
Wateruintjiesvlei Landfill	Rehabilitation complete	2029/2030	655,250	2,153,742
			259,023,420	218,484,399

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 5.60% - 6.50% has been determined and a discounted rate of 9.19%-12.32% 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. Consumer deposits

Deposits	72,713,346	65,330,962
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Guarantees held in lieu of deposits were R 21,276,222 (2022: R 20,618,922).

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.

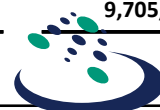


Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
20. Trade and other payables from exchange transactions			
Trade Creditors	20.1	165,704,755	151,064,804
Payments received in advance	20.2	66,578,191	45,779,189
Retention	20.3	7,850,299	13,009,574
Other payables	20.4	19,803,806	14,343,658
Net VAT accrual on outstanding receivables	20.5	39,286,572	43,224,269
Total		299,223,623	267,421,494
20.1 Trade Creditors			
Eskom Limited (Electricity bulk purchases)		132,801,735	114,035,749
Other trade creditors		32,903,020	37,029,055
Total		165,704,755	151,064,804
20.2 Payments received in advance			
Payments received in advance		66,578,191	45,779,189
20.3 Retention			
Retentions		7,850,299	13,009,574
20.4 Other payables			
Other payables and accruals		19,803,806	14,343,658
20.5 Net VAT accrual on outstanding receivables			
VAT accrual on receivables		58,455,911	54,417,656
VAT on provision for doubtful debt		(19,169,339)	(11,193,387)
Total		39,286,572	43,224,269
<p>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.</p> <p>The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.</p> <p>The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.</p>			
21. Unspent conditional grants and receipts			
Conditional grants from other spheres of government			
National Government		-	-
Provincial Government		7,707,407	5,184,981
Other Grants		3,140,675	4,157,407
Donations and other contributions		363,572	363,572
Total conditional grants and receipts		11,211,654	9,705,960



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
21. Unspent conditional grants and receipts (continued)		
These amounts are separately invested in terms of section 12 of the MFMA. Refer note 36 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 49 for more detail information.		
22. Housing Development Fund		
Realising housing proceeds		
Opening balance	27,846,641	25,219,314
Plus: Interest and redemption, and other on housing schemes	15,640	56,486
Plus: (Net loss) / surplus on letting schemes	2,777,371	2,858,250
Less: Housing subsidies expenditure	(130,562)	(287,409)
Balance at the end of the year	30,509,090	27,846,641
Unrealised housing proceeds		
Opening balance	297,912	632,424
Long term housing loans	(181,693)	(334,512)
Balance at the end of the year	116,219	297,912
Total	30,625,309	28,144,553

The housing development fund is not cash backed, as the value of outstanding housing receivables exceeds the value of the fund.

23. Reserves and Funds

Re-valuation reserve	1,713,539,005	1,787,635,465
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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 49 for more detail information.

Refer to Statement of changes in net assets for more detail and the movement on Reserves.

24. Accumulated surplus/ (deficit)

Accumulated Surplus/(Deficit)	3,317,639,642	3,103,384,610
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Refer to Statement of changes in net assets for more detail and the movement on Accumulated surplus.

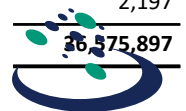


Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
25. Service charges		
Electricity		
Consumption - Electricity	1,416,182,828	1,436,339,113
Less: Income forgone	(47,316,267)	(50,452,024)
Total	1,368,866,561	1,385,887,089
Water		
Consumption - Water	207,689,921	185,981,326
Less: Income forgone	(14,478,370)	(16,655,390)
Total	193,211,551	169,325,936
Waste management		
Consumption - Waste management	204,123,496	186,791,866
Less: Income forgone	(48,681,037)	(51,052,887)
Total	155,442,459	135,738,979
Waste water management		
Consumption - Waste water management	169,228,224	154,349,187
Less: Income forgone	(25,124,324)	(28,633,138)
Total	144,103,900	125,716,049
Total service charges	1,861,624,471	1,816,668,053
26. Availability charges		
Electricity		
Availability charges	2,250,026	1,902,418
Waste management		
Availability charges	3,893,471	3,153,904
Waste water management		
Availability charges	3,304,521	2,804,994
Water		
Availability charges	2,171,116	1,841,167
Total availability charges	11,619,134	9,702,483
27. Sales of goods and rendering of services		
Advertisements	3,739	2,609
Building Plan Approval	9,860,093	7,569,421
Camping Fees	877,320	1,173,750
Cemetery and Burial	3,143,541	4,097,651
Cleaning and Removal	336,996	403,750
Demolition Application Fees	11,406	6,213
Entrance Fees	781,260	562,115
Legal Fees	1,451,554	1,069,843
Library Fees	37,476	66,098
Management Fees (Library)	17,351,304	17,394,783
Occupation Certificates	599,141	592,188
Photocopies and Faxes	244,833	175,721
Sale of Goods	62,951	3,459,558
Scrap, Waste & Other Goods	-	2,197
Total	34,761,614	36,575,897

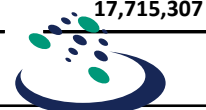


Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
27. Sales of goods and rendering of services (continued)		
The library "grant" was retrospectively reclassified as funds received for sales of goods and rendering of services. The comparative figures have been restated, refer to note 49 for more detail information.		
28. Rental from fixed assets		
Land and buildings	1,987,767	1,809,665
Housing rentals	13,783,830	12,349,004
Other rental revenue	1,161,669	957,121
Less: Income foregone	(9,851,646)	(9,867,307)
Total	7,081,620	5,248,483
Operating leases (municipality as lessor)		
At Statement of Financial Performance date the municipality has contracted with tenants for the following future minimum lease payments:		
Within one year	745,731	522,771
In second to fifth year inclusive	1,513,582	1,008,002
After five years	-	825
Total	2,259,313	1,531,598
The Municipality has significant current lease arrangements for land and buildings over a period varying from 2 up to 32 years (2022: 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.		
29. Interests on investments		
Short-term investments and call accounts	36,829,830	9,673,336
30. Interest on receivables		
Exchange receivables	12,884,062	7,271,333
31. Operational revenue		
Revenue from exchange transactions		
Operation revenue from exchange transactions	5,821,341	13,272,599
Development Charges	8,396,150	2,935,215
Total	14,217,491	16,207,814
Revenue from non-exchange transactions		
Goods and services received in kind	1,770,924	1,507,493
Exchange Revenue	14,217,491	16,207,814
Non-exchange revenue	1,770,924	1,507,493
Total operational revenue	15,988,415	17,715,307



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
31. Operational revenue (continued)			
Services received in kind			
During the financial year, the municipality received goods and services in kind, that was recognised in terms of GRAP 23.			
32. Licences or permits			
Exchange revenue		21,094,733	20,745,433
Included in licenses and permits is an amount of R17,301,982 (2022: R16,707,734) 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.			
33. Fair value and loss on disposal adjustments on assets			
Gains/(losses) on disposals	33.1	(18,864,341)	(3,295,951)
Fair value adjustment	33.2	4,877,766	3,641,627
Gain on Raw water at fair value		1,987,149	-
Total		(11,999,426)	345,676
33.1 Gains/(losses) on disposals			
Gains / (losses) on disposal on PPE, IA, IP & HA		(12,712,293)	1,990,332
Gains / (losses) on fair value adjustment		(85,089)	139,954
Water losses		(6,066,959)	(5,426,237)
Total		(18,864,341)	(3,295,951)
33.2 Fair value adjustment			
Investment property		4,877,766	3,644,000
Financial assets		-	(2,373)
Total		4,877,766	3,641,627

The comparative figures have been restated, refer to note 49 for more detail information.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
34. Property rates		
Residential properties	330,814,272	320,323,110
Business and commercial properties	107,664,133	101,262,789
Farm properties	66,772,294	67,144,384
Mining properties	274,231	274,231
Municipal properties	16,513,433	15,375,307
National monument properties	166,054	166,054
Other categories	26,064,037	21,385,360
Protected areas	278,706	275,548
Public benefit organisations	1,863,549	1,846,402
Public service infrastructure properties	1,167,223	1,166,705
State-owned properties	28,482,741	35,244,448
Less: Income forgone / rebates	(142,877,871)	(147,580,615)
Total	437,182,802	416,883,723

Valuation as at 30 June 2023

Residential	47,122,505,800	45,391,306,400
Agricultural	9,431,304,850	9,439,584,850
Commercial	9,267,406,000	8,797,771,000
Other categories	6,454,101,900	5,696,746,400
State-owned properties	2,953,750,500	2,947,382,500
Total property valuations	75,229,069,050	72,272,791,150

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.

35. Fines, penalties and forfeits

Fines, penalties and forfeits	35.1	104,450,941	105,224,151
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35.1 Fines, penalties and forfeits

Traffic fines

Service provider fines		101,720,697	101,474,435
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Other fines

Building fines		209,499	242,837
Illegal connections - Electricity		356,148	726,470
Overdue books		22,148	40,989
Pound fees		2,142,449	2,739,420

Total		104,450,941	105,224,151
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Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
36. Transfers and subsidies - Revenue		
Operational		
Allocations	205,179,410	185,065,228
Capital		
Allocations	119,514,248	117,907,169
Total	324,693,658	302,972,397
Unconditional grants		
Equitable share	194,354,999	171,259,001
Conditional grants		
National Government	83,678,000	83,573,000
Provincial Government	21,975,162	27,921,148
Other grants	3,919,697	9,880,476
Donations and other contributions	21,846,668	10,543,049
Total conditional grants	131,419,527	131,917,673
Subtotal	325,774,526	303,176,674
Offsetting of housing expenditure where municipality is seen as an agent	(1,080,868)	-
Recognition of revenue in terms of GRAP 11	-	(204,277)
Total Government Grant and Subsidies	324,693,658	302,972,397
National Government (Unconditional Grants)		
Balance unspent at beginning of year	-	-
Current year	(194,354,999)	(171,259,000)
Conditions met - transferred to revenue	194,354,999	171,259,000
Conditions still to be met - transferred to liabilities	21	-
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.		
National Government		
Balance unspent at beginning of year	-	-
Current year receipts	(83,678,000)	(83,573,000)
Conditions met - transferred to revenue	83,678,000	83,573,000
Conditions still to be met - transferred to liabilities	21	-

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 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
36. Transfers and subsidies - Revenue (continued)			
Provincial Government			
Balance unspent at beginning of year		(5,184,980)	(6,750,594)
Current year receipts		(24,497,588)	(26,355,534)
Conditions met - transferred to revenue		21,975,162	27,921,148
Conditions still to be met - transferred to liabilities	21	(7,707,406)	(5,184,980)

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 R1,080,868 (2022: R 0). 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.

The municipality acted as agent for the Provincial Department of Human Settlements for the Fairy Land PHP project. An amount of R2,513,787 (2022: R2,027,050) is included in unspent conditional grants and receipts for this project.

Other Grants

Balance unspent at beginning of year		(4,157,407)	(2,807,714)
Current year receipts		(2,902,964)	(11,230,169)
Conditions met - transferred to revenue		3,919,697	9,880,476
Conditions still to be met - transferred to liabilities	21	(3,140,674)	(4,157,407)

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.

Donations and other contributions

Balance unspent at beginning of year		(363,572)	(363,572)
Current year receipts		(21,846,668)	(10,543,048)
Conditions met - transferred to revenue		21,846,668	10,543,048
Conditions still to be met - transferred to liabilities	21	(363,572)	(363,572)

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 49 for more detail information.

37. Construction contract revenue

Housing projects

Kingston / Lantana (Construction)	-	151,981
Paarl East Housing (Planning)	-	52,296
Total	-	204,277

38. Employee related cost

Employee related cost	735,660,751	716,436,654
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Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

38. Employee related cost (continued)

38.1 Senior management costs

2023

	JH Leibbrandt City Manager	B Brown Chief Financial Officer	JJ Samson Executive Director: Planning and Development	S Johaar Executive Director: Corporate Services	M Wüst Executive Director: Engineering Services	G Esau Executive Director: Community Services	L Pienaar Acting Executive Director: Engineering Services	LA Waring Executive Director: Planning and Development	Total
Cost to company package	2,077,729	1,669,319	1,251,989	1,669,319	973,769	1,669,319	-	-	9,311,444
Performance bonuses	258,362	175,642	-	159,675	159,675	143,707	-	107,780	1,004,841
Other allowances and reimbursement	45,507	70,366	166,360	37,924	89,973	37,924	-	177	448,231
Acting allowance	-	-	-	-	-	-	34,070	-	34,070
Back pay of increase in salary	9,938	7,983	7,983	7,983	7,983	7,983	-	-	49,853
	2,391,536	1,923,310	1,426,332	1,874,901	1,231,400	1,858,933	34,070	107,957	10,848,439



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

38. Employee related cost (continued)

2022

	JH Leibbrandt City Manager	B Brown Chief Financial Officer	JJ Samson Executive Director: Planning and Development	S Johaar Executive Director: Corporate Services	M Wüst Executive Director: Engineering Services	G Esau Executive Director: Community Services	J Carstens Chief Financial Officer	LA Waring Executive Director: Planning and Development	Total
Cost to company packages	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
	2,310,218	1,668,190	1,666,600	1,826,275	1,798,332	1,842,242	72,031	175,819	11,359,707

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 17.1) is a benefit that the City Manager, Dr JH Leibbrandt, will receive after termination. At 30 June 2023 the present value of the associated liability amounted to R590,632 (2022: R632,085).

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 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
38. Employee related cost (continued)		
38.2 Municipal staff costs		
Basic Salary	490,597,504	481,502,170
Social Contributions	116,650,456	112,508,161
Travel or Motor Vehicle	30,394,882	29,210,676
Housing Benefits	3,619,893	3,501,891
Overtime payments	41,913,970	34,964,714
Acting and Post Related Allowances	920,341	1,710,542
Shift Additional Remuneration	2,371,877	2,290,229
Standby Allowance	9,718,918	9,645,665
Night Shift	3,203,880	3,001,029
Workman Compensation	3,422,103	3,222,706
Cellular and Telephone	4,468,034	4,082,765
Contribution to leave reserve	4,002,737	1,759,186
Provision for Performance Bonuses	1,366,897	1,042,099
Defined Benefit Plan Expenses: Post Employment Health Care		
Current Service Cost	7,525,000	6,380,000
Actuarial Gains and Losses	(13,696,556)	(8,843,977)
Interest Cost	24,178,000	20,954,000
Defined Benefit Plan Expenses: Ex Gratia Pension Benefits		
Actuarial Gains and Losses	(136,343)	(227,274)
Interest Cost	74,000	82,000
Defined Benefit Plan Expenses: Long Services		
Current Service Cost	3,313,000	3,037,000
Actuarial (Gains) / Losses	(3,872,842)	2,053,072
Interest Cost	5,625,000	4,560,000
Total	735,660,751	716,436,654



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
39. Remuneration of councillors		
Executive Mayor (Poole, CJ)	1,119,387	1,066,454
Speaker (Stowman, AC)	-	306,746
Speaker (JK Le Roux)	895,506	539,202
Deputy Executive Mayor (Combrink, GC)	895,506	845,948
Chief Whip (Koegelenberg, RA)	-	287,575
Chief Whip (C Kearns)	839,539	505,502
Mayoral Committee Members - before elections		
Mayoral Committee Member of Rural Development (MA Andreas)	-	279,199
Mayoral Committee Member of Social Services (E Gouws)	-	279,199
Mayoral Committee Member of Human Settlements And Property Development (L Cyster)	-	279,199
Mayoral Committee Member of Environment And Open Spaces (C Kearns)	-	279,199
Mayoral Committee Member of Corporate Services (LP Mokoena)	7,095	279,199
Mayoral Committee Member of Public Safety (R Smuts)	-	279,199
Mayoral Committee Member of Communication And Intergovernmental Relations (RH Van Nieuwenhuizen)	-	279,199
Mayoral Committee Member of Engineering Services (JF Le Roux)	-	279,199
Mayoral Committee Member of Planning & Economic Development And Tourism (J Miller)	-	279,199
Mayoral Committee Member of Recreation, Arts And Culture (LT Van Niekerk)	-	279,199
Mayoral Committee Members - after elections		
Mayoral Committee Member of Sport, Recreation Arts and Culture (L Arendse)	839,539	490,779
Mayoral Committee Member of Social Development (E Gouws)	839,539	490,779
Mayoral Committee Member of Human Settlements (MA Andreas)	839,539	490,779
Mayoral Committee Member of Parks, Waste & Cemeteries (L Cyster)	839,539	490,779
Mayoral Committee Member of Corporate Services (E Baron)	839,539	490,779
Mayoral Committee Member of Public Safety (A Appollis)	839,539	490,779
Mayoral Committee Member of Communication And Intergovernmental Relations (RH Van Nieuwenhuizen)	839,539	490,779
Mayoral Committee Member of Engineering Services (T Bester)	839,539	490,779
Mayoral Committee Member of Planning & Development (LT van Niekerk)	839,539	492,134
Mayoral Committee Member of Governance Compliance (J Miller)	839,539	491,620
All other councillors	17,963,329	17,756,472
Cell phone allowance	3,097,539	2,644,196
Total	33,213,291	31,654,071



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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39. 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 44,400 (2022: R 40,800) per year, as a cellphone and data allowance in accordance with the notice. Other councillors receive an average of R 354,243 (2022: R 341,275) per year, except the chairperson of MPAC, who receives an average of R 454,613 (2022: R 437,970) 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.

Amount outstanding
for more than 90
days

List the name of the councillor which at any time during the relevant financial year was in arrears for more than 90 days

JULY 2022

JACOBS/DOUW M/N/L

42,420

42,420

AUGUST 2022

JACOBS/DOUW M/N/L

43,085

43,085

SEPTEMBER 2022

JACOBS/DOUW M/N/L

4,226

VAN NIEKERK HW/LT

2,729

6,955

OCTOBER 2022

JACOBS/DOUW M/N/L

5,648

VAN WILLINGH/B G

3,956

9,604

NOVEMBER 2022

JACOBS/DOUW M/N/L

6,997

6,997

DECEMBER 2022

JACOBS/DOUW M/N/L

11,455

LANDU L

3,688

15,143

JANUARY 2023

JACOBS/DOUW M/N/L

15,943

15,943



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
40. Depreciation and amortisation			
Amortisation			
Intangible assets	5.1	711,414	988,126
Depreciation			
Property, plant and equipment	3.1	245,752,752	241,058,208
Total		246,464,166	242,046,334
41. Impairment losses on financial assets			
Trade and other receivables from exchange transactions	9	82,786,672	29,484,764
Receivables from non-exchange transactions	10	13,380,118	(801,018)
Traffic fines	10	73,192,195	88,557,866
Long term receivable	7	(78,280)	(27,063)
Total		169,280,705	117,214,549
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.			
Bad debts written-off			
Consumer receivables and availability charges receivables		(15,404,434)	(42,899,275)
Statutory receivables: Property Rates		(601,061)	(1,445,461)
Statutory receivables: Traffic Fines		(87,642,249)	(93,130,471)
Total		(103,647,744)	(137,475,207)
42. Impairment losses on PPE, IA and HA			
Impairment losses on fixed assets recognised			
Property, plant and equipment		214,518	2,468,069
43. Interest, dividends and rent on land			
Interest	43.1	176,390,519	180,161,754
43.1 Interest cost			
Financial liabilities			
• Long-term liabilities - interest paid		176,086,401	180,083,217
• Finance leases		304,118	68,537
		176,390,519	180,151,754
Overdue accounts		-	10,000
Total		176,390,519	180,161,754
44. Bulk purchases			
Electricity: Eskom		927,237,466	947,924,224
Electricity: Independent power producers		2,709,221	1,799,607
Water inventory consumed		29,121,283	28,016,744
Total		959,067,970	977,740,575



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
44. Bulk purchases (continued)		
44.1 Electricity losses		
Reconciliation of kWh losses		
kWh units purchased	603,483,467	704,042,625
kWh units sold	(579,640,015)	(659,354,788)
Total loss	23,843,452	44,687,837
Average value of losses (cost)	36,770,399	60,405,037
Percentage loss:		
Technical losses	3.95 %	6.35 %
Norm of losses	10.00 %	10.00 %
Reasons for the losses		
Losses occurred because of the following reasons:		
<ul style="list-style-type: none"> • Technical losses • Unmetered services • Theft 		
44.2 Water losses		
System input volume (Kilolitres)	14,454,747	14,106,456
Billed metered consumption (Kilolitres)	(12,003,898)	(11,802,368)
Total loss	2,450,849	2,304,088
Comprising of:		
Technical losses (Kilolitres)	2,305,452	2,220,308
Non-technical losses (Kilolitres)	145,397	83,780
Total	2,450,849	2,304,088
Percentage loss: *		
Technical losses	15.90 %	15.70 %
Non-technical losses	1.10 %	0.60 %
Total	17.00 %	16.30 %
Norm of losses:		
Minimum Level	15.00 %	15.00 %
Maximum Level	30.00 %	30.00 %

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 15.90% (2022: 15.70%), 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 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022
45. Contracted services			
Consultants and professional services	45.1	22,435,754	17,846,203
Contractors	45.2	126,804,557	116,662,433
Outsourced services	45.3	24,360,307	13,843,400
Total		173,600,618	148,352,036
45.1 Consultants and professional services			
Business advisory services		13,647,261	9,266,508
Legal advice and litigation		5,757,529	6,288,491
Other consultants and professional services		3,030,964	2,291,204
Total consultants and professional services		22,435,754	17,846,203
45.2 Contractors			
General services			
Housing project expenditure		-	378,897
Catering services		103,578	102,982
Management of informal settlements		9,140,772	5,710,643
Other contractor services		3,845,650	4,148,644
Safeguard and security		36,577,461	35,145,579
Total general services		49,667,461	45,486,745
Maintenance services			
Maintenance of buildings and facilities		11,596,065	12,745,209
Maintenance of equipment		29,462,457	27,589,204
Maintenance of unspecified assets		36,078,574	30,841,275
Total maintenance service		77,137,096	71,175,688
Total contractor		126,804,557	116,662,433
45.3 Outsourced services			
General services			
Traffic Fines Management		5,253,124	5,945,094
Waste management		17,326,578	3,951,740
Other outsourced services		1,780,605	3,946,566
Total outsourced services		24,360,307	13,843,400



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
46. Operational cost		
Advertising, Publicity and Marketing	2,832,553	2,759,290
Bank Charges, Facility and Card Fees	7,246,751	7,002,989
Commission	9,316,658	10,025,457
Communication	4,288,668	4,701,201
Contribution to provision for rehab and landfill site	18,752,599	15,074,446
External Audit Fees	6,850,233	5,954,970
External Computer Service	14,924,967	12,864,023
Insurance Underwriting	12,981,171	9,862,382
Other operational cost	5,444,420	4,245,756
Printing, Publications and Books	774,915	918,265
Professional Bodies, Membership and Subscription	8,045,053	7,168,053
Skills Development Fund Levy	5,932,632	5,711,596
Standing time claim	-	1,199,312
Uniform and Protective Clothing	4,873,542	2,566,679
Vehicle licences	2,493,362	2,299,882
Total	104,757,524	92,354,301
47. Operating leases		
Investment Properties	441,023	6,394,168
Machinery and Equipment	3,593,107	2,774,836
Land and buildings	5,266,298	4,609,113
Transport Assets	8,538,257	8,812,097
Total	17,838,685	22,590,214
Operating leases (municipality as a lessee)		
Land and buildings		
Within one year	2,090,144	3,472,263
In second to fifth year inclusive	-	2,090,144
After five years	-	-
Total	2,090,144	5,562,407
Machinery and equipment		
Within one year	4,180,728	4,080,468
In second to fifth year inclusive	4,280,988	8,461,716
After five years	-	-
Total	8,461,716	12,542,184

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% (2022: 5.6% up to 8.5%).

No other restrictions were imposed.

New prior year comparatives have been included and restated, please refer to note 49 for more detail information.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
48. Net cash from/(used) operating activities		
Surplus after capital transfers and contributions	142,715,458	142,876,270
Adjustments for:		
Depreciation and amortisation	246,464,166	242,046,334
(Gains) / Losses on disposal of assets	12,712,294	(1,990,332)
Fair value adjustment	(4,877,766)	(3,644,000)
(Gain) / Losses on disposal of inventory	(261,594)	(139,954)
Increase / (Decrease) in provisions	40,539,022	23,105,473
Impairment losses	169,495,223	119,682,615
Gain on raw at fair value	(1,640,467)	-
Raw water purchases at fair value	1,640,467	-
Provision for landfill rehab - iGRAP 2 adjustment	(21,786,423)	(8,031,027)
Housing development fund	(114,921)	(230,923)
Assets from capital grant in-kind	(21,846,667)	(10,543,049)
Fair value adjustments on listed stock	-	2,373
Lease smoothing	5,590	3,690
Leave provision	(3,700,476)	1,759,186
13th Cheque provision	666,610	625,355
Long service award provision	5,065,158	9,644,072
Post retirement provision	18,006,444	18,490,023
Performance bonus provision	(1,366,896)	1,042,099
Ex-gratia provision	(62,343)	(145,274)
Water losses	8,620,210	7,847,709
Movement in working capital		
(Decrease) / Increase in consumer deposits	7,382,384	6,221,332
(Increase) / Decrease in receivables from non-exchange transactions	(91,558,566)	(88,456,686)
(Increase) / Decrease in inventory	(1,058,374)	(10,362,220)
(Increase) / Decrease in receivables from exchange transactions	(49,647,622)	(71,583,196)
Increase / (Decrease) in Employee benefits	(9,341,856)	(27,422,944)
(Increase) / Decrease in long term receivable	103,412	307,450
Increase / (Decrease) in trade and other payables	35,359,154	(59,668,004)
Increase / (Decrease) in unspent conditional grants and receipts	1,505,694	(923,612)
Increase / (Decrease) in VAT	22,191,612	9,023,213
Net cash flows from operating activities	505,208,927	299,535,973



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022		
49. GRAP 3 adjustments					
The following restatements and adjustments occurred which are set out below:					
49.1 Adjustments of Statement of Financial Performance items					
2022					
	Note	Previously reported	Correction of error	Re-classification	Restated
Revenue					
Exchange revenue					
Services charges - Electricity	25	1,385,887,089	-	-	1,385,887,089
Services charges - Water	25	169,325,936	-	-	169,325,936
Services charges - Waste management	25	135,738,979	-	-	135,738,979
Services charges - Waste water management	25	125,716,049	-	-	125,716,049
Sales of goods and rendering of services	27	19,181,114	17,394,783	-	36,575,897
Rental from fixed assets	28	5,248,483	-	-	5,248,483
Interests on investments	29	9,673,336	-	-	9,673,336
Interest on receivables	30	7,271,333	-	-	7,271,333
Operational revenue	31	13,272,599	2,935,215	-	16,207,814
Licences or permits	32	20,745,433	-	-	20,745,433
Gain on disposal of assets	33	563,151	(217,475)	-	345,676
		1,892,623,502	20,112,523	-	1,912,736,025
Non-exchange revenue					
Property rates	34	416,883,723	-	-	416,883,723
Availability charges - Electricity	26	1,902,418	-	-	1,902,418
Availability charges - Water	26	1,841,167	-	-	1,841,167
Availability charges - Waste management	26	3,153,904	-	-	3,153,904
Availability charges - Waste water management	26	2,804,994	-	-	2,804,994
Surcharges and taxes		1,170,821	-	-	1,170,821
Fines, penalties and forfeits	35	105,224,151	-	-	105,224,151
Transfers and subsidies	36	320,272,798	(17,300,401)	-	302,972,397
Interest on receivables	31	1,507,493	-	-	1,507,493
Construction contract revenue	37	204,277	-	-	204,277
		854,965,746	(17,300,401)	-	837,665,345
Total revenue		2,747,589,248	2,812,122	-	2,750,401,370
Expenditure					
Employee related cost	38	716,436,654	-	-	716,436,654
Remuneration of councillors	39	31,654,071	-	-	31,654,071
Depreciation and amortisation	40	241,745,868	300,466	-	242,046,334
Impairment losses on financial assets	41	117,214,549	-	-	117,214,549
Impairment losses on PPE, IA and HA	42	2,468,069	-	-	2,468,069
Finance costs	43	180,161,754	-	-	180,161,754
Bulk purchases	44	977,740,575	-	-	977,740,575
Inventory consumed		60,171,578	990,969	-	61,162,547
Contracted services	45	148,352,036	-	-	148,352,036
Transfers and subsidies		15,343,996	-	-	15,343,996
Operational cost	46	92,354,301	-	-	92,354,301
Operating leases	47	20,467,527	2,122,687	-	22,590,214
Total expenditure		2,604,110,978	3,414,122	-	2,607,525,100
Surplus for the year		143,478,270	(602,000)	-	142,876,270



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand		2023	2022		
49. GRAP 3 adjustments (continued)					
49.2 Adjustments of Statement of Financial Position items					
2022					
	Note	Previously reported	Correction of error	Re-classification	Restated
Assets					
Non-current assets					
Property, plant and equipment	3	6,563,309,255	10,462,267	(1,300,767)	6,572,470,755
Heritage assets	4	47,633,645	-	-	47,633,645
Intangible assets	5	4,614,906	-	-	4,614,906
Investment property	6	58,493,000	603,957	-	59,096,957
Non-current receivables from exchange transactions	7	94,875	-	-	94,875
		6,674,145,681	11,066,224	(1,300,767)	6,683,911,138
Current assets					
Inventories	8	36,141,887	-	-	36,141,887
Trade and other receivables from exchange transactions	9	351,755,826	1,454,220	192,755	353,402,801
Receivables from non-exchange transactions	10	102,179,554	(93,900)	-	102,085,654
Cash and cash equivalents	11	189,883,617	-	-	189,883,617
Short term investments	12	40,000,000	-	-	40,000,000
Current portion of non-current receivables	13	26,762	-	-	26,762
VAT control receivable	14	24,805,911	(9,807,671)	-	14,998,240
		744,793,557	(8,447,351)	192,755	736,538,961
Total assets		7,418,939,238	2,618,873	(1,108,012)	7,420,450,099
Net assets and liabilities					
Non-current liabilities					
Borrowings	15	1,539,712,710	-	-	1,539,712,710
Employee benefits	17	240,145,000	-	-	240,145,000
Provisions	18	217,913,609	-	-	217,913,609
		1,997,771,319	-	-	1,997,771,319
Current liabilities					
Consumer deposits	19	65,330,962	-	-	65,330,962
Payables from exchange transactions	20	267,904,642	624,868	(1,108,016)	267,421,494
Unspent conditional grants and receipts	21	11,701,396	(1,995,436)	-	9,705,960
Borrowings	15	78,688,302	-	-	78,688,302
Finance lease liabilities	16	26,762	-	-	26,762
Provisions	18	570,790	-	-	570,790
Employee benefits	17	81,769,882	-	-	81,769,882
		505,992,736	(1,370,568)	(1,108,016)	503,514,152
Total net assets					
Housing Development Fund	22	28,144,553	-	-	28,144,553
Reserves and Funds	23	1,785,178,262	2,457,203	-	1,787,635,465
Accumulated surplus	24	3,101,852,369	1,532,241	-	3,103,384,610
		4,915,175,184	3,989,444	-	4,919,164,628
Total net assets and liabilities		7,418,939,239	2,618,876	(1,108,016)	7,420,450,099

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022		
49. GRAP 3 adjustments (continued)				
49.3 Adjustment of Cash flow statement items				
	Note	As previously reported	Correction of error	Restated
Cash flows from operating activities				
Receipts				
Property rates		407,320,443	-	407,320,443
Service charges		1,764,593,821	220,671,816	1,985,265,637
Other receipts and fines received		76,051,735	158,640,377	234,692,112
Transfers, subsidies and construction contracts revenue received		328,523,212	(19,894,105)	308,629,107
Interest		10,643,651	-	10,643,651
Payments				
Employees cost		(741,836,543)	(6,502,646)	(748,339,189)
Suppliers		(1,365,074,153)	(283,702,217)	(1,648,776,370)
Interest charges		(180,161,753)	(1)	(180,161,754)
Net VAT paid		(15,539,974)	(54,197,690)	(69,737,664)
Net cash from operating activities		284,520,439	15,015,534	299,535,973
Cash flows from investing activities				
Receipts				
Proceeds on disposal of fixed and intangible assets		8,297,948	308,261	8,606,209
Decrease in investments		(2,373)	-	(2,373)
Payments				
Capital assets		(181,744,454)	(15,323,795)	(197,068,249)
Decrease in other non-current assets		(40,000,000)	-	(40,000,000)
Net cash from investing activities		(213,448,879)	(15,015,534)	(228,464,413)
Cash flows from financing activities				
Payments				
Decrease in finance leases		(1,413,432)	-	(1,413,432)
Decrease in borrowing long-term		(18,555,870)	-	(18,555,870)
Net cash from financing activities		(19,969,302)	-	(19,969,302)
Net increase/(decrease) in cash		51,102,258	-	51,102,258
Cash and cash equivalents at year begin		138,781,359	-	138,781,359
Cash and cash equivalents at year end		189,883,617	-	189,883,617
Net increase/(decrease) in cash		51,102,258	-	51,102,258



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022		
49. GRAP 3 adjustments (continued)				
49.4 Adjustment of opening balances				
	Note	As previously reported	Correction of error	Restated
Net assets				
Accumulated surplus				
		2,897,891,411	-	2,897,891,411
Property, Plant and Equipment		-	9,659,887	9,659,887
Investment Property		-	603,957	603,957
Library grant output VAT correction		-	(7,473,130)	(7,473,130)
Total		2,897,891,411	2,790,714	2,900,682,125
Revaluation reserve				
		1,407,367,304	-	1,407,367,304
Property, Plant and Equipment		-	(116,935)	(116,935)
Total		1,407,367,304	(116,935)	1,407,250,369
Assets and liabilities				
Property, plant and equipment (Opening balance as at 1 July 2021)		6,214,015,769	9,542,952	6,223,558,721
Investment property (Opening balance as at 1 July 2021)		54,849,000	603,957	55,452,957
Receivables from non-exchange transactions (Opening balance as at 1 July 2021)		103,497,822	(93,900)	103,403,922
VAT control receivable (Opening balance as at 1 July 2021)		19,455,955	(7,473,130)	11,982,825
Unspent conditional grants and receipts (Opening balance as at 1 July 2021)		(10,629,587)	(613,781)	(11,243,368)
49.5 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 balance at 1 July 2021 effects				
Accumulated surplus				(9,659,887)
Revaluation Reserve				116,935
Property, Plant and Equipment				9,542,952
				-
Prior year at 30 June 2022 effects				
Depreciation and amortisation				300,466
Transfers and subsidies (In-kind donations)				(94,382)
Inventory consumed				17,932
Gain on disposal of assets				217,475
Property, Plant and Equipment				2,183,853
Revaluation Reserve				(2,625,344)
Accumulated surplus (Depreciation offsetting)				(51,206)
Revaluation Reserve (Depreciation offsetting)				51,206
Property, Plant and Equipment				(1,264,539)
Consumer receivables and availability charges				1,454,220
VAT control receivable				(189,681)
				-



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
49. GRAP 3 adjustments (continued)		
Investment Property		
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.		
Opening balance at 1 July 2021 effects		
Accumulated surplus		(603,957)
Investment Property		603,957
		<u>-</u>
Unspent Conditional Grants and Receipts		
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.		
Opening balance at 1 July 2021 effects		
Accumulated surplus		707,681
Receivables from non-exchange transactions		(93,900)
Unspent conditional grants and receipts		(613,781)
		<u>-</u>
Library Grant output VAT correction		
During the 2021/22 financial statements, an amount was disclosed under contingent liability for the output VAT payable. The municipality submitted a request for a non-binding VAT ruling 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. After year-end (1 August 2023) the municipality received a non-binding VAT ruling from SARS and therefor adjusted accordingly.		
In addition to the above, the funds received for the library services were adjusted accordingly to Sales of good and rendering of services to the amount of R17,351,304 (2022: R17,394,783) from transfers and subsidies received.		
Opening balance at 1 July 2021 effects		
Accumulated surplus		7,473,130
VAT control receivable		(7,473,130)
Prior year at 30 June 2022 effects		
Unspent conditional grants and receipts		2,609,217
VAT control receivable		(2,609,217)
		<u>-</u>
Photocopy lease machines		
During the financial year it was discovered that lease payments were never allocated to the correct expenditure vote numbers. Corrections were made to correct.		
Prior year at 30 June 2022 effects		
Inventory consumed		973,036
Operating leases		2,122,687
VAT control receivable		464,360
Payables from exchange transactions		(3,560,083)
		<u>-</u>

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
49. GRAP 3 adjustments (continued)		
Developers Contributions		
During the prior year income relating to developers contributions were not recognised as income. The corrections were adjusted accordingly.		
Prior year at 30 June 2022 effects		
Operation revenue		(2,935,215)
Payables from exchange transactions		2,935,215
		<u>-</u>

Other corrections made

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.

Contingent liabilities

During the year we discovered that the case of Mr Bosman was not disclosed with all other contingent liabilities. The case has been listed in the contingent liability disclosure. Refer to note 59 for more information.

Contingent Assets

The narrative or description of the disclosure was updated to reflect all plaintiffs in the relevant claims.

Operating leases

During the year under review it was discovered that machinery and equipment contracts were not disclosed under the municipal as a lessee commitments. These amounts have been included in note 47.

Awards to close family members of persons in the state - SCM Regulation 45

One supplier (Mubesko) was removed as the director in question resigned a few years ago, while one supplier (Adapt IT) was added to the list with prior year disclosure.

Other grants (unconditional)

During the year under review, amounts were previously reported as "Other grants (unconditional)" were all adjusted to other grants (conditional). Please refer to note 36 for more information.

Provisions

In note 18, two line items relating to Wellington were corrected, but the total provision did not change. The corrections were updated accordingly.

Financial Instruments

Prior year comparatives were restated on the note, due to the effect of the corrections and detailed above as well as other errors identified between items within the note 55.

Pension fund contributions

During the year we discovered that an error was made when all payments to the pension funds were reconciled. This resulted in the amount being disclosed as R169,904,964, which should have been R109,904,964. Refer to note 52 for more detail regarding this disclosure.

In addition to the above the note regarding "Retirement Benefit Information" was also incorrectly disclosed and corrected accordingly.

Principal / Agent Relationships

Certain of the comparative information was restated due to errors detected, this included the incorrect inclusion of Natis fees payable to the RTMC erroneously included in the note "Agent for the Western Cape Department of Transport and Public Works"



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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49. GRAP 3 adjustments (continued)

49.6 Reclassification

The following reclassifications adjustment occurred:

Property, Plant and Equipment to retention

During the financial year reclassification of PPE were corrected. These corrections include assets incorrectly included in the asset register based on classification, existence and legal ownership.

Nature of reclassification

Payables from exchange transactions (retention)	1,300,767
Property, Plant and Equipment	(1,300,767)
	<hr/>
	-

Receivables and Payables reclassification

During the year under review some votes were reallocated due to their nature. Therefore some prior year balances have changed, and these were adjusted.

Nature of reclassification

Payables from exchange transactions	(192,751)
Trade and other receivables from exchange transactions	192,751
	<hr/>
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Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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50. Events after the reporting date

Non-adjusting events:

The municipality has a current arbitration process with the former Director of Planning and Economic Development (Ms, JJ Samson), who claims an alleged unfair dismissal. The alleged claim was submitted to the municipality on 24 July 2023. The maximum exposure for the municipality is the payment of the former director's contract package for 12 months, amounting to R1,669,319.

Additional to the above mentioned case, a dispute regarding planning approval was received on 10 July 2023 for the plaintiff (KSR Civils and construction (Pty) Ltd) for decisions made by the municipality that negatively impacts the operations of the plaintiff. The maximum exposure for the municipality is the payment of R1,687,258.

Adjusting events:

a) 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. After year end (1 August 2023) the non-binding VAT ruling was received from SARS and adjustments were made accordingly. The interest and penalty portion were kept on the contingent liability register as the municipality is unsure which penalties will be applicable to our declaration.

Additional to the above, Risk Management completed their investigation report dated 23 August 2023, which relates to a capital project linked to COMP 5. The necessary changes were adjusted in note 49 the AFS accordingly.

The upper limits notice for all office bearers (Government Gazette number 49142) was approved on the 18th of August 2023, but applicable on the 2022/2023 financial year. The provision was made accordingly.

b) The following expenditure was identified during the audit process, but before submission of the audit report:

Irregular expenditure - R26,859.36

The matter was investigated and contact with the relevant supplier was made to refund the overpayment. The funds were recovered in this period as well.

51. Unauthorised, irregular, fruitless and wasteful expenditure

51.1 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	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	-	-

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	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	-	-



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

2023

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
Unauthorised expenditure per Vote (Department)				
Office of the City Manager	4,370,362	4,363,676	-	-
Financial Services	134,834,482	134,585,726	-	-
Corporate Services	194,116,555	180,540,533	-	-
Planning and Development	139,128,288	128,611,334	-	-
Community Services	525,671,095	521,121,699	-	-
Engineering Services	1,794,848,519	1,765,521,169	-	-
Department of Chief Audit Executive	9,855,530	9,537,011	-	-
Department of Risk And Compliance	3,379,917	2,973,105	-	-
Department of IDP And PMS	5,670,139	4,887,355	-	-
Department of Communication	6,057,823	5,422,700	-	-
	2,817,932,710	2,757,564,308	-	-

2022

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
Unauthorised expenditure per Vote (Department)				
Office of the City Manager	4,432,875	4,394,913	-	-
Financial Services	121,449,981	112,866,537	-	-
Corporate Services	176,808,541	168,386,485	-	-
Planning and Development	134,814,827	126,360,438	-	-
Community Services	490,420,316	482,944,285	-	-
Engineering Services	1,723,075,726	1,710,717,943	-	-
Department of Chief Audit Executive	9,396,923	9,238,746	-	-
Department of Risk And Compliance	2,084,104	2,030,325	-	-
Department of IDP And PMS	6,407,908	5,762,105	-	-
Department of Communication	5,203,849	4,913,747	-	-
	2,674,095,050	2,627,615,524	-	-

Application of Sec (a) of the definition of Unauthorised expenditure in terms of the MFMA - Total Capital Budget

Reconciliation of unauthorised expenditure - Per Sec (a) of the definition of

Unauthorised expenditure (Total Capital Budget)

Opening balance as previously reported	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	-	-

Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA - Capital Budget

Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of

Unauthorised expenditure (Vote - Department)

Opening balance as previously reported	-	-
Unauthorised expenditure for the year	-	-
Opening balance as restated	-	-

No unauthorised capital expenditure as per Sec (a) and (b) as per definition in terms of the MFMA.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)		
51.2 Irregular expenditure		
Opening balance as previously reported	6,438,234	1,135,168
Add: Irregular expenditure - current	449,274	8,382,160
Add: Irregular expenditure – prior period	-	18,935,731
Less: Amounts written-off – current	(422,415)	(20,968,419)
Less: Amounts written-off – prior period	(6,438,234)	(1,046,406)
Closing balance	26,859	6,438,234

An amount of R4,598,244 was disclosed in the 2021/2022 audited financial statements as irregular expenditure incurred, of that amount R3,749,811 was actually spent and the amount of R848,433 relates to commitments/orders where there was no cash outflows. The R848,433 amount is deemed to be written off as the basis of irregular expenditure is the same as those amounts where there was physical outflow of cash.

All above mentioned amounts include VAT.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)		
Incident	Disciplinary steps/criminal proceedings	
Composition of bid committees	Investigated and report submitted to Council. Prior and current year amount written off as recommended.	- 1,994,603
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
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.	- 1,577,938
In service of the state payment for an individual who was newly appointed as a teacher.	Investigated and report submitted to Council and written off.	- 173,290
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 reportsubmitted to Council and written off.	- 13,325



Drakenstein Municipality

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Figures in Rand	2023	2022
51. Unauthorised, irregular, fruitless and wasteful expenditure (continued)		
Executive Director: Planning and Development was employed for an addition 3 months after contractual termination would have become effective.	422,415	-
Forensic investigation into certain allegations concluded that some expenditure are irregular of nature.	-	4,598,244
Irregular expenditure was identified that relates to an overpayment to a supplier	26,859	-
Total	449,274	27,317,891
51.3 Fruitless and wasteful expenditure		
Add: Fruitless and wasteful expenditure – current	-	10,000
Add: Fruitless and wasteful expenditure expenditure – prior period	1,454,220	-
Less: Amounts written-off – current	-	(10,000)
Closing balance	1,454,220	-
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
This pertains to overpayment to a contractor that performed work under contract COM P5/2020.	In progress	-
Total	1,454,220	10,000

All above mentioned amounts include VAT.



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022				
52. Additional disclosures in terms of Municipal Finance Management Act						
	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2023						
Opening balance	(6,167,437)	21,376	-	-	-	-
Subscription/fees	7,878,299	7,933,405	101,486,652	7,518,346	112,807,836	48,071,265
Amount paid – current year	(8,006,296)	(7,933,405)	(101,486,652)	(7,518,346)	(112,807,836)	(48,071,265)
Amount paid – with regards to previous years	-	(21,376)	-	-	-	-
Balance (prepaid) / unpaid **	(6,295,434)	-	-	-	-	-
	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2022						
Opening balance	(5,411,586)	-	9,044,845	618,803	-	-
Subscription/fees	7,079,783	6,848,214	100,315,838	5,438,784	109,904,964	44,594,350
Amount paid – current year	(7,835,634)	(6,826,839)	(109,360,683)	(6,057,587)	(109,904,964)	(44,594,350)
Balance (prepaid) / unpaid **	(6,167,437)	21,375	-	-	-	-

** These balances are either included in (debtors) or creditors respectively.

VAT output payables and VAT input receivables are shown in Note 14. 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
11	112	1(m)(II)



Drakenstein Municipality

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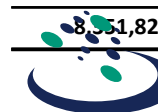
Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
53. Additional disclosures in terms of the supply chain management regulations		
53.1. 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	15,671,644
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.	20,127,400
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.	325,084
Total deviations		36,124,128
		19,430,395

53.2. 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	4,191,069	4,896,465
D Uren Construction *	Z Naidoo	Child	Drakenstein Municipality: Finance	1,147,928	688,305
	U Naidoo	Son-in-law	Drakenstein Municipality: Engineering		
Wab Printmedia (Pty) Ltd *	A Brink	Spouse	Drakenstein Municipality: Finance	-	48,215
Zutari (Pty) Ltd (previous Aurecon South Africa (Pty) Ltd) ***	P W Pansegrouw	Spouse	Drakenstein Municipality: Engineering Services	8,804,201	2,165,540
Harold's Auto Repairs *	B van Rooy	Child	Drakenstein Municipality: Engineering Services	208,798	262,000
EHH Building Construction *	H Fredericks	Brother	Drakenstein Municipality	571,529	41,283
BD Uren *	Z Naidoo	Sister	Drakenstein Municipality: Finance	429,140	250,017
	U Naidoo	Brother-in-law	Drakenstein Municipality: Engineering		
E-zee Handyworks (Pty) Ltd**	E Arendse	Parent	Drakenstein Municipality (Councillor)	466,236	-
				15,818,901	8,551,825



Drakenstein Municipality

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Figures in Rand				2023	2022
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
Servelec (Pty) Ltd *	L de Lange	Spouse	South African Revenue Services	566,531	604,385
Van Der Spuy (Wes-Kaap) Inc Van Der Spuy en Vennote *	M Van Zyl	Spouse	Western Cape Department of Education	1,897,585	2,011,636
Webber Wentzel *	Dr E Watson	Brother	Road Accident Fund	1,421,313	2,593,368
	E Watson	Parent	Department of Public Services and Administration		
	JCL Smit	Parent	Beaufort West Municipality		
	N Ndebele	Sister	Gauteng Department of Education		
	Dr D Singh	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
Masiqhame Trading ZZ CC *	S Gxilishe	Parent	Western Cape Department of Education	84,870	9,755
	B Gxilishe	Parent	Department of Agriculture and Fisheries		
WRP Consulting Engineers (Pty) Ltd *	K Mamphita	Spouse	South African Broadcasting Corporation	187,341	135,597
	Z van Rooyen	Spouse	Department of Public Works		
J Walters T/A JC Travel *	J Walters	Spouse	Western Cape Department of Education	30,500	2,900
Multimode Trading (Pty) Ltd *	H Esterhuizen	Spouse	South African Police Services	-	857,904
Piston Power Chemicals *	N Anidhee	Spouse	KNZ Department of Education	431,213	357,221
JPCE (Pty) Ltd *	J Minnie	Spouse	City of Cape Town	845,308	1,001,106
Neil Lyners and Associates CC t/a Lyners *	H Lyners	Brother	Western Cape Provincial Government	3,663,503	3,006,866
Rhode Bros Steel Projects CC *	D Rhode	Child	South African Police Services	-	8,050
Ikapa Reticulation & Flow CC *	S Davids	Spouse	Western Cape Department of Education	1,239,476	3,749,202
Kozain Panel Beaters **	J Kozain	Child	Western Cape Department of Education	19,155	39,423
	T Kozain	Child	Western Cape Department of Health		



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Figures in Rand				2023	2022
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	8,804,201	2,165,540
TC Events Co (Pty) Ltd **	L Johnson	Brother	South African Police Services	1,455,182	193,900
JF van Wyk **	M Renier	Sister	Western Cape Department of Education	30,250	90,480
	D Renier	Brother-in-law	South African Police Service		
LJ Projects and Events *	C Jafta	Spouse	Department of Water Affairs	-	87,600
Nedbank Limited*	MM Matoqane	Brother	Ekurhuleni Metro Municipality	2,406,700	-
	V Subramoney	Spouse	Department of Education		
Massamatic (Pty) Ltd *	M Barnard	Inlaw	Department of Health	-	21,614
JC Verkoeling (Pty) Ltd*	H Esterhuizen	Sister-in-law	South African Police Service	136,457	-
Wamtech Systems (Pty) Ltd**	M Le Roux	Sister	City of Cape Town	66,039	-
C and M Raadgewende Ingenieurs (Pty) Ltd**	CB Nyele	Spouse	SA Weather Services	161,115	-
Van Zyl Kruger Inc*	G Marais	Brother	City of Cape Town	243,725	-
	P Marais	Father	Provincial Parliament		
Adapt IT (Pty) Ltd***	D Mbmabo	Husband	SANRAL	561,808	652,072
All amounts include VAT				24,252,272	17,702,563

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.

The prior year comparatives have been restated, please refer to note 49 for more detail.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
54. Capital commitments		
Commitments in respect of capital expenditure:		
Approved and contracted for:		
Infrastructure	418,129,787	12,310,042
Other	10,552,357	3,069,995
Intangibles	-	2,586,103
	428,682,144	17,966,140

All capital commitments include VAT.

55. Financial instruments

55.1 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:

		2023		2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Fair value					
Listed investments	11	-	-	-	-
Amortised cost					
Non-current receivables from exchange transactions	7	104	104	94,875	94,875
Trade and other receivables from exchange transactions	9	318,633,247	318,633,247	352,115,515	352,115,515
Receivables from non-exchange transactions	10	3,423,166	3,423,166	3,212,031	3,212,031
Current portion of non-current receivables	7	18,121	18,121	26,762	26,762
Short-term investments	12	-	-	40,000,000	40,000,000
Cash and cash equivalents	11	445,270,431	445,270,431	189,883,617	189,883,617
		767,345,069	767,345,069	585,332,800	585,332,800
Financial liabilities					
Amortised cost					
Unsecured bank facilities:					
Annuity Loans	15	1,455,252,441	1,455,252,441	1,539,712,709	1,539,712,709
Finance Leases	16	472,639	472,639	-	-
		1,455,725,080	1,455,725,080	1,539,712,709	1,539,712,709
Trade and other payables:					
Consumer deposits	19	72,713,346	72,713,346	65,330,962	65,330,962
Trade and other payables from exchange transactions	20	179,362,651	179,362,651	169,511,671	169,511,671
Current portion of financial liabilities	15	84,460,268	84,460,268	78,688,303	78,688,303
Current portion of Finance Leases	16	345,347	345,347	26,762	26,762
		336,881,612	336,881,612	313,557,698	313,557,698
Total financial liabilities		1,792,606,692	1,792,606,692	1,853,270,407	1,853,270,407
Total financial instruments		(1,025,261,623)	(1,025,261,623)	(1,267,937,606)	(1,267,937,606)

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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55. Financial instruments (continued)

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.

55.2 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 11; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note(s) 22&23&24 and the Statement of changes in net assets.

55.3 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.

55.4 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.

55.5 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 55.6 below). No formal policy exists to hedge volatilities in the interest rate market.

55.6 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.

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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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55. Financial instruments (continued)

55.7 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 2023

	Within 1 year	2 to 5 years	5 years +	Total
Maturity analysis				
Annuity loans	251,185,949	997,525,228	1,523,700,711	2,772,411,888
Finance leases	564,408	564,408	-	1,128,816
Payables from exchange transaction	179,362,651	-	-	179,362,651
Consumer deposits	72,713,346	-	-	72,713,346
	503,826,354	998,089,636	1,523,700,711	3,025,616,701

30 June 2022

	Within 1 year	2 to 5 years	5 years +	Total
Maturity analysis				
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	169,511,671	-	-	169,511,671
Consumer deposits	65,330,962	-	-	65,330,962
	489,644,373	999,329,870	1,773,082,018	3,262,056,261

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.

55.8 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 10 to the audited annual financial statements.

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:



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
55. Financial instruments (continued)		
Non-current receivables from exchange transactions	104	94,875
Trade and other receivables from exchange transactions	318,633,247	352,115,515
Receivables from non-exchange transactions	3,423,166	3,212,031
Current portion of non-current receivables	18,121	26,762
Short term investments	-	40,000,000
Cash and cash equivalents	445,270,431	189,883,617
Maximum credit and interest risk exposure	767,345,069	585,332,800

55.9 Other price risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

56. 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.

57. Related party disclosures

57.1 Nature of related party relationships

Related party	Nature of relationship
Compensation made to Senior Management	Refer to note 38.1
Remuneration of Councillors	Refer to note 39

57.2 Related party transactions

Revenue

Consumer services rendered to Key Management	56,024	55,464
Consumer services rendered to Councillors	1,278,855	1,482,488
	1,334,879	1,537,952

57.3 Related party balances

Outstanding balances

Consumer accounts

Key Management Personnel	-	-
Councillors	50,856	114,143
	50,856	114,143

The consumer services are in accordance with approved tariffs that was advertised to the public.

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 53.2



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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58. 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 and financial position of R 112,807,835 (2022: R 109,904,964) 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.

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 2022 disclosed an actuarial valuation amounting to R1,391,841,000 (30 June 2021: R1,486,110,000), with a net accumulated surplus of R144,158,000 (2021: R69,420,000), with a funding level of 111.60% (30 June 2021: 104.90%).

Defined contribution scheme

The actuarial valuation report at 30 June 2022 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1,976,184,000 (30 June 2021: R2,082,488,000), net investment reserve of R0 (30 June 2021: R0) and with a funding level of 100% (2021: 100%).

The actuary concluded that:

- The Pensioner Account has a funding level of 111.6% 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 104.5%;
- The Trustees awarded a 5.20% pension increase effective 1 January 2023; and
- The Trustees awarded 100% of monthly pension bonus to pensioners payable in December 2022.

b) Consolidated Retirement Fund for local government (Previously Cape Joint Retirement Fund)

The last statutory valuation performed as at 30 June 2022 revealed that the net assets of the Fund amounted to R36,502,914,000 (30 June 2021: R34,148,000,000). The members share account and processing reserve account had assets amounting to R35,552,304,000 (2021: R33,231,698,000), and the pensions account had assets amounting to R609,285,000 (2021: R672,300,000) with funding levels of 100.4% and 131.6% (30 June 2021 100.5% and 133.0%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account amounted to R83,977,000 (30 June 2021: R84,364,000), with a funding level of 100% (30 June 2021: 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.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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58. Retirement benefit information (continued)

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 (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.

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.



Drakenstein Municipality

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58. Retirement benefit information (continued)

f) The Municipal Workers Retirement Fund (Previously South African Municipal Workers Union Provident Fund)

The fund does statutory valuations every three years. Information below is extracted from the latest report on March 2022. Comparatives therefore differ from disclosures in previous years AFS.

The statutory valuation performed as at 30 June 2020 revealed that the assets of the fund amounted to R9,021,008,000 (30 June 2019: R9,272,763,000), with funding levels of 102.2% (30 June 2019: 110.6%). The funding level before allowing for the reserves has reduced to 102.2%, largely as a result of the poor investment returns over the year to 30 June 2020.

The Rules require that member and employer contribution rates shall be as agreed between the employer and the Fund but shall be not less than 7.5% and 18% respectively, unless the employer is part of a bargaining forum that permits lower contribution rates and/or does not apply higher member and employer contribution rates for any of its employees. The employer contribution rates applicable shall not be less than those contributed by the employer to any other fund.

Based on June 2020 contributions, it appears that members contribute at an average rate of around 8.2%, and employers at an average rate of around 19.5%.

The Fund's assets were sufficient to cover the members' Fund Credits and to provide a margin for contingency reserves as at 30 June 2020. The valuator therefore consider that the Fund was in a sound financial position at the valuation date.



Drakenstein Municipality

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59. 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 (2022: 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 R26,767,475 (2022: 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.

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.

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.

JJ Bosman**

The plaintiff's vehicle crossed over a pothole and caused damages to his vehicle. As a result of this incident, the applicant lodged a claim of R45,645. The claim is current with attorneys appointed by the Municipality.

Pincore Solutions (Pty) Ltd

Plaintiff alleges that the Municipality has not paid invoices for work completed. As a result of this incident, the applicant lodged a claim of R400,000. The claim is currently with attorneys appointed by the Municipality.

Fox Properties (Pty) Ltd

It is alleged that the conveyancing transaction was incorrectly processed, the building works was incomplete and there was a loss of rental income.

NORSA Community Care; IM Lawrence and L Britz

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 12 (2022: 6) cases are being dealt with at the Municipality's insurer and amounts to R4,253,474 (2022: R3,613,729) in total claims. In the event that the claims are successful, the Municipality will be liable for the amount of R260,000 (2022: R110,000), 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. Arbitration award was delivered on 1 October 2021 in favor of the municipality. The applicant (J Hattingh) referred the matter to the Labour Court for review. The Labour Court matter is still pending. The maximum exposure for the municipality is the payment of the former director's contract package for 12 months, amounting to R1,596,747 (2022: R1,596,747)

Arbitration cases

The municipality has 4 (2022: 4) ongoing arbitration cases, which varies in circumstances. The maximum exposure for the municipality amounts to R1,058,962 (2022: R856,282).



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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59. Contingent liabilities (continued)

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. The municipality has received a non-binding VAT ruling regarding the matter and provision was made for the output VAT payable.

According to Section 217 (3) of the Tax Administration Act (TAA), the municipality may be levied with penalties and interest by SARS for the late declaration and payment of output VAT. The penalty rate and interest charged will be determined by SARS as various considerations needs to be taken into account to calculate this amount. The municipality's best estimate for these penalties and interest payable amounts to R3,129,520.

**The case should have been included in last year's disclosures, please refer to note 49 for more detailed information.

60. Contingent assets

Insurance Claim - Parys Substation fire & Grysbok Flats fire

A dispute with the insured underwriter and broker with regards to the amount of the insurance claims to be paid out by the insurance company, and the uncertainty on the claim amount to be paid out. The claim is estimated at R25,007,410 (2022: R25,007,410).

61. 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.

62. Registered IUDG programme

2022/2023	Received	Expenditure	Unspent
Upgrade swimming pools	927,749	(927,749)	-
Installation of electric equipment at Boy Louw sport fields	278,781	(278,781)	-
Install electric cables at Dal Josaphat Stadium	120,139	(120,139)	-
Upgrading of Faure street sports stadium	1,578,849	(1,578,849)	-
Upgrading of Gouda sports fields	387,816	(387,816)	-
Solid waste mini drop offs	400,000	(400,000)	-
Replace / upgrade water reticulation system	6,469,728	(6,469,728)	-
Water distribution system upgrade	1,000,000	(1,000,000)	-
Paarl wastewater treatment works mechanical	1,998,538	(1,998,538)	-
Replace / upgrade sewerage system	5,103,615	(5,103,615)	-
Extension of basic services: informal settlements	1,000,000	(1,000,000)	-
Replace pump at Newton pumpstation	4,377,383	(4,377,383)	-
Reseal of streets in terms of the rams	5,019,396	(5,019,396)	-
Drommedaris road rebuild	4,999,964	(4,999,964)	-
Upgrading of sidewalks	1,497,012	(1,497,012)	-
Refurbish storm water systems	4,994,509	(4,994,509)	-
Increase existing network capacity	1,799,999	(1,799,999)	-
Drakenstein streetlight projects	150,000	(150,000)	-
Replacement program for old and redundant	3,000,000	(3,000,000)	-
Increase existing LT network capacity	1,800,000	(1,800,000)	-
Electrification of informal areas	1,000,000	(1,000,000)	-
Palmiet substation transformer 3 refurbish	6,000,000	(6,000,000)	-
	53,903,478	(53,903,478)	-



Drakenstein Municipality

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Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022	
62. Registered IUDG programme (continued)			
2021/2022	Received	Expenditure	Unspent
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)	-
	52,256,000	(52,256,000)	-

63. 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.

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.

64. 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.

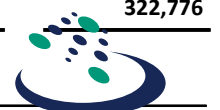
Reconciliation of amounts payable to the WC Department of Transport and Public Works

Balance at beginning of year	322,776	183,246
Revenue received on behalf of principal (including commission)	96,745,382	96,184,215
Revenue recognised by the municipality as agency*	(19,897,279)	(19,209,323)
Revenue paid over to principal	(77,067,564)	(76,835,362)

* VAT included

103,315	322,776
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This note has been restated due to errors identified in the prior year information.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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	401,500	436,900
Revenue received on behalf of principal	194,400	158,700
Revenue recognised by the municipality as agency fees	-	-
Revenue paid over to principal	(150,300)	(194,100)
	<u>445,600</u>	<u>401,500</u>

This note has been restated due to errors identified in the prior year information.

Principal arrangements: Traffic services

Agent for the Drakenstein Municipality

The municipality has a service provider TMT (2022: 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 (Including VAT)	<u>6,073,894</u>	<u>5,945,094</u>

Principal arrangements: Financial Services

Agent for the Drakenstein Municipality

The municipality has a service provider EasyPay & Pay At (2022: EasyPay & Pay At) 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	<u>1,570,423</u>	<u>739,550</u>
Commission received by the agent (Including VAT)	<u>5,236,453</u>	<u>4,357,072</u>

This note has been restated due to the commission received by the agent presented not including VAT in the prior year information.

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	<u>3,360,125</u>	<u>3,445,482</u>
Commission received by the agent (Including VAT)	<u>11,334,556</u>	<u>10,619,773</u>

This note has been restated due to the commission received by the agent presented not including VAT in the prior year information.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
65. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance		
Net surplus/(deficit) per the statement of financial performance		
Basis differences		142,715,457
Revenue by Source		
Property rates		-
Property rates - penalties & collection charges (Surcharges and Taxes*)		(2,230,462)
Service charges - electricity revenue		(1,368,866,562)
Service charges - water revenue		(193,211,551)
Service charges - sanitation revenue		(144,103,899)
Service charges - refuse revenue		(155,442,460)
Service charges		1,873,243,605
Availability charges - Waste management		(3,893,471)
Availability charges - Water		(2,171,116)
Availability charges - Waste water management		(3,304,521)
Availability charges - Electricity		(2,250,026)
Availability charges		-
Rental of facilities and equipment (Rental of Fixed Assets*)		(7,081,619)
Investment revenue (Interest earned - external investments)		-
Interest earned - outstanding debtors		(12,884,063)
Finance income and Dividends*		-
Licences and permits		(21,094,734)
Fines (Fines, Penalties & Forfeits*)		(104,450,942)
Transfers recognised - operational / (Transfers and Subsidies*)		(117,743,324)
Other revenue (Operational Revenue (Exchange)*)		212,339,525
Operational Revenue (Non - Exchange)*		(1,770,924)
Sale of Goods and Rendering of Services*		(34,761,610)
Inventory Surpluses (Gains/losses on Inventory)		-
Construction Contract Revenue		-
Total		(89,678,154)



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
65. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance (continued)		
Expenditure By Type		
Employee related costs		(14,283,638)
Remuneration of councillors (Councillor Related Cost *)		-
Collection cost		-
Debt impairment		-
Impairment losses on financial assets		169,280,704
Depreciation & asset impairment (Depreciation and Amortisation *)		-
Impairment Losses		214,518
Interest, Dividends and Rent on Land (Interest paid *)		-
Materials and Bulk purchases		(1,033,398,650)
Bulk Purchases		959,067,970
Contracted services		173,600,619
Transfers and grants (Transfers and Subsidies : Operational Exp*)		-
Other expenditure (Operational cost*)		(388,486,412)
Inventory*		74,330,680
Operating Leases*		17,838,689
Loss on disposal of Assets (Gains /(losses) on disposal of PPE, IA, IP & HA*)		11,999,426
Total		(29,836,094)
Surplus/(Deficit)		
Transfers recognised - capital		119,514,248
Contributions recognised - capital		-
		119,514,248
Net surplus/(deficit) per statement of budget comparison		142,715,457

* - 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 2022/23 Budget and GRAP Annual Financial Statements.

66. Reconciliation of cash flows per the budget regulations with the cash flows per the cash flow statement

Net cash from operating activities	(7,382,384)
Net cash from investing activities	-
Net cash from financing activities	7,382,384
Net increase /(decrease) in cash and cash equivalents	-



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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2023

2022

67. 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.

67.1. Cash flow

Cash flows from operating activities

- The actual cash collected for Service Charges was much higher than anticipated.

67.2. Statement of financial performance and financial position

Revenue

- *Transfers recognised - operational*
Due to the reallocation of library grant income to sale and rendering of goods and services.
- *Other revenue*
Agency Services - Due to the reallocation of library grant income to sale and rendering of goods and services.
Gains - Recognition of current year medical actuarial gain. (Not budgeted)
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

- Due to increase in cash, as a result of our continuous cost containment procedures, more cash was available.
The increase in current assets also impacts on the accumulated surplus as a result of this increase.



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

68. Segment information

Segment surplus or deficit, assets and liabilities

By Department

2023

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Audit Executive	Chief Department of And Compliance	Department of IDP And PMS	Department of Communication	Total
Revenue											
Services charges - Electricity	-	-	-	-	-	1,371,116,587	-	-	-	-	1,371,116,587
Services charges - Water	-	-	-	-	-	195,382,667	-	-	-	-	195,382,667
Services charges - Waste management	-	-	-	-	159,335,930	-	-	-	-	-	159,335,930
Services charges - Waste water management	-	-	-	-	-	147,408,421	-	-	-	-	147,408,421
Sales of goods and rendering of services	-	59,081	1,451,554	10,474,379	22,398,818	377,782	-	-	-	-	34,761,614
Rental from fixed assets	-	(9,851,646)	-	14,158,770	791,476	1,983,020	-	-	-	-	7,081,620
Interests on investments	-	36,829,614	216	-	-	-	-	-	-	-	36,829,830
Interest on receivables	-	-	6,843	-	3,693,840	9,183,379	-	-	-	-	12,884,062
Operational revenue - Exchange revenue	-	2,668,524	1,104,519	52,280	396,418	9,995,750	-	-	-	-	14,217,491
Operational revenue - Non-exchange revenue	-	1,770,924	-	-	-	-	-	-	-	-	1,770,924
Licences or permits	-	-	-	2,908	21,087,025	4,800	-	-	-	-	21,094,733
Property rates	-	437,182,802	-	-	-	-	-	-	-	-	437,182,802
Surcharges and taxes	-	2,230,462	-	-	-	-	-	-	-	-	2,230,462
Fines, penalties and forfeits	-	-	-	209,499	103,885,294	356,148	-	-	-	-	104,450,941
Transfers and subsidies	-	37,556,810	2,043,941	10,630,586	28,068,132	246,394,189	-	-	-	-	324,693,658
Total segment revenue	-	508,446,571	4,607,073	35,528,422	339,656,933	1,982,202,743	-	-	-	-	2,870,441,742



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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68. 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
Expenditure											
Employee related cost	4,152,593	77,057,954	79,994,578	72,988,907	242,114,967	239,654,211	9,210,067	2,535,765	4,163,152	3,788,557	735,660,751
Remuneration of councillors	-	-	33,213,291	-	-	-	-	-	-	-	33,213,291
Debt impairment / write-off	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	125,310	3,422,260	5,142,292	33,841,631	25,929,945	177,914,888	24,788	8,281	36,088	18,683	246,464,166
Impairment losses on financial assets	-	13,380,118	-	2,444,851	109,704,476	43,751,260	-	-	-	-	169,280,705
Impairment losses on PPE, IA and HA	-	214,518	-	-	-	-	-	-	-	-	214,518
Finance costs	-	304,118	255,430	4,707,204	7,170,274	163,953,493	-	-	-	-	176,390,519
Bulk purchases	-	-	-	-	-	959,067,970	-	-	-	-	959,067,970
Inventory consumed	36,344	3,168,389	1,814,273	5,772,380	28,541,629	34,860,278	39,504	7,328	16,866	73,691	74,330,682
Contracted services	6,685	4,114,814	11,779,740	6,059,235	76,349,237	74,097,707	5,948	379,134	620,100	188,018	173,600,618
Transfers and subsidies	-	-	3,324,138	373,760	1,209,531	20,000,000	-	-	-	-	24,907,429
Operational cost	33,946	31,920,604	26,877,755	1,602,180	25,989,911	16,726,195	175,810	33,800	43,571	1,353,752	104,757,524
Operating leases	8,797	832,249	433,304	821,175	3,897,687	11,748,205	80,893	8,797	7,578	-	17,838,685
Loss on disposal of assets	-	(261,594)	-	-	214,036	12,046,984	-	-	-	-	11,999,426
Total segment expenditure	4,363,675	134,153,430	162,834,801	128,611,323	521,121,693	1,753,821,191	9,537,010	2,973,105	4,887,355	5,422,701	2,727,726,284
Sub-total	(4,363,675)	374,293,141	(158,227,728)	(93,082,901)	(181,464,760)	228,381,552	(9,537,010)	(2,973,105)	(4,887,355)	(5,422,701)	142,715,458
Internal charges											
OC : Municipal services (Income)	-	-	-	-	(6,325,426)	(70,979,936)	-	-	-	-	(77,305,362)
OC : Municipal services	-	195,991	-	8,230,817	23,409,867	45,468,687	-	-	-	-	77,305,362
Total segment internal charges	-	195,991	-	8,230,817	17,084,441	(25,511,249)	-	-	-	-	-
Total segment surplus/(deficit)	(4,363,675)	374,489,132	(158,227,728)	(84,852,084)	(164,380,319)	202,870,303	(9,537,010)	(2,973,105)	(4,887,355)	(5,422,701)	142,715,458
Capital expenditure											
Actual outcome	8,802	279,165	10,208,022	14,021,795	14,332,893	151,976,008	-	42,097	11,046	24,659	190,904,487



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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68. Segment information (continued)

2022

	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
Revenue											
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	23,457,510	423,477	-	-	-	-	36,575,897
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	4,740,173	-	-	-	-	16,207,814
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	-	137,581	-	-	-	208,095	-	-	-	-	345,676
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	-	40,887,224	2,200,442	8,535,716	54,757,799	196,591,216	-	-	-	-	302,972,397
Other Non-Exchange Revenue 1	-	151,981	-	52,296	-	-	-	-	-	-	204,277
Total segment revenue	-	474,353,409	3,876,697	30,111,027	344,785,247	1,897,274,990	-	-	-	-	2,750,401,370



AUDITOR - GENERAL
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Melanie Joffe - 30 November 2023

Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

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68. 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
Expenditure											
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	3,196,988	5,348,255	33,149,385	25,343,500	174,769,503	24,271	8,171	35,336	46,985	242,046,334
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	24,202	2,208,533	1,910,946	3,481,597	25,059,852	28,446,678	(20,524)	5,677	45,624	(38)	61,162,547
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	6,115	578,510	301,197	423,308	5,670,245	15,543,226	56,230	6,115	5,268	-	22,590,214
Total segment expenditure	4,394,913	113,004,119	159,315,237	126,360,443	482,944,302	1,699,561,163	9,238,746	2,030,326	5,762,103	4,913,748	2,607,525,100
Internal charges											
OC : Municipal services (Income)	-	-	-	-	(6,118,452)	(68,176,748)	-	-	-	-	(74,295,200)
OC : Municipal services	-	339,240	-	8,743,846	20,648,481	44,563,633	-	-	-	-	74,295,200
Total segment internal charges	-	339,240	-	8,743,846	14,530,029	(23,613,115)	-	-	-	-	-
Sub-total	(4,394,913)	361,349,290	(155,438,540)	(96,249,416)	(138,159,055)	197,713,827	(9,238,746)	(2,030,326)	(5,762,103)	(4,913,748)	142,876,270
Total segment surplus/(deficit)	(4,394,913)	361,688,530	(155,438,540)	(87,505,570)	(123,629,026)	174,100,712	(9,238,746)	(2,030,326)	(5,762,103)	(4,913,748)	142,876,270
Capital expenditure											
Actual outcome	8,802	279,165	10,208,022	14,021,795	14,332,893	151,976,008	-	42,097	11,046	24,659	190,904,487



Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

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68. Segment information (continued)

By GFS

2023

	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
Revenue															
Services charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,371,116,587	-	-	-	1,371,116,587
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	195,382,667	-	195,382,667
Services charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	159,335,930	-	-	159,335,930
Services charges - Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	147,408,421	147,408,421
Sales of goods and rendering of services	1,451,554	100,557	-	20,739,417	1,621,664	-	-	10,470,640	43,003	-	-	-	-	334,779	34,761,614
Rental from fixed assets	-	(7,833,333)	-	541,996	235,772	565	13,994,903	125,647	-	-	16,070	-	-	-	7,081,620
Interests on investments	216	36,829,614	-	-	-	-	-	-	-	-	-	-	-	-	36,829,830
Interest on receivables	6,843	-	-	-	-	-	-	-	-	-	2,576,712	3,693,840	4,288,753	2,317,914	12,884,062
Operational revenue - Exchange revenue	671,245	4,073,349	-	47,505	-	243,046	1,652	50,628	4,648,085	-	2,033	-	2,557,555	1,922,393	14,217,491
Operational revenue - Non-exchange revenue	-	1,770,924	-	-	-	-	-	-	-	-	-	-	-	-	1,770,924
Licences or permits	-	2,908	-	-	218,709	20,868,316	-	-	-	-	-	-	4,800	-	21,094,733
Property rates	-	437,182,802	-	-	-	-	-	-	-	-	-	-	-	-	437,182,802
Surcharges and taxes	-	2,230,462	-	-	-	-	-	-	-	-	-	-	-	-	2,230,462
Fines, penalties and forfeits	-	-	-	22,148	-	103,863,146	-	209,499	-	-	356,148	-	-	-	104,450,941
Transfers and subsidies	203,836	46,744,193	-	-	600,000	1,141,712	9,283,308	4,139,000	3,517,723	-	147,017,993	26,326,420	9,593,073	76,126,400	324,693,658
Total segment revenue	2,333,694	521,101,476	-	21,351,066	2,676,145	126,116,785	23,279,863	14,995,414	8,208,811	-	1,521,085,543	189,356,190	211,826,848	228,109,907	2,870,441,742



Drakenstein Municipality

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68. 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
Expenditure															
Employee related cost	51,005,756	218,519,997	9,210,067	26,992,993	50,551,133	80,373,904	26,447,903	60,214,891	46,153,413	1,770,721	62,106,137	32,905,851	26,172,763	43,235,222	735,660,751
Remuneration of councillors	33,213,291	-	-	-	-	-	-	-	-	-	-	-	-	-	33,213,291
Debt impairment / write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	615,879	33,360,203	24,788	3,899,838	7,906,151	387,394	33,519,777	212,814	53,921,544	-	50,196,228	8,954,354	29,696,861	23,768,335	246,464,166
Impairment losses on financial assets	-	13,380,118	-	-	-	73,192,195	2,444,851	-	-	-	1,365,686	36,512,281	20,478,457	21,907,117	169,280,705
Impairment losses on PPE, IA and HA	-	214,518	-	-	-	-	-	-	-	-	-	-	-	-	214,518
Finance costs	-	19,151,141	-	-	-	255,428	4,707,204	-	27,969,532	-	65,777,352	6,659,416	10,454,365	41,416,081	176,390,519
Bulk purchases	-	-	-	-	-	-	-	-	-	-	929,946,687	-	29,121,283	-	959,067,970
Inventory consumed	38,984,165	6,093,313	39,504	3,490,134	2,358,841	841,953	5,032,672	201,236	3,215,032	-	8,398,352	1,877,024	2,055,406	1,743,050	74,330,682
Contracted services	22,231,017	23,228,903	5,948	530,383	2,237,088	43,480,210	3,449,779	621,209	7,461,022	-	24,288,943	18,514,520	8,079,181	19,472,415	173,600,618
Transfers and subsidies	3,279,138	45,000	-	70,000	245,000	894,531	373,760	-	20,000,000	-	-	-	-	-	24,907,429
Operational cost	5,091,546	63,322,735	175,810	2,392,732	618,319	1,246,236	632,271	798,969	753,429	-	9,835,557	19,282,911	171,573	435,436	104,757,524
Operating leases	8,797	1,823,342	80,893	1,131,342	412,147	346,083	609,275	210,678	3,922,272	-	5,608,991	2,008,115	-	1,676,750	17,838,685
Loss on disposal of assets	-	4,398,657	-	-	-	-	-	-	-	-	2,177,669	214,036	4,611,438	597,626	11,999,426
Total segment expenditure	154,429,589	383,537,927	9,537,010	38,507,422	64,328,679	201,017,934	77,217,492	62,259,797	163,396,244	1,770,721	1,159,701,602	126,928,508	130,841,327	154,252,032	2,727,726,284
Sub-total	(152,095,895)	137,563,549	(9,537,010)	(17,156,356)	(61,652,534)	(74,901,149)	(53,937,629)	(47,264,383)	(155,187,433)	(1,770,721)	361,383,941	62,427,682	80,985,521	73,857,875	142,715,458
Internal charges															
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	(55,239,034)	(6,325,426)	(13,938,640)	(1,802,262)	(77,305,362)
OC : Municipal services	-	5,709,339	-	1,420,416	20,653,172	193,018	8,230,817	-	4,487,232	-	8,316,622	257,409	8,227,536	19,809,801	77,305,362
Total segment internal charges	-	5,709,339	-	1,420,416	20,653,172	193,018	8,230,817	-	4,487,232	-	(46,922,412)	(6,068,017)	(5,711,104)	18,007,539	-
Total segment surplus / (deficit)	(152,095,895)	143,272,888	(9,537,010)	(15,735,940)	(40,999,362)	(74,708,131)	(45,706,812)	(47,264,383)	(150,700,201)	(1,770,721)	314,461,529	56,359,665	75,274,417	91,865,414	142,715,458
Capital expenditure															
Actual outcome	309,017	35,211,748	-	1,710,604	6,066,618	2,463,440	12,678,579	76,356	27,610,484	-	68,427,977	10,362,198	22,205,581	3,781,886	190,904,488



Drakenstein Municipality

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68. Segment information (continued)

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
Revenue															
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	-	21,668,149	1,721,060	-	-	8,167,822	27,118	-	-	2,197	-	396,359	36,575,897
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	484,392	-	108,387	-	2,890,403	49,236	16,207,814
Operational revenue - Non-exchange revenue	-	1,507,493	-	-	-	-	-	-	-	-	-	-	-	-	1,507,493
Licences or permits	-	286,674	-	-	109,356	20,343,263	-	-	-	-	-	-	6,140	-	20,745,433
Gain on disposal of assets	-	9,261,663	-	-	-	-	-	-	-	-	(1,732,928)	-	(5,710,103)	(1,472,956)	345,676
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	-	-	-	40,989	-	104,213,855	-	242,837	-	-	726,470	-	-	-	105,224,151
Transfers and subsidies	93,872	46,475,037	-	-	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	302,972,397
Construction contract revenue	-	151,981	-	-	-	-	52,296	-	-	-	-	-	-	-	204,277
Total segment revenue	1,769,668	492,616,418	-	22,048,358	4,479,706	125,651,766	18,407,143	13,881,656	18,009,519	-	1,455,876,554	192,395,926	195,560,799	209,703,857	2,711,401,370

Drakenstein Municipality

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68. 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
Expenditure															
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	32,545,104	24,271	3,818,608	7,714,486	381,145	32,832,168	210,114	52,931,160	-	49,224,894	8,767,841	29,737,770	23,275,014	242,046,334
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	25,985,169	5,140,169	(20,524)	2,819,891	2,926,785	495,153	2,789,794	301,827	3,180,071	-	10,796,086	3,383,801	1,319,767	2,044,558	61,162,547
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	6,115	7,364,654	56,230	491,310	(727)	240,568	194,851	217,995	2,953,774	-	4,847,325	4,939,094	-	1,279,025	22,590,214
Total segment expenditure	137,438,304	354,839,063	9,238,746	38,298,132	65,670,151	208,520,793	78,296,685	56,577,482	148,548,679	1,691,433	1,172,781,558	87,878,088	113,603,327	134,142,659	2,607,525,100
Sub-total	(135,668,636)	137,777,355	(9,238,746)	(16,249,774)	(61,190,445)	(82,869,027)	(59,889,542)	(42,695,826)	(130,539,160)	(1,691,433)	283,094,996	104,517,838	81,957,472	75,561,198	142,876,270
Internal charges															
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	(54,296,771)	(6,118,452)	(11,949,581)	(1,930,396)	(74,295,200)
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
Total segment internal charges	-	6,193,343	-	1,415,835	17,461,396	205,117	8,743,846	-	9,250,655	-	(49,295,235)	(5,845,191)	(5,148,412)	17,018,646	-
Total segment surplus /(deficit)	(135,668,636)	143,970,698	(9,238,746)	(14,833,939)	(43,729,049)	(82,663,910)	(51,145,696)	(42,695,826)	(121,288,505)	(1,691,433)	233,799,761	98,672,647	76,809,060	92,579,844	142,876,270
Capital expenditure															
Actual outcome	55,050	16,099,593	5,550	1,379,008	18,950,694	3,154,082	6,515,291	14,281	35,888,081	-	45,041,508	15,570,633	6,153,445	8,224,235	157,051,451

Drakenstein Municipality

Appendix A

Schedule of external loans as at 30 June 2023

External Loans	Interest Rate %	Loan Number	Redeemable Date	Balance at 30 June 2022 Rand	Redeemed/ written off during the period Rand	Balance at 30 June 2023 Rand
Annuity and other loans						
DBSA	10.734 %	61007616	2037	962,981,450	27,996,059	934,985,391
NEDBANK	11.480 %	7831030646-0011	2029	198,701,741	17,925,279	180,776,462
STANDARD BANK	11.440 %	0053-7722	2028	421,687,046	24,324,954	397,362,092
STANDARD BANK	10.970 %	0053-8368	2028	28,486,097	3,576,921	24,909,176
STANDARD BANK	9.870 %	0053-7565	2023	3,339,339	3,339,339	-
STANDARD BANK	9.840 %	0053-1097	2024	3,205,339	1,525,750	1,679,589
				1,618,401,012	78,688,302	1,539,712,710

Drakenstein Municipality

Appendix B1

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	2022/2023										
	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	%	%
Revenue - Standard											
Governance and administration	489,830,555	53,543,592	543,374,147	-		543,374,147	551,630,797		8,256,650	102 %	113 %
Executive and council	1,904,096	91,223	1,995,319	-		1,995,319	20,039,435		18,044,116	1,004 %	1,052 %
Finance and administration	487,926,459	53,452,369	541,378,828	-		541,378,828	531,591,362		(9,787,466)	98 %	109 %
Internal audit	-	-	-	-		-	-		-	- %	- %
Community and public safety	201,729,451	(17,544,718)	184,184,733	-		184,184,733	173,423,858		(10,760,875)	94 %	86 %
Community and social services	7,897,337	(3,143,100)	4,754,237	-		4,754,237	21,351,066		16,596,829	449 %	270 %
Sport and recreation	3,160,496	(802,500)	2,357,996	-		2,357,996	2,676,145		318,149	113 %	85 %
Public safety	129,869,404	13,404,730	143,274,134	-		143,274,134	126,116,785		(17,157,349)	88 %	97 %
Housing	60,802,214	(27,003,848)	33,798,366	-		33,798,366	23,279,862		(10,518,504)	69 %	38 %
Health	-	-	-	-		-	-		-	- %	- %
Economic and environmental services	13,954,506	658,933	14,613,439	-		14,613,439	23,204,225		8,590,786	159 %	166 %
Planning and development	11,085,959	-	11,085,959	-		11,085,959	14,995,414		3,909,455	135 %	135 %
Road transport	2,868,547	658,933	3,527,480	-		3,527,480	8,208,811		4,681,331	233 %	286 %
Environmental protection	-	-	-	-		-	-		-	- %	- %
Trading services	2,210,300,442	(102,276,365)	2,108,024,077	-		2,108,024,077	2,152,018,954		43,994,877	102 %	97 %
Energy sources	1,567,700,634	(113,855,184)	1,453,845,450	-		1,453,845,450	1,521,085,543		67,240,093	105 %	97 %
Water management	213,258,189	(1,731,437)	211,526,752	-		211,526,752	213,467,315		1,940,563	101 %	100 %
Waste water management	223,715,747	10,356,725	234,072,472	-		234,072,472	228,109,905		(5,962,567)	97 %	102 %
Waste management	205,625,872	2,953,531	208,579,403	-		208,579,403	189,356,191		(19,223,212)	91 %	92 %
Other	-	-	-	-		-	-		-	- %	- %
Other	-	-	-	-		-	-		-	- %	- %
Total Revenue - Standard	2,915,814,954	(65,618,558)	2,850,196,396	-		2,850,196,396	2,900,277,834		50,081,438	102 %	99 %

Drakenstein Municipality

Appendix B1

Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	2022/2023										
	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	%	%
Expenditure - Standard											
Governance and administration	344,148,051	21,301,729	365,449,780	-	41,046,098	406,495,878	387,176,027	-	(19,319,851)	95 %	113 %
Executive and council	112,533,350	26,944,318	139,477,668	-	2,422,581	141,900,249	128,278,008	-	(13,622,241)	90 %	114 %
Finance and administration	228,263,809	(5,810,195)	222,453,614	-	38,623,517	261,077,131	255,698,040	-	(5,379,091)	98 %	112 %
Internal audit	3,350,892	167,606	3,518,498	-	-	3,518,498	3,199,979	-	(318,519)	91 %	95 %
Community and public safety	475,344,651	(10,428,128)	464,916,523	-	(40,040,122)	424,876,401	417,674,787	-	(7,201,614)	98 %	88 %
Community and social services	43,002,291	(2,627,144)	40,375,147	-	(412,439)	39,962,708	39,934,590	-	(28,118)	100 %	93 %
Sport and recreation	96,156,257	(2,974,814)	93,181,443	-	(3,865,826)	89,315,617	86,350,640	-	(2,964,977)	97 %	90 %
Public safety	222,504,131	12,258,674	234,762,805	-	(28,803,993)	205,958,812	205,802,906	-	(155,906)	100 %	92 %
Housing	113,681,972	(17,084,844)	96,597,128	-	(6,957,864)	89,639,264	85,586,651	-	(4,052,613)	95 %	75 %
Economic and environmental services	245,302,712	(3,777,530)	241,525,182	-	(1,584,494)	239,940,688	232,918,892	-	(7,021,796)	97 %	95 %
Planning and development	60,926,263	2,677,707	63,603,970	-	(466,894)	63,137,076	58,344,966	-	(4,792,110)	92 %	96 %
Road transport	182,590,074	(6,464,456)	176,125,618	-	(1,117,600)	175,008,018	172,803,205	-	(2,204,813)	99 %	95 %
Environmental protection	1,786,375	9,219	1,795,594	-	-	1,795,594	1,770,721	-	(24,873)	99 %	99 %
Trading services	1,813,207,815	(67,166,590)	1,746,041,225	-	578,518	1,746,619,743	1,719,792,671	-	(26,827,072)	98 %	95 %
Energy sources	1,291,310,957	(64,364,525)	1,226,946,432	-	(45,135,479)	1,181,810,953	1,163,452,369	-	(18,358,584)	98 %	90 %
Water management	176,454,663	(1,104,131)	175,350,532	-	4,967,653	180,318,185	173,198,564	-	(7,119,621)	96 %	98 %
Waste water management	199,616,516	717,525	200,334,041	-	18,319,074	218,653,115	218,564,602	-	(88,513)	100 %	109 %
Waste management	145,825,679	(2,415,459)	143,410,220	-	22,427,270	165,837,490	164,577,136	-	(1,260,354)	99 %	113 %
Other	-	-	-	-	-	-	-	-	-	- %	- %
Other	-	-	-	-	-	-	-	-	-	- %	- %
Total Expenditure - Standard	2,878,003,229	(60,070,519)	2,817,932,710	-	-	2,817,932,710	2,757,562,377	-	(60,370,333)	98 %	96 %
Surplus/(Deficit) for the year	37,811,725	(5,548,039)	32,263,686	-	-	32,263,686	142,715,457	-	110,451,771	442 %	377 %

Drakenstein Municipality

Appendix B2

Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)

	2022/2023										
	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		
Revenue by Vote											
Office of the City Manager	-	-	-	-		-	-		-	- %	- %
Financial Services	451,200,915	40,997,587	492,198,502	-		492,198,502	508,876,938		16,678,436	103 %	113 %
Corporate Services	16,142,775	2,498,494	18,641,269	-		18,641,269	22,312,814		3,671,545	120 %	138 %
Planning and Development	69,175,344	(26,069,033)	43,106,311	-		43,106,311	35,528,422		(7,577,889)	82 %	51 %
Community Services	364,078,335	15,015,357	379,093,692	-		379,093,692	339,656,933		(39,436,759)	90 %	93 %
Engineering Services	2,015,217,585	(98,060,963)	1,917,156,622	-		1,917,156,622	1,993,902,727		76,746,105	104 %	99 %
Department of Chief Audit Executive	-	-	-	-		-	-		-	- %	- %
Department of Risk And Compliance	-	-	-	-		-	-		-	- %	- %
Department of IDP And PMS	-	-	-	-		-	-		-	- %	- %
Department of Communication	-	-	-	-		-	-		-	- %	- %
Total Revenue by Vote	2,915,814,954	(65,618,558)	2,850,196,396	-		2,850,196,396	2,900,277,834		50,081,438	102 %	99 %

Drakenstein Municipality

Appendix B2

Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)

2022/2023											
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			
Expenditure by Vote to be appropriated											
Office of the City Manager	4,547,338	(210,442)	4,336,896	-	33,466	4,370,362	4,363,676	-	(6,686)	100 %	96 %
Financial Services	136,558,052	(2,509,059)	134,048,993	-	785,489	134,834,482	134,583,795	-	(250,687)	100 %	99 %
Corporate Services	184,557,729	8,705,500	193,263,229	-	853,326	194,116,555	180,540,533	-	(13,576,022)	93 %	98 %
Planning and Development	168,447,957	(22,525,069)	145,922,888	-	(6,794,600)	139,128,288	128,611,334	-	(10,516,954)	92 %	76 %
Community Services	497,736,057	15,088,025	512,824,082	-	12,847,013	525,671,095	521,121,699	-	(4,549,396)	99 %	105 %
Engineering Services	1,861,795,926	(59,372,713)	1,802,423,213	-	(7,574,694)	1,794,848,519	1,765,521,169	-	(29,327,350)	98 %	95 %
Department of Chief Audit Executive	9,687,924	167,606	9,855,530	-	-	9,855,530	9,537,011	-	(318,519)	97 %	98 %
Department of Risk And Compliance	2,196,474	1,183,443	3,379,917	-	-	3,379,917	2,973,105	-	(406,812)	88 %	135 %
Department of IDP And PMS	6,636,852	(966,713)	5,670,139	-	-	5,670,139	4,887,355	-	(782,784)	86 %	74 %
Department of Communication	5,838,920	368,903	6,207,823	-	(150,000)	6,057,823	5,422,700	-	(635,123)	90 %	93 %
Total Expenditure by Vote	2,878,003,229	(60,070,519)	2,817,932,710	-	-	2,817,932,710	2,757,562,377	-	(60,370,333)	98 %	96 %
Surplus/(Deficit) for the year	37,811,725	(5,548,039)	32,263,686	-		32,263,686	142,715,457		110,451,771	442 %	377 %

Drakenstein Municipality

Appendix B3

Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

2022/2023											
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	%	%	
Capital expenditure - Vote											
Multi-year expenditure											
Office of the City Manager	-	-	-	-	-	-	-	-	- %	- %	
Financial Services	-	-	-	-	-	-	-	-	- %	- %	
Corporate Services	-	-	-	-	-	-	-	-	- %	- %	
Planning and Development	10,800,000	(2,611,117)	8,188,883	-	8,188,883	8,072,451	-	(116,432)	99 %	75 %	
Community Services	600,000	-	600,000	-	600,000	600,000	-	-	100 %	100 %	
Engineering Services	2,000,000	(1,000,000)	1,000,000	-	1,092,288	1,092,288	-	-	100 %	55 %	
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	- %	- %	
Department of Risk And Compliance	-	-	-	-	-	-	-	-	- %	- %	
Department of IDP And PMS	-	-	-	-	-	-	-	-	- %	- %	
Department of Communication	-	-	-	-	-	-	-	-	- %	- %	
Capital multi-year expenditure sub-total	13,400,000	(3,611,117)	9,788,883	-	92,288	9,881,171	9,764,739	-	(116,432)	99 %	73 %
Single-year expenditure											
Office of the City Manager	-	10,000	10,000	-	(1,198)	8,802	8,802	-	100 %	- %	
Financial Services	2,000,000	(1,580,947)	419,053	-	(139,749)	279,304	279,165	(139)	100 %	14 %	
Corporate Services	4,200,000	6,026,718	10,226,718	-	-	10,226,718	10,208,022	(18,696)	100 %	243 %	
Planning and Development	9,153,602	240,093	9,393,695	-	(134,018)	9,259,677	5,949,344	(3,310,333)	64 %	65 %	
Community Services	22,500,000	(4,102,514)	18,397,486	-	(3,693,871)	14,703,615	13,732,893	(970,722)	93 %	61 %	
Engineering Services	79,255,550	68,495,667	147,751,217	-	3,864,712	151,615,929	150,883,720	(732,209)	100 %	190 %	
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	- %	- %	
Department of Risk And Compliance	43,000	-	43,000	-	-	43,000	42,097	(903)	98 %	98 %	
Department of IDP And PMS	10,000	(5,393)	4,607	-	6,439	11,046	11,046	-	100 %	110 %	
Department of Communication	47,000	(27,737)	19,263	-	5,397	24,660	24,659	(1)	100 %	52 %	
Capital single-year expenditure sub-total	117,209,152	69,055,887	186,265,039	-	(92,288)	186,172,751	181,139,748	-	(5,033,003)	97 %	155 %
Total Capital Expenditure - Vote	130,609,152	65,444,770	196,053,922	-	-	196,053,922	190,904,487	-	(5,149,435)	97 %	146 %

Drakenstein Municipality

Appendix B3

Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

2022/2023											
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	%	%	
Capital Expenditure - Standard											
Governance and administration	14,707,978	22,724,805	37,432,783	-	(306,155)	37,126,628	35,520,765	-	(1,605,863)	96 %	242 %
Executive and council	220,000	105,371	325,371	-	19,948	345,319	309,017	-	(36,302)	89 %	140 %
Finance and administration	14,487,978	22,619,434	37,107,412	-	(326,103)	36,781,309	35,211,748	-	(1,569,561)	96 %	243 %
Internal audit	-	-	-	-	-	-	-	-	-	- %	- %
Community and public safety	32,930,000	(1,938,804)	30,991,196	-	(4,572,231)	26,418,965	22,919,241	-	(3,499,724)	87 %	70 %
Community and social services	1,300,000	850,770	2,150,770	-	(440,162)	1,710,608	1,710,604	-	(4)	100 %	132 %
Sport and recreation	9,250,000	(885,290)	8,364,710	-	(1,437,405)	6,927,305	6,066,618	-	(860,687)	88 %	66 %
Public safety	4,680,000	450,036	5,130,036	-	(2,584,110)	2,545,926	2,463,440	-	(82,486)	97 %	53 %
Housing	17,700,000	(2,354,320)	15,345,680	-	(110,554)	15,235,126	12,678,579	-	(2,556,547)	83 %	72 %
Health	-	-	-	-	-	-	-	-	-	- %	- %
Economic and environmental services	18,781,490	9,094,812	27,876,302	-	(178,271)	27,698,031	27,686,840	-	(11,191)	100 %	147 %
Planning and development	70,000	(2,413)	67,587	-	8,769	76,356	76,356	-	-	100 %	109 %
Road transport	18,711,490	9,097,225	27,808,715	-	(187,040)	27,621,675	27,610,484	-	(11,191)	100 %	148 %
Environmental protection	-	-	-	-	-	-	-	-	-	- %	- %
Trading services	64,189,684	35,563,957	99,753,641	-	5,056,657	104,810,298	104,777,642	-	(32,656)	100 %	163 %
Energy sources	29,945,652	34,583,474	64,529,126	-	3,899,559	68,428,685	68,427,977	-	(708)	100 %	229 %
Water management	6,803,000	3,231,689	10,034,689	-	327,753	10,362,442	10,362,198	-	(244)	100 %	152 %
Waste water management	19,791,032	2,354,450	22,145,482	-	60,104	22,205,586	22,205,581	-	(5)	100 %	112 %
Waste management	7,650,000	(4,605,656)	3,044,344	-	769,241	3,813,585	3,781,886	-	(31,699)	99 %	49 %
Other	-	-	-	-	-	-	-	-	-	- %	- %
Other	-	-	-	-	-	-	-	-	-	- %	- %
Total Capital Expenditure - Standard	130,609,152	65,444,770	196,053,922	-	-	196,053,922	190,904,488	-	(5,149,434)	97 %	146 %
Funded by:											
National Government	62,599,130	4,582,534	67,181,664	-		67,181,664	67,181,656		(8)	100 %	107 %
Provincial Government	15,400,000	5,593,327	20,993,327	-		20,993,327	18,444,345		(2,548,982)	88 %	120 %
District Municipality	-	-	-	-		-	-		-	- %	- %
Other transfers and grants	1,250,022	29,753,378	31,003,400	-		31,003,400	30,072,278		(931,122)	97 %	2,406 %
Transfers recognised - capital	79,249,152	39,929,239	119,178,391	-		119,178,391	115,698,279		(3,480,112)	97 %	146 %
Public contributions & donations	-	-	-	-		-	-		-	- %	- %
Borrowing	-	-	-	-		-	-		-	- %	- %
Internally generated funds	51,360,000	25,515,531	76,875,531	-		76,875,531	75,206,209		(1,669,322)	98 %	146 %
Total Capital Funding	130,609,152	65,444,770	196,053,922	-		196,053,922	190,904,488		(5,149,434)	97 %	146 %

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 2023 Rand	
	Opening Balance 01 July 2022	Restate-ments	Restated Opening Balance 01 July 2022	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun		Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand
National Government (Unconditional Grant)														
EQUITABLE SHARE	-	-	-	(75,798,000)	(64,137,000)	(54,420,000)	-	(194,355,000)	75,798,000	64,137,000	54,420,000	-	194,355,000	-
	-	-	-	(75,798,000)	(64,137,000)	(54,420,000)	-	(194,355,000)	75,798,000	64,137,000	54,420,000	-	194,355,000	-
National Government (Conditional Grant)														
EXPANDED PUBLIC WORKS PROGRAMME	-	-	-	-	(2,898,000)	(1,241,000)	-	(4,139,000)	-	1,035,000	3,104,000	-	4,139,000	-
FINANCIAL MANAGEMENT GRANT	-	-	-	(1,550,000)	-	-	-	(1,550,000)	166,001	457,868	206,934	719,197	1,550,000	-
IUDG	-	-	-	-	(37,194,000)	(24,795,000)	-	(61,989,000)	-	27,769,982	21,842,098	12,376,920	61,989,000	-
INEP	-	-	-	(6,035,000)	(3,971,165)	(6,000,000)	6,165	(16,000,000)	6,225,056	2,470,595	1,501,073	5,803,276	16,000,000	-
	-	-	-	(7,585,000)	(44,063,165)	(32,036,000)	6,165	(83,678,000)	6,391,057	31,733,445	26,654,105	18,899,393	83,678,000	-
Provincial Government (Conditional Grant)														
1068 HUISE WD SKENKING	(152,225)	-	(152,225)	-	-	-	-	(152,225)	-	-	-	-	-	(152,225)
CARTERVILLE HOUSING PROJECT	(956,503)	-	(956,503)	-	-	-	-	(956,503)	-	-	-	-	-	(956,503)
CHESTER WILLIAMS & PAARL LOVERS LANE	(542,009)	-	(542,009)	-	-	-	-	(542,009)	-	-	-	-	-	(542,009)
COMMUNITY DEVELOPMENT WORKERS	232,296	(352,804)	(120,508)	-	(113,000)	-	-	(233,508)	-	17,507	27,741	158,588	203,836	(29,672)
DEVELOPMENT OF SPORT AND RECREATION	(94)	-	(94)	-	-	-	94	-	-	-	-	-	-	-
DROMMEDARIS ST EHP	(168,249)	-	(168,249)	-	-	-	-	(168,249)	-	-	-	-	-	(168,249)
DROM 181/1407 HSDG	-	-	-	(2,537,744)	1,968,049	-	-	(569,695)	-	-	-	-	-	(569,695)
ELECTRIC PLANNING	-	-	-	-	-	(800,000)	-	(800,000)	-	-	-	799,993	799,993	(7)
FINANCIAL MANAGEMENT CAPACITY BUILDING	343,332	(343,332)	-	-	-	-	-	-	-	-	63,789	(63,789)	-	-
FINANCIAL MANAGEMENT CAPACITY BUILDING	(307,965)	-	(307,965)	-	-	(901,483)	701,483	(507,965)	-	-	-	409,398	409,398	(98,567)
FINANCIAL MANAGEMENT SUPPORT GRANT	(68,617)	(11,545)	(80,162)	-	-	-	-	(80,162)	-	-	-	80,027	80,027	(135)
KINGSTON TOWN TRANSFERS	(53,000)	-	(53,000)	-	-	-	-	(53,000)	-	-	-	-	-	(53,000)
LIBRARY SERVICES CONDITIONAL GRANT	(2,609,217)	2,609,217	-	-	-	-	-	-	-	-	-	-	-	-
MBEKWENI 557	-	-	-	-	-	-	(693,182)	(693,182)	-	-	-	-	-	(693,182)
MUNICIPAL ACCREDITATION AND CAPACITY BUILDING	(360,652)	-	(360,652)	-	-	-	(256,000)	(616,652)	-	-	-	256,000	256,000	(360,652)
P59 FAIRYLANDS INCOME	(2,027,050)	-	(2,027,050)	-	-	(1,567,605)	-	(3,594,655)	-	727,070	353,798	-	1,080,868	(2,513,787)
PUBLIC WORKS AND TRANSPORT (ROADS)	-	-	-	-	-	(2,737,000)	-	(2,737,000)	-	701,612	79,111	1,956,277	2,737,000	-
PUBLIC WORKS AND TRANSPORT (ROADS)	(93,900)	93,900	-	-	-	-	(780,723)	(780,723)	-	-	-	780,723	780,723	-
RSEP	-	-	-	(600,000)	-	-	-	(600,000)	-	600,000	-	-	600,000	-
SCHOONGEZIGHT	-	-	-	-	(2,537,744)	-	(6,489,564)	(9,027,308)	1,710,044	3,964,343	1,085,966	2,266,955	9,027,308	-
SIYASHLALA	(416,563)	-	(416,563)	-	-	-	(1,153,160)	(1,569,723)	-	-	-	-	-	(1,569,723)
MUNICIPAL LOAD SHEDDING RELIEF GRANT	-	-	-	-	-	(6,000,000)	-	(6,000,000)	-	-	-	6,000,000	6,000,000	-
	(7,180,416)	1,995,436	(5,184,980)	(3,137,744)	(682,695)	(12,006,088)	(8,671,052)	(29,682,559)	1,710,044	6,010,532	1,610,405	12,644,172	21,975,153	(7,707,406)

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 2023 Rand	
	Opening Balance 01 July 2022	Restate- ments	Restated Opening Balance 01 July 2022	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun		Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		Rand
Other Grants (Conditional Grant)														
TRAINING LEVY (LG SETA & NON EMPLOYEE BURSARIES)	(1,749,713)	-	(1,749,713)	(29,025)	(712,848)	-	(159,400)	(2,650,986)	100,500	133,145	(203,870)	1,400,932	1,430,707	(1,220,279)
CAPE WINELANDS DISTRICT MUNICIPALITY	-	-	-	-	-	-	(150,000)	(150,000)	-	-	-	113,042	113,042	(36,958)
CAPE WINELANDS DISTRICT MUNICIPALITY	-	-	-	-	(651,250)	(165,000)	315,000	(501,250)	-	-	-	269,037	269,037	(232,213)
CAPE WINELANDS DISTRICT MUNICIPALITY	-	-	-	-	-	-	(165,000)	(165,000)	-	-	-	58,638	58,638	(106,362)
CAPE WINELANDS DISTRICT MUNICIPALITY	(880,953)	-	(880,953)	-	-	-	-	(880,953)	-	-	-	814,035	814,035	(66,918)
NEUMARK	(1,526,741)	-	(1,526,741)	-	(1,185,440)	-	-	(2,712,181)	531,705	353,390	36,113	313,028	1,234,236	(1,477,945)
	(4,157,407)	-	(4,157,407)	(29,025)	(2,549,538)	(165,000)	(159,400)	(7,060,370)	632,205	486,535	(167,757)	2,968,712	3,919,695	(3,140,675)
Donations and other contributions														
SANTAM RISK AND RESILIENCE PROJECT	-	-	-	-	-	-	(243,581)	(243,581)	-	-	-	243,581	243,581	-
BERG EN DAL DEVELOPMENT	-	-	-	-	-	-	(8,568,858)	(8,568,858)	-	-	-	8,568,858	8,568,858	-
HONEYDEW ESTATE	-	-	-	-	-	-	(3,082,155)	(3,082,155)	-	-	-	3,082,155	3,082,155	-
HUGO RUST PRIMARY	-	-	-	-	-	-	(89,376)	(89,376)	-	-	-	89,376	89,376	-
MOUNTAIN DEW DEVELOPMENT	-	-	-	-	-	-	(2,155,595)	(2,155,595)	-	-	-	2,155,595	2,155,595	-
PARK SINAGE	-	-	-	-	-	-	(18,916)	(18,916)	-	-	-	18,916	18,916	-
SPORTSMANS WAREHOUSE	-	-	-	-	-	-	(1,541,799)	(1,541,799)	-	-	-	1,541,799	1,541,799	-
THE ACRES	-	-	-	-	-	-	(5,804,388)	(5,804,388)	-	-	-	5,804,388	5,804,388	-
TRUST FUND : MUN WIDOW & PENSION FUND	(363,572)	-	(363,572)	-	-	-	-	(363,572)	-	-	-	-	-	(363,572)
VESTING PUBLIC SPACES	-	-	-	-	-	-	(326,000)	(326,000)	-	-	-	326,000	326,000	-
VESTING RESERVES	-	-	-	-	-	-	(16,000)	(16,000)	-	-	-	16,000	16,000	-
	(363,572)	-	(363,572)	-	-	-	(21,846,668)	(22,210,240)	-	-	-	21,846,668	21,846,668	(363,572)
Total	(11,701,395)	1,995,436	(9,705,959)	(86,549,769)	(111,432,398)	(98,627,088)	(30,670,955)	(336,986,169)	84,531,306	102,367,512	82,516,753	56,358,945	325,774,516	(11,211,653)

VOLUME V: 2022/2023 ANNUAL PERFORMANCE REPORT

The audited 2022/2023 Annual Performance Report will now follow for the next 27 pages. No material findings on the usefulness and reliability of the reported information were raised by the Auditor-General.



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Annual Performance Assessment Report

2022/2023

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1. Purpose

The Annual Performance Report 2022/2023 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 2022 to 30 June 2023 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 2022/2023. 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 endeavors 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 six (6) KPAs namely:

1. Governance and Compliance;
2. Finance;
3. Organisation and Human Capital;
4. Infrastructure and Services;
5. Planning and Development; and
6. 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:

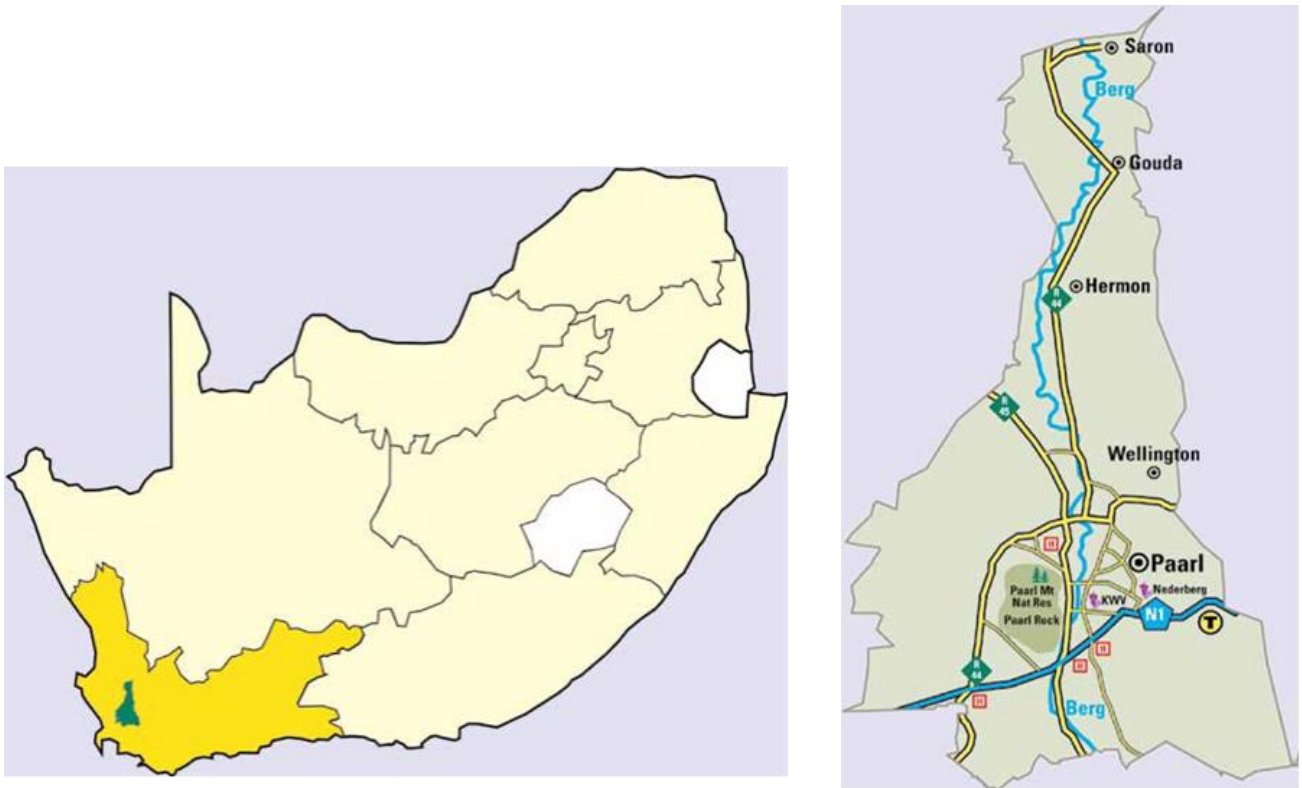
- (a) “The performance of the municipality and each external service provider during that financial year;
- (b) A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
- (c) Measures taken to improve performance”.

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 1,538km². It ranges from South of the N1 freeway including Simondium 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 Demographics and Socio- Economic Status

Table 1: Total Population

Total Population		
2020/2021	2021/2022	2022/2023
305,281**	305,281**	305,281**

*Western Cape Government: Municipal Economic Review and Outlook, 2022

** Western Cape Department of Health 2020/2021

Table 2: Socio Economic Status

Socio-Economic Status					
<i>Quantec data is regularly updated and figures may be different from those previously reported.</i>					
Serial No.	Year	Unemployment rate	% of working age population in low-skilled employment	Gini coefficient	Illiterate people older than 20 years
1.	2020/21	*20.1%	15.8%	0.605	17.12%
2.	2021/22	*23%	16.5%	0.601	15.74%
3.	2022/23	*18.7%	15.4%	0.590	13.5%

Source: Quantec 2023; HIS Markit 2023

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

Table 3: Total Number of Households

Households	2020/2021	2021/2022	2022/2023
Number of households in municipal area	74,230**	78,425**	78,578**
Number of registered indigent households in municipal area	21,218***	18,632***	15,210***

**2022/2027 Annual WSDP Performance- and Water Services Audit Report

***Drakenstein Municipality Solar Report per financial year

Note: For a more comprehensive socio-economic profile of the Drakenstein Municipality, please consult the draft Annual Report 2022/2023.

4. Performance Management Overview

In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

- (a) Departmental operational plans were developed for monitoring and reporting operational programmes;
- (b) An electronic performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the Executive Directors, the Chief Financial Officer, and the Accounting Officer; and
- (c) During the development of the TL SDBIP and the Departmental SDBIP, the “SMART” principle is adhered to in the setting of indicators and objectives.

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.

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
✓	✓	✓	✓	✓	✓	✓

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 22 June 2022.

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
	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 2022/2023 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 2022/2023.

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 6 KPAs reflected in the report.

Table 6: Drakenstein Performance per Municipal KPA (01 July 2022 - 30 June 2023)

Drakenstein Municipality		KPA 1: Governance and Compliance	KPA 2: Finance	KPA 3: Organisation and Human Capita	KPA 4: Infrastructure and Services	KPA 5: Planning and Development	KPA 6: Community Development
 Unacceptable Performance	2	-	-	-	2	-	-
 Not Fully Effective	0	-	-	-	-	-	-
 Fully Effective	17	3	4	2	7		1
 Above Expectation	8	-	3	2	2	1	-
 Outstanding Performance	5	-	3	-	2		-
Total:	32	3	10	4	13	1	1

5.1 Governance and Compliance

TL No.	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 2022 to 30 Jun 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL1	To ensure good governance and compliance.	Investigation of all formally reported fraud, theft and corruption incidents initiated	Percentage of formally reported fraud, theft and corruption incidents initiated within 14 days of receipt	<p>Initiate fraud investigations for incidents that were formally reported to Fraud and Risk Management (FRM) section within 14 days from receipt.</p> <p>Initiation date is the date that the Chief Risk Officer gives written instruction to the forensic investigator to start with the investigation.</p> <p>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</p>	100%	100%	100%	100%	100%	G		
TL2	To ensure good governance and compliance.	Submission of Audit Committee reports to Council	Number of Audit Committee reports submitted to Council	<p>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</p>	4	4	4	4	4	G		
TL3	To ensure good governance and compliance.	IDP/Budget/SDF time schedule (process plan) submitted to MAYCO/Council	Number of IDP/Budget/SDF time schedules (process plan) submitted to	IDP/Budget/SDF time schedules (process plan) submitted to MAYCO/Council by 31 August	1	1	1	1	1	G		

TL No.	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 2022 to 30 Jun 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
			MAYCO/Council by 31 August									

Table 7: Summary of Results (KPA 1: Governance and Compliance)

	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	3
	Above Expectation	0
	Outstanding Performance	0
Total KPIs		3

5.2 Finance

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL4	To ensure financial sustainability in order to meet the statutory requirements.	Raise/Collect Operating Budget revenue as per approved budget	Percentage of Operating Budget revenue raised/collected	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	100.90%	95%	95%	95%	101.76%	G2		
TL5	To ensure financial sustainability in order to meet the statutory requirements.	Submission of the MTREF (aligned to the IDP) to Council by 31 May	Number of MTREFs submitted 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	1	1	1	1	1	G		
TL6 NKPI	To ensure financial sustainability in order to meet 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	To calculate the percentage of actual capital expenditure spent compared with the budgeted capital expenditure as per the latest approved adjustments budget	92.51%	90%	90%	90%	97.37%	G2		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL7	To ensure financial sustainability in order to meet 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)	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	44.3	≤45	≤45	≤45	37.6	G2		
TL8	To ensure financial sustainability in order to meet 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 2021/2022 Annual Financial Statements to the Auditor General by 31 August	1	1	1	1	1	G		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL9 NKPI	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	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)	1.23	>1.0 more than	>1.0 more than	>1.0 more than	2.31	B	Improved business processes, cash and liquidity management and credit control processes.	
TL10 NKPI	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))	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	12.69	>6.7 more than	>6.7 more than	>6.7 more than	11.21	B	Increased revenue raising and no new loans have been taken up.	

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL11 NKPI	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)	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	0.17	<0.25 less than	<0.25 less than	<0.25 less than	0.18	B	Improved business processes and credit control processes.	
TL12	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Implement electronic contract management system	Number of electronic contract management systems implemented	Number of electronic contract management systems implemented	New KPI	1	1	1	1	G		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL22 NKPI	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	To report on the number of qualifying indigent applications that have been processed for the 2022/2023 financial year	100%	100%	100%	100%	100%	G		

Table 8: Summary of Results (KPA 2: Finance)

	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	4
	Above Expectation	3
	Outstanding Performance	3
Total KPIs		10

5.3 Organisation and Human Capital

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL13 NKPI	To ensure an efficient and effective organisation supported by a competent and skilled workforce.	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 reports (NKPI Proxy - MFMA, Reg. S10(e))	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, 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	2	2	2	2	2	G		
TL14 NKPI	To ensure an efficient and effective organisation supported by a competent and skilled workforce.	The percentage budget actually spent on implementing its workplace skills plan (NKPI Proxy – MFMA, Reg. S10(f))	Percentage of 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	99.99%	98%	98%	98%	99.22%	G2		
TL15	To ensure an efficient and effective organisation supported by a competent and skilled workforce.	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		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL21 NKPI	To ensure an efficient and effective organisation supported by a competent and skilled workforce.	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	Number of EPWP job opportunities created	1840	1118	1118	1118	1380	G2		

Table 9: Summary of Results (KPA 3: Organisation and Human Capital)

Unacceptable Performance	0
Not Fully Effective	0
Fully Effective	2
Above Expectation	2
Outstanding Performance	0
Total KPIs	4

5.4 Infrastructure and Services

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL16	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)	Percentage water losses	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)	15.7%	<19%	<19%	<19%	15.9%	G		
TL17	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	Measure potable drinking water sample pass rate according to SANS 241 standards	98.1%	90%	90%	90%	98.31%	G2		
TL18	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services.	Wastewater quality managed and measured quarterly i.e. the SANS Accreditation physical and micro parameters	Percentage wastewater quality	Measure of wastewater samples pass rates according to SANS standards	78.3%	75%	75%	75%	77.83%	G2		
TL19	To provide and maintain the required physical infrastructure and to ensure	Submission of a Report on Available	Number of Reports on Available Air Space (Landfill Site) submitted to the Mayoral Committee	Available landfill airspace is determined by: Analysing/investigating the available airspace by performing an on-site	1	1	1	1	1	G		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
	sustainable and affordable services.	Air Space (Landfill Site) to the MAYCO		investigation or desktop profile study								
TL20	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services.	Limit the electricity losses to less than 10% annually (Average energy purchased to date – Average energy sold to date)/ (Average energy purchased to date) X 100 = Average energy losses for reporting period	Percentage electricity losses by 30 June	Average electricity losses are measured by percentage ratio between electrical energy sold by the municipality and electrical energy purchased	6.35%	<10%	<10%	<10%	3.95%	B	Constant meter audits, constant pre-paid meter inspections, constant engagements with Finance: Revenue Section w.r.t problem-solving, proper tariff implementation and proper network operations	
TL23 NKPI	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	Formal households are defined as a consumer unit located in the urban area and billed by Drakenstein Municipality	100%	100%	100%	100%	100%	G		
TL24 NKPI	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 sanitation	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	100%	100%	100%	100%	100%	G		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
				the waterborne sewer system is not yet available. Formal households are defined as consumer unit located in the urban area and billed by Drakenstein Municipality								
TL25 NKPI	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	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 of the point inside of each of the formal erven	100%	100%	100%	100%	100%	G		
TL26 NKPI	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 solid waste removal	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		
TL27 NKPI	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	113	35	35	35	4	R	This indicator is application driven and only 4 applications were received and installed. See Performance	The procedures will be reviewed and amended to ensure that the anticipated outcome is achieved in

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
				number of informal households with new electricity connections-prepaid meters							Measurement Sheet	the following financial year.
TL28 NKPI	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	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 sanitation points (toilets) constructed	105	30	30	30	62	B	Additional funding available on the project allowed for extra toilets to be installed	
TL29 NKPI	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	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	30	20	20	20	13	R	The lay-out of the site only necessitated the installation of the 13 taps as reported	The planning for the installation of water taps will be reviewed and amended to ensure that the anticipated outcome is achieved in the following financial year
TL30 NKPI	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 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.	41	41	41	41	41	G		

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
				Refuse collection services are delivered by means of refuse bags issued to the residents and collected when full								

Table 10: Summary of Results (KPA 4: Infrastructure and Services)

	Unacceptable Performance	2
	Not Fully Effective	0
	Fully Effective	7
	Above Expectation	2
	Outstanding Performance	2
Total KPIs		13

5.5 Planning and Development

TL No.	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 2022 to 30 June 2023			Performance Comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL31	To facilitate social and community development.	Provision of housing opportunities in terms of the Integrated Human Settlement Plan	Number of housing opportunities provided in terms of the Integrated Human Settlement Plan	Housing Opportunity refers to the delivery of: Top structures provided by the Municipality for which "happy letters" have 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)	252	216	216	216	221	G2		

Table 11: Summary of Results (KPA 5: Planning and Development)

	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	0
	Above Expectation	1
	Outstanding Performance	0
Total KPIs		1

5.6 Community Development

TL No.	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 2022 to 30 June 2023			Performance comments (Under and/or over performance)	Improvement Plan(s) to Correct Under Performance
								Target	Actual	R		
TL32	To ensure a safe community and a healthy and protected environment	Submit Disaster Management Plan to the Portfolio Committee (Community Services)/MAYCO	Number of Disaster Management Plans submitted to the Portfolio Committee (Community Services)	Number of Disaster Management Plans submitted to Portfolio Committee (Community Services)/MAYCO	1	1	1	1	1	G		

Table 12: Summary of Results (KPA 6: Community Development)


Unacceptable Performance	0
Not Fully Effective	0
Fully Effective	1
Above Expectation	0
Outstanding Performance	0
Total KPIs	1

6. Conclusion

The TL SDBIP 2022/2023 comprises of 32 KPIs. The table below depicts the performance for the financial year under review:

Table 13: Performance for the 2022/2023 Financial Year

	Unacceptable Performance	2
	Not Fully Effective	0
	Fully Effective	17
	Above Expectation	8
	Outstanding Performance	5
	Total KPIs	32


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